

*The March 17 JAC meeting was cancelled due to emergency lockdown measures introduced by the Government in response to the COVID- 19 pandemic.*

*The three independent JAC members subsequently held a virtual meeting to discuss the agenda items and identify questions and issues requiring responses from the Force and OPCC*

*The purpose of this note is to set out the JAC questions and issues and include the responses received from management.*

### **3. Notes of Previous Meetings**

The JAC requested the following changes to the minutes;

- Minor typographical errors had been noted.
- Page 7, Item 11, “In year Financial Reporting” please delete the words “and accounts” in the phrase “JAC would consider the draft AGS and accounts in March”

These changes have been completed.

### **4. Matters Arising**

Malcom Grubb (MG) requested the following matters were closed on the matters arising sheet.

10/18, 89/18, 39/19. Under 40/19 the Body Worn video final report has been issued by RSM.

These changes have been completed.

### **5. Verbal Force Update**

1. The Force response to the Commissioner’s latest Annual Police Survey, particularly the victim satisfaction outcome(4.5 out of 10) and how safe do the public feel (6.38 out of ten- marginally down on last year’s outcome)
2. What use the Force make of transfer of best practice in improving efficiency and effectiveness e.g. the work undertaken by Durham constabulary to reduce reoffending rates
3. Areas of force activity where there has been a lack of capacity in the last six months and a) the impact on performance and b) the Force’s plans to redress.
4. Dissemination across senior management of internal audit reports and recommendations.

*Awaiting response.*

### **6. Force Strategic Risk Register**

This was discussed by members. However, reporting is exempt under **Section 100A of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A of the Act.**

## 7. HMICFRS Inspections & Recommendations Tracker

The Joint Audit Committee members noted that there had been no progress in discharging nineteen recommendations relating to four inspections.

*Supt Amanda Tillotston (AT) explained that since the submission of the report there had been a flurry of activity against the AFI/Recommendations tracker and there had been a number of reports published by HMICFRS that had been reviewed by her team and the business leads.*

*AT highlighted that the following areas had shown improvements: Policing and Mental Health, Stalking and Harassment, PEEL 2018/19, Fraud: Time to Choose, Child Protection Inspection and Abuse of Position.*

*AT also added more detail regarding Crimes Against Older Persons and explained that Darren Alderson (DA) (HMICFRS) had met with the action owners on the 5th December and although there was still work to do, he had been happy with the progress so far. Recommendations two and four have been turned to red by the Inspectorate. Recommendation three could potentially be discharged by DA if a little more progress could be achieved.*

*A more detailed update on Fraud: Time to Choose, was given. TA confirmed that Darren Alderson had visited the force in February 2020 and had confirmed he would formally discharge this recommendation but had yet to do so.*

*And finally, AT explained that slow progress for the Cyber Dependant Crime could mean that it would be flagged as red if after the next report there had been no further development.*

## 8. FMS 2020

The Joint Audit Committee members noted that under both 'The Four Steps' and 'The Strategic Risk Assessment' sections the submission date was the 31<sup>st</sup> May 2020 and questioned if this would be extended past the deadline. It was also added that the submission date was interesting relative to the timetable for the 2020 budget build and approval and presumably any new gaps and risks identified would lead to revisions to the risk registers and

budget. With regard to the appointment of a contractor, the JAC questioned how the Force would recruit and ensure value for money.

*Awaiting response.*

## 9. Audit Recommendations Tracker

The JAC accepted the need to close the seven recommendations related to the Income Generation Audit in 2017/18 but noted that they have been outstanding for three years. Members found it disappointing that the seven recommendations in the SAP Finance report were still awaiting implementation. The JAC requested that all advisory audits are given an assurance rating in future and included in the Tracker.

*Rob Phillips (RP) commented that the seven recommendations had now been superseded by further reviews on Creditors and the Business centre. The Force CFO and OPCC CFO would prepare a draft paper outlining the recommendations and subsequently how this had been*

*resolved/ superseded by other audits so that the JAC could be satisfied about the removal of the report. Advisory audits are by their nature 'advisory' and therefore do not have an assurance rating. Consideration would be given to future audit classification and appropriateness of assurance rating.*

The JAC members also noted that audits referenced 8.19.20 and 6.19.20 had different issue dates to those on the RSM progress report.

#### Action

RP to prepare a draft paper outlining the recommendations and subsequently how this had been resolved/ superseded by other audits so that the JAC could be satisfied about the removal of the report.

### **10. Overview of Complaints Data**

The JAC asked if the problems with the system Centurion had been resolved and what the impact of the old complaint resolution had been on resolving new complaints. The JAC requested the phrase 'significant additional resources' be quantified. They also added that the speed of both recording and resolving resolutions seemed generally OK with the plan to clear out old cases. At a future date the JAC would like to be appraised of complaints recorded and received by the OPCC.

