



## MINUTES OF THE JOINT AUDIT ADVISORY COMMITTEE HELD ON 29<sup>th</sup> JULY 2021 – VIRTUAL MEETING

*Present:* P Bearpark, A Snape, D Gilbert, J Gleave

J Dwyer, Police & Crime Commissioner  
M Roberts, Chief Constable

Office of the Police & Crime Commissioner:  
C Hodgson, OPCC Director of Finance

Cheshire Constabulary:  
J Gill, Assistant Chief Officer  
W Bebbington, Head of Finance  
J Faulkner, Chief Accountant  
D Bryan, Head of Legal Services  
L Willis, Planning, Performance & Risk Manager

Internal Audit  
A Harrop, Assistant Director (Mersey Internal Audit Agency)

External Audit  
M Green, Director (Grant Thornton)  
L Luddington (Grant Thornton)

*Apologies:* P Woods, Head of Planning and Performance

### Part 1 - Public Items

#### 1. Minutes of the Audit Advisory Committee

1.1 The minutes from the JAAC meeting of 24<sup>th</sup> February 2021 were approved by the Committee.

#### 2. Matters Arising

- 2.1 It was confirmed that a discussion around adding external audit capacity to the risk register will be picked up in the part 2 discussion of the risk register.
- 2.2 The Head of Finance confirmed that the joint contract for the internal audit provider has been extended in line with available contract options.
- 2.3 Future dates for meetings will be covered when discussing the forward plan.

#### 3. Police and Crime Commissioner and Chief Constable Update

- 3.1 The Committee extended a warm welcome to the Commissioner, Chief Constable and Jean Gleave.
- 3.2 The Commissioner confirmed that he has now been in post since May 2021 and has appointed a Deputy Police and Crime Commissioner, David McNeilage. He has moved the Office of the Police and Crime Commissioner for Cheshire to Police Headquarters in Winsford.
- 3.3 Changes to the OPCC Chief Executive position were noted and it was confirmed that this has now gone out to advert with the hope to have a successful candidate in post by the end of the year.
- 3.4 The Office of the Police and Crime Commissioner is looking to move forward with new leadership. The Police and Crime Plan has been circulated and investment is being made

in the prevention of crime. The Commissioner confirmed that a number of issues have been resolved with the Commissioner and Chief Constable working together. The issue of bureaucracy relating to Crime Recording is being raised by the Commissioner with the Home Office. The JAAC were given information on the launch of an Innovation fund and Community Action fund.

- 3.5 The Estates strategy will be addressed and linked in with the Fleet strategy.
- 3.6 The Chief Constable thanked the Committee for the welcome. DCC Julie Cooke is due to retire in September 2021 and the Chief thanked ACO Gill for her support and smooth transition when coming in as Chief Constable. DCC Cooke's replacement will be DCC Chris Armett who completed his service in Merseyside Police and the CNC.
- 3.7 ACC Matt Burton is due to retire in the autumn and interviews will be held for a replacement. The final key appointment is for the Head of Corporate Communications and this is due to be filled by Sarah Ford.
- 3.8 The Chief Constable provided a detailed update on operational matters including the impact of Covid 19, the events taking place throughout the summer months and the upcoming autumn months and Constabulary sickness levels.
- 3.9 The Constabulary have gained reassurance from the newly launched Beating Crime Plan.
- 3.10 The Force has been awarded Silver Status for their support with the Armed Forces.
- 3.11 The Committee thanked the Commissioner and Chief Constable for their updates.

#### **4. Statement of Accounts and Annual Governance Statement**

- 4.1 The Head of Finance provided a detailed explanation highlighting key areas on the Statement of Accounts.
- 4.2 Following feedback from JAAC members, the section of the narrative report relating to the impact of Covid-19 will be moved to the beginning of the document, so the impact is highlighted earlier.
- 4.3 The Head of Finance explained the difference between management accounts figures and those in the statement of accounts. The biggest adjustment provides an indication of the 'full costs' of service provision which includes non-cash costs such as depreciation and pension liabilities.
- 4.4 A detailed update and explanation on the comprehensive income and expenditure statement was provided, with nothing significantly changed compared to previous years.
- 4.5 The Head of Finance explained the figures and columns in the balance sheet.
- 4.6 The Police Pension fund is an unfunded scheme paid for by current contributions from serving Police Officers. The Head of Finance highlighted the uncertainty around assumptions in the accounts.
- 4.7 Partnerships and collaborations costs are increasing each year and full details on expenditure are included in this report.
- 4.8 Additional grants for Covid-19 have also been included in the statement of accounts.
- 4.9 The Head of Finance explained the table detailing Capital expenditure and financing.
- 4.10 The Head of Finance provided a detailed explanation on the list of debtors and creditors and highlighted key figures.
- 4.11 There are two distinct paragraphs on pensions and the McCloud judgement in the document, which has had a significant impact on the valuation.
- 4.12 The Head of Finance provided a detailed explanation highlighting key areas on the annual governance statement which is in line with the reports produced in previous years.
- 4.13 JAAC member comments on the AGS sent in advance of the meeting were very helpful and the final AGS which will come to the JAAC meeting in September will be updated to incorporate these comments.

#### **5. External Audit Plan**

- 5.1 The external auditors provided a brief overview of the current audit plan. The impact of Covid-19 will be factored into value for money work.
- 5.2 Changes to auditing standards and the impact of these changes going forward were explained.
- 5.3 Significant risks which must be included are revenue recognition which is rebutted and the risk of management override of controls which is tested by journal testing.

