

Minutes

Title: Joint Kent Police and Crime Commissioner and Chief Constable Audit Committee

Date and time: Thursday 11th July 2019 at 10:00 hours

Venue: Clift Room, Kent Police Headquarters, Sutton Road, Maidstone, ME15 9BZ

Attendees: **Committee Members:** Malcolm Grubb (*Chair*), David Horne, Judith Eden and Vivienne Dews

Office of the Kent Police and Crime Commissioner (OPCC): Rob Phillips (Chief Finance Officer), Laura Steward (Head of Standards and Regulations), and Jade Stanford (Minute taker)

Kent Police: Mark Gilmartin (Director of Kent & Essex Shared Services), Ricardo Herrera-Delgado (Senior Financial Accountant), Graham Hooper (Head of Force Inspectorate) Adrian Futers (Head of Information Security Governance)

Internal Auditor (RSM): Daniel Harris and Anna O'Keefe

External Auditor (EY): Martina Lee and Mark Hodgson

The Joint Audit Committee (JAC) members were welcomed by the Chair.

1. Apologies

Apologies were received from Ian Drysdale, Paul Curtis and Sonia Virdee.

2. Declarations of Interest

There were no declarations of interest.

3. Notes of Previous Meetings

The JAC agreed the minutes of the previous meeting.

4. Matters Arising

The JAC requested an update to item 55/18 (PC, RP, DHan and ML to discuss the extra charges over PFIs outside of the meeting). It was confirmed that this is no longer an issue and the matter was finalised. The JAC considered 91/18 as completed and requested it be closed.

Action: JS to close item 55/18 and 91/18 on the Matters Arising Log.

5. Force Update

- Graham Hooper (GH) discussed the updated Force Management Statement (FMS), which was sent to HMIC on 31st April 2019. This is available internally and there is a plan to publish it externally. The JAC requested to see a copy of the document for possible discussion at the September JAC meeting. There is a national forum around FMS to assist forces in the production of the document, help them deal with the challenges that arise in doing so and facilitate transfer of best practice. The creation of the FMS puts pressure on the force, but does add value. The FMS has highlighted some issues, for example a major rise in Domestic Abuse, strain in specialist areas, but overall it highlighted positive work. Mark Gilmartin (MGi) expressed his appreciation of the FMS, stating it is a useful document and works well alongside the Chief Constable's Mission Statement and the Police and Crime Commissioner's (PCC) Police and Crime Plan (PCP).

Action: GH to send FMS to OPCC for circulation to JAC.

Action: JS to add the FMS to the September JAC meeting agenda.

- MGi confirmed that the force is rationalising its corporate meetings.

Action: MGi to forward details of rationalised meeting structure to JAC.

Action: MGi to forward a copy of the Strategic Change and Resourcing Board Terms of Reference to the JAC.

- MGi raised the possibility that Brexit would take place without a deal. The force is preparing for this. The impact would not be focussed on divisional policing, but puts a strain on other resources due to the short notice. The Force would also need to consider possible civil unrest which the force would need to manage.
- MGi discussed the operational performance of Athena. There were some difficulties in bringing the product into the live environment. In January, May and June there were critical incidents which required troubleshooting, and there were times when the system was not fully fit for use once it was back online. The IMU is experiencing a backlog of work due to the system failures. Case file building is also being negatively affected. Overall, end users are frustrated as routine tasks are taking them too long. Northgate have been consulted and the force are discussing ways with them in which the problems can be resolved.
- David Horne (DH) asked when the Met Police planned to join the Athena consortium. MGi confirmed they had originally planned April 2020, but this had been pushed back. They will take a phased approach to the Athena roll out.

- At the Athena Management Board the previous week, a technical refresh was agreed upon. However, the deal will not be signed off until a meeting with management of Northgate on 24th July 2019.
- The Home Secretary has provided Kent with one-off funding of £1.2 million for violence reduction. This must be spent by the end of the financial year. Kent Police has had to complete an application to explain how they plan on spending this money. MG asked whether this has and will have a significant impact on resources. Rob Phillips (RP) stated that ultimately it will, as a Violence Reduction Unit will need to be set up, and there are time restraints of when the funding needs to be spent. Vivienne Dews (VD) acknowledged that it is likely that resources will be pulled from elsewhere to ensure that the unit is set up. RP confirmed it will require people to be bought in on secondment and with recruitment it makes spending the funds by March more difficult. MG queried whether the setting up of the Violence Reduction Unit should be on the risk register and left it with RP and MG to discuss. VD asked how the Home Office envisaged the money would be spent. RP suspected that the Home Office likely wanted forces to replicate the process Glasgow and the Met Police trialed. However, they have only given forces eight months to set this process up, with no guarantee of continued funding. Chief Constables are in agreement that this funding needs to be sustainable and that a one-off injection of monies will not be beneficial in the long-term. The Home Office will be making a decision on further funding in October.