*Laura Steward (LS) explained that the OPCC received complaints about the Chief Constable; and are the initial decision-making body for complaints about the PCC (although the PCP resolved them if required) and these were handled under a different set of Regulations; and that the OPCC had their own internal processes for complaints about staff. LS also added that the OPCC were now the Review Body for low level Force complaints. The IOPC would be producing data on CC complaints and Reviews; however, given the timing of the legislative changes and the difficulties introduced by the pandemic, they were reducing reporting in the short term. Given there was already oversight by two external bodies, LS suggested a summary report on CC complaints and PCC complaints; the outcome of Reviews should be reported by PSD. LS said she would be happy to discuss the legislative framework and processes with the JAC if required.*

### **11. Annual Governance Statement ("AGS")**

The JAC commented that they felt the draft was too long and needed to be more concise. They also recommended benchmarking against other Forces' statements.

*RP commented that the AGS was a joint statement from both the PCC and the Chief Constable which had made it quite lengthy. LS and RP also mentioned that comparisons were regularly made against the PCC and Force AGS, but they tended to produce separate statements. When both AGSs were combined they were broadly similar, albeit slightly longer this year due to Athena risks. The length of the AGS had been mentioned a number of times this year and LS had reduced the length of some sections as a result, albeit a section on COVID 19 has had to be added. It is likely that in future that two AGSs would be produced, one for the PCC and one for the CC.*

The JAC members suggested that for the executive summary numerical points 3 and 4 should be at the beginning and that it be made clear that the "seven principles in the Framework" are indeed the Local Code.

*LS explained that the executive summary was included to highlight the key issues in the AGS and does not form part of the formal AGS.*

The JAC members also suggested that the CIPFA recommendations on developing an effective AGS be used as a template.

*LS said that the CIPFA guidance was used and that there had been more focus on effectiveness this year but she could relook at it. LS added there was a section headed MTFP and VfM, which accorded with the CIPFA Guidance.*

JAC members also suggested that evaluation against local code and principles should be included as well as the document being in a more readable style.

*RP said it was a difficult subject to make readable, such as the Statement of Accounts. LS did add that it may help when the two statements were separated.*

The JAC also suggested that the report include an opinion on whether governance arrangements are fit for purpose.

*LS said that RSMs opinion had been added into the draft following the feedback from the auditors, with the understanding that it was not finalised (although unlikely to change) and would be added for the final version. There was a statement on the effectiveness of governance arrangements at the end of the document.*

It had also been recommended by the JAC that it would be better to identify any significant governance issues and the action plans to address them.

*LS said that was already included as part of the 'Current Key Risks' and the 'Action plan for 2020/21, page 31.*

The JAC also believed explanation of the action taken in the year to address the significance governance issues that had been identified in last years statement would be useful.

*LS said that this information was already included in the section headed 'Key risks identified last year' and could be found in Annex A, page 33.*

The JAC said that it had not immediately obvious that the current draft structure complied with the CIPFA recommendations.

*RP commented that the production of the AGS was overseen by him as the PCC CFO. If it had not complied with the CIPFA guidance it would not have been submitted as a draft.*

The JAC members suggested that the draft appeared light on references to the role played by the JAC in the governance framework.

*LS explained that the JAC were mentioned 21 times throughout the document but if that there were any particular references to the JAC as a source of assurance that were missing they could be included.*

The JAC noticed that there appeared to be no mention of the Accounts & Audit Regulations 2015 in relation to the review of the effectiveness of the systems of internal control.

*RP said that paragraph 3 stated that the AGS complies with a number of documents which included 'the relevant parts of the Accounts and Audit Regulations'.*

It was raised by the JAC that points 5-59 were not linked to the seven principles.

*LS explained that all the points in the section were linked and relevant to the seven principles although they may not have been explicitly named against each principle. The points also covered the key governance arrangements of both organisations. LS added that some had clearer links i.e. "Open and transparent communication and engagement, and accountability*

to the public” which is ‘PRINCIPLE B: ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT’, others less so. This could be reviewed in line with separating the two AGSs and whether it will improve readability.

The JAC asked LS if the RSM Assurance table set out on pages 137 and 138 of the March JAC papers could be incorporated in the statement as a useful addition.

*RP said this could be reviewed for future years but had concerns it would increase the length of the AGS.*

The JAC said that in paragraph 5 the Executive Committee titles needed checking and the Force Performance Committee added.

*LS said this would be checked to ensure the current titles were used and the Force Performance Committee had been added.*

The JAC suggested that paragraphs 22-26 be deleted and a link was to be provided.