- 5.4 The initial risk assessment for value for money highlights MFSS which will be part of the VFM testing.
- 5.5 External Audit complete a full scope audit on both the Commissioner and Chief Constable accounts.
- 5.6 The additional areas of testing that are to be completed outside of financial statements were confirmed. The value for money element of the audit now takes a written approach and focuses on three key areas.
- 5.7 An explanation was provided with regards to additional costs around enhanced work that external auditors are now required to complete.
- 5.8 Following a query by JAAC members, it was confirmed that nationally it is expected that public sector external audits completed by the deadline will be in the low 50% External audit confirmed that they are confident that they have sufficient resources to complete the Cheshire audit in the time scales and deadlines set out.

## **6. Informing the Audit Risk Assessment**

- 6.1 External audit provided an update on the document that is sent to management to complete to inform their audit risk assessment. The purpose of bringing the document to this meeting is for the Chief Constable and Commissioner as those charged with governance, to confirm that the responses given are in line with their understanding. In response, the Commissioner and Chief Constable confirmed that they understood and agreed with the content.
- 6.2 In response to a query, the Director of Finance assured JAAC members that controls are in place and reports on assurances are due to be provided throughout the year.

## **7. Internal Audit**

### **7a Final Internal Audit Plan**

- 7a. 1. The Assistant Director of Internal Audit explained and highlighted changes in the audit fees and risk assessment process. Detail of the audit program of work was also provided and several reviews have commenced already.
- 7a. 2. Work on the Estates strategy has been deferred to quarter 4 and a view will be taken later in the year to confirm whether this piece of work will take place in 2021/22.
- 7a. 3. The LPU audit is to be pushed back to allow LPU changes to be made and embedded. The Assistant Director of Internal audit will speak to the technical team to determine whether the body worn video audit can be brought forward.
- 7a. 4. Business services futures was regarded as a key risk by JAAC members. This is noted in the IA plan and will be managed by the Constabulary based on project updates to provide assurance.

### **7b Internal Audit Follow Up Report**

- 7b. The Assistant Director of Internal audit provided an explanation on follow up of previous audit recommendations. 16 were fully implemented and 2 recommendations are partially implemented, and internal audit are working with officers to fully implement the recommendations going forward. JAAC members noted that this was a strong report which showed a good clearance rate.

### **7c Internal Audit Progress Report**

- 7c. 1. An update was provided on the delivery of the plan.

### **7d Head of Internal Audit Opinion and Annual Report**

- 7d. 1. The Assistant Director of Internal Audit explained that this is an annual summary based on work performed in-year. The document talks through how they have come to the opinion and notes issues to consider for the annual governance statement.
- 7d. 2. JAAC members noted that substantial assurance was provided which is good but that there is still room for improvement. DG asked how this is benchmarked. The Assistant Director of Internal audit confirmed that internal audit opinions are difficult to benchmark as every plan is different and risk based.

## **7e Terms of Reference – Covid-19 Review**

7e. 1. The Assistant Director of Internal audit provided a comprehensive explanation.

## **7f Terms of Reference – NW Motorway Policing Group**

7f. 1. The Assistant Director of Internal audit provided a comprehensive explanation.

## **7g NFI Briefing Note – Data Matches**

7g. 1. The Assistant Director of Internal audit provided a comprehensive explanation on the national fraud initiative and, following on from a query raised by JAAC members, explained that the matches are potential only and do not indicate fraud. These matches will be investigated further in conjunction with Constabulary finance and a report brought to a future JAAC meeting.

## **8. Joint Strategic Risk Register**

8.1 It was noted that there is a joint strategic risk register, and this will be discussed in detail in part 2.

## **9. Service Assurance Plan 2020/2021**

9.1 The Planning, Performance & Risk Manager provided a detailed overview and explanation of the service assurance plan 2020/2021. It is provided for completeness to show where the 2021 service assurance plan ended up. Following a query by JAAC members an explanation was provided as to how this plan links to the Internal Audit plan and progress reports.

## **10. Service Assurance Plan 2021/2022**

- 10.1 The Planning, Performance & Risk Manager provided a detailed overview and explanation of the service assurance plan 2021/2022. This includes the MIAA audits planned, and national crime recording standards.
- 10.2 It was confirmed that this plan has been coordinated with MIAA as the cybercrime investigation is featuring in the plan. Other audits come from a variety of areas within the Constabulary and are prioritised based on risk.

## **11. JAAC Member Single Point of Contact Roles**

11.1 The Committee explained that each member will take responsibility as single point of contacts based on specific areas.

**Action:** The Commissioner and Chief Constable are to look at highlighting a preference of areas for the JAAC members to focus on in the coming year.

## **12. JAAC Forward Plan Review**

- 12.1 The Director of Finance highlighted a slight change to suggested upcoming dates. The new suggested dates for upcoming meetings are 28<sup>th</sup> September 2021 2-4pm; 1<sup>st</sup> December 2021 1-1pm. Meeting invitations will be sent
- 12.2 JAAC members requested meeting dates to be circulated to end 2022.

## **13. ANY OTHER BUSINESS**

13.1 No other business was raised by the Committee.

*Duration of meeting: The meeting commenced at 13:00 and finished at 15:45.*