Action: RP and MG to discuss whether the Violence Reduction Unit should be added to the risk register.

6. HMICFRS Inspections & Recommendations Tracker

- GH discussed the HMIC Inspections & Recommendations Tracker and the latest PEEL inspection. Kent Police received the 'outstanding' grade in legitimacy for the fourth successive year in a row. He confirmed that the report overall was positive and the force are making progress on the recommendations. HMICFRS are not due to visit until early 2020, in which they will sign off the progress of recommendations.
- Gary Beautridge had been tasked to formulate a plan to improve the force's Effectiveness score from Good to outstanding.
- Kent Police will be visiting Durham Police in order to share good practice.
- Work is taking place on Custody procedures to prepare for the next unannounced inspection which forms part of a rolling national programme.
- VD asked for an update on the Fraud thematic report. GH would send this to the JAC.

Action: GH to send the OPCC the fraud update for dissemination to the JAC.

- VD requested an update on the child protection investigation. GH stated he had not had an update but can chase for one. However, he heard the inspection went well and the final report will be due in August.

7. Force Risk Register

- MG gave a brief overview of the Force Risk Register. He noted that the risks highlight challenges the force is currently experiencing, including domestic abuse. There was a summit meeting in Essex after the JAC to discuss the Policing Education Qualifications Framework (PEQF) with the College of Policing, which explained Paul Curtis' absence at the JAC. MG believed that the PEQF may have an

associated financial risk to the force, and Paul's input would be beneficial. The JAC requested that the scoring of the PEQF risk is reviewed.

Action: MGi to review the scoring of the PEQF risk.

- There was a discussion at the risk star chamber on ISO17020, relating to risk 4 (regarding forensics) on the risk register. MGi stated that enhanced accreditation rarely reduces cost and will likely bring some substantial costs.
- JE had concerns about IT and resource issues manifesting in other places that the JAC may not be thinking about and if there could be an emerging risk around those support areas that aren't fully captured in the risk register? MGi stated that IT is probably the biggest risk and will be the most frequent risk that arises. He said that the risks associated with the resourcing are not straightforward. MGi thinks the force are doing very well with the resources they are given, but it is getting difficult to drive a significant change agenda and continually improve. The resources for those working in the back office are also needed but Forces are not receiving funding for this.
- VD queried how the IT funding is benchmarked. MGi said that IT and training are the most 'chunky' aspects when it comes to funding, and that is by choice as both have the biggest impact on front line policing. MGi feels they are not adequately resourced, despite the level of funding given.
- VD queried exchange email and the risks relating to that. MGi confirmed that almost everything is now done via email and that the force is investing time and funding into ensure the systems are functional and fit for purpose, as well as secure. MGi confirmed there are national security concerns around Office 365, but Kent Police have mitigations in place, and are happy to roll the programme out.
- DH noted that Athena appears in many places on the risk register, and he was surprised at the low scoring of the PEQF. JE agreed and stated that if the Athena experience is not improving, despite being six months in, staff may start to doubt the system and therefore increase the risk. MGi agrees with this analysis and states he is aware that Athena is a bigger risk than initially anticipated.

8. ICO Update

- Adrian Futers (AF) gave an overview of the ICO Update papers. He confirmed he was comfortable with the position that Kent Police were in dealing with the recommendations. The audit schedule is progressing well. There has been significant investment in training.
- IAO community has matured and there are discussions about their responsibilities and how they are recording the asset register.
- The ICO have been issuing enforcement notices against the Met Police about failure to comply with FOI and SAR requests. New personnel is to be in place in Kent by end of August to ensure the force's position is better in dealing with these requests.
- Software around KPIs which will allow trend analysis to inform policy decisions is being procured by Kent Police and 10 other forces to help provide automatic governance around information security.

9. Audit Recommendations Tracker

- MGi gave an overview of the Audit Recommendations Tracker. He acknowledged that at the previous meeting, some actions had not been actioned, but Paul Curtis had been working on them.