*LS said they would be removed but that the paragraphs were included at the request of the JAC review of last year’s AGS.*

The JAC felt there had been too much information detailed on Athena. It was suggested that paragraphs 60-68 were shortened.

*LS explained that she had included a comprehensive review of Athena but did appreciate that they had been extensive. LS will condense the information as requested.*

The JAC queried why there had been no mention of the RSM 2019/20 audits that were assessed as “partial assurance”.

*LS explained that section 75 in the AGS submitted to the JAC mentioned them all and initial action undertaken.*

The JAC also noted that there had been no mention of the SAP advisory audit or the Business Services review.

*RP said that the SAP audit had been superseded by the review into Business Services and the Creditors report.*

To finish the review of the AGS document the JAC mentioned that an additional section must be included detailing the impact the Corona virus would have on strategy, operations and risk assessment, risk management and performance management.

*LS confirmed that this had now been included.*

The JAC members final comment was that in times of crisis a sound system of internal controls and a robust governance framework was vital.

#### Action

LS to shorten paragraphs 60 – 68 regarding Athena

## **12. RSM Reports**

### Progress Report

The JAC remained concerned over the amount of time taken by Force management to finalise draft reports. It had been commented that chasing managements responses couldn’t be an effective use of RSM’s budgeted time and could adversely impact on the delivery of the annual plan.

*Daniel Harris (DH) said that RSM will continue to highlight outstanding responses in their monthly update reports that go to the CFOs and the Deputy Chief Officer. They added that they would also discuss any delays during their future scheduled monthly phone calls with each of the CFOs.*

JAC members were dismayed at the amount of time taken by Force Management to respond to the 2018/19 draft on Collaboration Recharges.

*DH explained that RSM had originally received comments from the force on 26/02/20 but they had not included the Essex responses, which had been sent to Kent in September 2019. The last conversation with Kent regarding the matter had been on 04/03/20 when the Essex response had been received, Sonia Virdee (SV) had said that she will review it and add any further Kent comments.*

RSM were asked if given the findings in the General Ledger audit work, re financial reporting had the “Reasonable Assurance “ classification been justified.

*DH and Anna O’Keefe (AOK) explained that they received assurances from the CFOs that reporting had taken place albeit not in the usual format due to the cancellation of COSM. They also noted that financial update reports had gone to both the July and September JAC meetings. In the context of a General Ledger audit where this issue only arose because of the testing of month-end checklists (so a side point rather than a main scope point) it didn’t justify a partial assurance opinion. If this had been a Budgetary Control and Financial Reporting audit, it would have had a bigger impact on the opinion.*

The JAC members requested an update on the provision of evidence for the Risk Management Report.

*DH said that he had received an email from Laura Gribbins that advised the Egress system could not be used due to a technical issue. DH expressed his concern that a resolution had not been found and the impact it would have on future audits. DH discussed with RP on the 31/03/20 and suggested the Sharefile system used by RSM be utilised at Kent Police as a secure method of transferring information. RP said that he would discuss further with his colleagues in the Force and advise on a solution.*

The JAC members asked whether subsequent to Corona virus events whether the completion of the 2019/20 programme of work was still been achievable and realistic, given work constraints.

*RSM confirmed that all audits with the exception of the Payroll and Pensions review would be completed as normal for 19/20 and added that a number already had fieldwork completed and further non-restricted information had been shared electronically to complete other reviews.*

*DH added that the Payroll and Pension audit were not scheduled until May 2020. The majority of work required could be obtained and completed remotely via secure Sharefile, skype calls and skype screen sharing technology. RSM had agreed with RP that any 20/21 audit work in the coming weeks needed to be prioritised and selected carefully. RSM were in the process of agreeing this but would remain very flexible to the Force / PCC demands.*

The JAC drew management's attention to the useful eleven-point checklist for programme and project leads when authorising the start of any programme or project

Internal Audit Strategy 2020/21

The JAC considered the draft to be very much work in progress due to COVID 19 and requested that they be kept fully informed of developments.

The JAC asked if the Force were content with the proposed programme of audits.

*DH said they had discussed the proposal and agreed with both RP and Paul Curtis (PC) and agreed three reviews would be removed from the 20/21 programme.*

The JAC members asked how the costing and total number of days compared to the previous year.

*RSM said that the days were the same and the figured showed a £1,000 decrease from 19/20 due to less specialist coverage planned.*

RSM were asked if the Road Risk Action plan was going to be included as a follow-up given the outcome of the 2019/20 audit.