- The leavers and movers recommendation around the publication of the manager's checklist was discussed. This had not been done due to a freeze on intranet development. However, a revised policy has been approved and it will be published once the freeze on the intranet is lifted.
- RP confirms that the SAP Finance recommendation, audit ID 20.18.19, should have been implemented at the end of May 2019 but the delay may be due to the issues with Business Services. This is a joint recommendation with Paul Curtis.
- MG noted that there were inconsistencies with the dates regarding the Kent Follow Up- Part 2 recommendation, Audit ID 11.18.19.
- Daniel Harris (DHa) clarified that with the contract management review, there were eight actions agreed to be taken forward. However, the table refers to just one action advisory.
- MG stated that some complete final audit reports are not being circulated electronically to the JAC. DHa confirmed that the process is that the reports are shared with the OPCC and then circulated to the JAC as they become available. RP confirmed this is possibly an oversight due to staffing issues in the OPCC, and will take this as an action.

Action: OPCC to ensure that the final audit reports from RSM are sent to the JAC when received.

- JE asked what the protocol would be if Kent Police decided to reject action recommendations from an audit. DHa confirmed that in the debrief process there would be discussion around the risk of not accepting the action proposed, and if it was decided the action was not accepted, it would be noted in the report.
- VD queried the three months delay between draft and final for the performance management review. MG suspected that there was a lot resting on this report and that those involved in the process would not have wanted anything to be missed.
- VD noted that the restorative justice review was completed early.
- DH requested that the treasury management internal audit report be brought forward for the December meeting. This was agreed by the JAC.

Action: The treasury management report to be brought forward to the December 2019 meeting.

10. Internal Audit Report

- DHa provided an overview of the Annual Internal Audit Report.
- DHa recognised that the JAC was provided with the original final report, but there has now been an update which shows everything has been finalised with the exception of one draft. The JAC requested a copy of the updated report.
- Progress on 2019/20 work programme was in line with plan.

Action: DHa to send the updated annual internal audit report to the OPCC for circulation to the JAC.

11. External Audit Update

- Mark Hodgson (MH), Associate Partner EY, provided an overview of the Audit results report, noting that the audit process had been very good.

- One significant new risk identified was around pension's valuation and the need for a prior year adjustment. MG asked who had identified the error and it was confirmed that Kent Police finance department had. The JAC requested that this be reflected in the narrative.

Action: EY to update the narrative to ensure it accurately describes the identification of risk. There was an update on the following;

- The pension fund final report will be issued on 24th July.
- Receipt of the value from Internal Real Estate specialists has been received and there are no issues.
- Review of the final financial statements needs to take place but an unqualified opinion was expected to be given
- The other three reports that would normally be completed after this meeting have not been done, but Kent Police is 'below the threshold of £500 million'.
- Subsequent to the 31st March the McCloud court case judgement determined in favour of the appellants. MH advised clients to go back to their actuaries to see if it would have a material impact on their liability, which Kent Police colleagues have done. Note 28 will be adjusted with the new amount.
- VD asked for the adjustment figure for the McCloud Judgement. Ricardo Herrera-Delgado (RHD) confirmed it would be £154 million.
- Adjusted differences included the collaboration work with Essex and how it is accounted for, and the implementation of IFRS9 investment vehicles, which Kent chose to take as other comprehensive income rather than cash. There had been a number of discussions and disagreement around the accounting treatment but Kent took a pragmatic view and amended the accounts in line with EY's view.
- Five properties transferred from Kent County Council, had been valued on an existing use value –Social Housing basis. EY stated these should be classified as 'existing use value' as they were not used for social housing. RP confirmed that this will not be adjusted this year due to the difference being below the materiality threshold. The JAC concur with management's position on this. RP confirmed the PCC is also happy with this.
- In relation to the value for money, DH asked if there are any issues in terms of looking forward from an external audit perspective on financial sustainability and resilience. MH said that financial resilience has been reviewed and EY have used a model which will be in the annual audit letter to the JAC, which looks at the reserve position and historic overspends in order to forecast what the position will be in three years' time. EY are focussing on how the Athena risk is managed in terms of overspend, but they are currently comfortable with the value for money perspective.
- VD asked about the police pensions on page 13, which notes there needed to be a high level review of the data before it is sent off, but the report shows this did not happen. RP confirmed that a high level review had been duly completed.
- The JAC asked for the draft unaudited accounts to be circulated at the end of April with a meeting to take place in May to discuss them, before the final version is released. RP explained that the OPCC will be scheduling the 2020 timetable and will take into the account the paper release dates in order to

allow adequate time for the JAC to review them before finalisation. The JAC have requested a meeting in May specifically to discuss the annual accounts.

Action: OPCC will consider the release of reports when creating the 2020 timetable, including a JAC meeting in May.

12. OPCC Update

- Laura Steward (LS) welcomed questions about the OPCC Risk Register.
 - DH queried the justification of the removal of risk 12 on Athena. LS stated that the OPCC was due to remove that risk from the register, but due to issues highlighted by the force, it was kept on. The JAC then queried the direction of travel, noted as level, despite being an amber risk. LS sought the JAC opinion on this, considering this is not the OPCC's risk, but to do with the way the OPCC is holding the force to account for this risk. The JAC believed that the risk needs to be re-worded to reflect this.

Action: LS to reword risk 12 of the Risk Register to reflect that the risk is the way in which the OPCC holds the force to account in relation to their own risk regarding Athena.

- LS provided an update on the complaint handling risk, with the appeals functions transferring to the OPCC. It is expected that the Home Office will want this to go live early 2020.
- RP gave a brief overview of the treasury management statement.
 - RP highlighted the main point from the report being that last year, cash flow liquidity reduction meant there was a short term cash flow issue. He stated that policy on investments, made on our behalf by KCC, mainly with local authorities needs to be reviewed in order to ensure liquidity and obtain funds when they are needed sooner to improve cash flow. Work is being undertaken with Force Finance on this matter.
 - DH asked about the 'throwaway comment' on page 4 around the PCC continuing to seek resources to continue to investing funds, and stated the NAO is doing a report on local authority commercial investment, and that Kent Police should hang-fire on any short term proposals of investment. RP confirms this is not something they are allowed to do.

13. Review of JAC Effectiveness

- LS briefly discussed the JAC Effectiveness report, which was written following the JAC Annual Review meeting in May.
 - The JAC had raised an issue about misconduct hearings being held in public. LS suggested that the JAC attend a misconduct meeting at some point to see how they take place, as well as a one-to-one meeting with the Head of PSD.
 - MG suggested this effectiveness report is used as a benchmark in how the JAC operates going forward.

14. Value for Money Profiles

- MG stated he was disappointed with the VfM report and expected a management summary highlighting the key findings and issues, and consequential action plans going forward. He therefore suggested the paper is updated to provide more information and to be bought back at the September

JAC meeting. JE stated that the links to the reports mentioned in the VfM profiles were not compatible with Apple, so she was unable to view them.

Action: The VfM Profile report be updated BY PC and brought back to the September JAC meeting.

15. Work Planner

There was no discussion on the work planner.

16. AOB

- A paper was circulated to the JAC about transactional finance function control deficiencies at the Business Centre at Dunmow, summarised by MG i .
 - It highlighted some of the pressures, service issues and successes of the changes made to HR, finance and facilities.
 - DH commented on this paper, and confirmed that RSM have a direct dialogue with MG i, in particular to discuss SAP and invoice issues, to ensure that and shortfalls are fully audited and risks managed.
 - JE would like to see an overview of any duplicate payments that have been made, and the extent of VAT invoices for sizable amounts being paid without any supporting information of the face of the invoice.
 - MG i confirmed that junior members of staff should be recognised for highlighting the issues of concern.
 - The JAC acknowledged the work to resolve the issues and requested that quantification of amounts involved be brought to the September JAC.
 - Members confirmed that their attendance at the various corporate meetings are helpful to them in pursuit of delivery of their agreed terms of reference and it was really helpful to have prior sight of the papers for the respective meetings.
- LS confirmed that IT are proposing a system called Egress that the JAC will be able to use to access papers on their own laptops. The OPCC will discuss individual needs with each JAC member.
 - JE asked that each document be loaded onto Egress paper by paper, rather than as one large document.
- MG noted issues with the postal system and delays in receiving papers recently.
- The JAC were made aware of issues with recruiting a Committee Support Officer and due to staffing issues, members are asked to email the Committee Support email account so that all matters can be dealt with via the team member monitoring the account. The Committee Support Officer role is currently being recruited for again and interviews are due to take place shortly.
- There had been difficulties in recruiting a new JAC member, but there would not be any compromise on skills and experience.

The next meeting is scheduled to take place on 13th September at 1000hrs, with independent members having a pre-meet at 09.30.