*DH said that they understood that had been a fairly unique set of circumstances and as the insurer had renewed last autumn, it could be included in their follow up rather than being re-audited.*

The JAC members questioned the inclusion of the complaints audit in the 2020/21 plans given the recent new regulations and responsibilities.

*RSM responded by saying that the OPCC had been looking for assurance from the internal auditors for over a year but due to various delays with the new regulations there hadn't been an appropriate time. RP confirmed that the OPCC wanted an audit sooner rather than later to check the new processes were effective, but this would depend on when the OPCC could implement some of the new processes as there had been delays owing to COVID 19.*

The JAC members believed that the Treasury Management scope should include the robustness of the cash flow forecasting model and borrowing strategy.

*RSM agreed and said it would be included in the scope going forward.*

The JAC also queried if the 21 days allocation for management had been realistic and if it could be reduced.

*RSM had a discussion with RP and confirmed that the budget had been in line with previous years, other Police and Public Sector IA plans of similar size and complexities. RSM went on to explain that the management budget included the following:*

- *Audit Needs Assessment meetings (six were held in 2019/20)*

- *Preparation of the annual plan - which included updating the Assurance Mapping document*
- *Preparation of the quarterly progress reports for JAC*
- *Partner and senior manager attendance at all JAC meetings*
- *Monthly status reports and phone calls with both CFOs*
- *All other liaison and contract administration*
- *The budget was also used where individual audits had reached budget and further work / revisions / clarifications / meetings were required and not directly attributable to an individual audit.*

The JAC asked which audits were included in 2020/21 that had not made the 2019/20 audit cuts.

*RSM confirmed the audits were included in the Appendix A of the plan and had been discussed with management at the ANA meeting. RSM also added that the 7 Force Procurement did not take place in the 2019 and had been carried over into 2020/21. Overtime, and Debt Collection and Recovery were not included in 2019/20 but had been included in 2020/21.*

The JAC members asked if it would be possible for RSM to priority rank the audits that were not included in the draft plan and noted that the IR35 and PCC election audits would no longer be required.

*RSM and RP discussed this and had agreed that it might have been possible in a 'normal' year however with the 2020/21 circumstances they were anticipating the need for significant flexibility and amendments to cover the initial plan. RSM and RP had agreed that regular reviews with the CFOs and JAC members to provide any updates and progress reports along the way via the RSM monthly updates.*

Finally, the JAC asked if there had been a reason for RSM not including the Anti-Fraud controls in the programme.

*DH and AOK explained that after reviewing the 2017 Anti- Fraud Policies that they had felt other areas had taken priority. DH added that it may be re-visited considering the COVID-19 pandemic and some discussions had been held over some potential continuous assurance coverage which could incorporate some Anti-Fraud Controls testing / coverage.*

### **13. EY Reports**

The committee members referred to page seven of the EY report and asked how the materiality levels compared to 2018/19.

*Mark Hodgson (MH) responded and said that basis was the same at 1.8% of GE and G Assets. The figures in the Audit Plan used the 2018/19 accounts as the basis for PM at Planning stage. EY would update with the numbers from the draft accounts for 2019/20 when they became available but the base was the same.*

The JAC asked what role would be expected from the JAC regarding the Pension Liability Valuation and the Actuarial assumptions.

*MH said their role would be limited, but they could challenge management on the assumptions used and how engaged Actuary.*

The committee referred to page 201 of the pack and asked EY would be carrying out year-end audits for other Police Authorities involved in the Seven Forces' Procurement Strategy and how would Kent benefit from the work. The committee also noted the planned work for RSM in the area.

*MH commented that how each Force had been preparing had been an individual assessment and the arrangements that would be put into place would be from a governance perspective.*

The JAC members had noticed that the Final Fee Column for 2018/19 didn't add up and asked if the fee increase had been agreed by Kent.

*MH agreed to review the column and added that EY had been waiting on a formal agreement from both Rob Phillips (RP) and Paul Curtis (PC).*

It had been noted by MG that the 31<sup>st</sup> July sign off date had been moved back to the end of September and requested that the JAC were kept informed of any developments.

*MH said this was the publication date for "approved financial statements" with or without an audit response and also added that they were keeping to the original timeline for the audit fieldwork and the actual reporting timeline (JAC and sign off) would remain fluid. MH said he would be happy to schedule a call or provide further updates if the JAC felt it had been required.*

The JAC acknowledged the receipt of the EY's letter "Sustainability of UK Public Audit" and questioned what the implications for Kent would be.

*MH said he had, had a sperate discussion with both PC and RP relating to the overview of the implications.*

#### **14. Finance Reports**

(Comments were prior to the COVID- 19 implications)

The JAC members said that they had welcomed the provision of the reports previously submitted to the Police and Crime Panel. They also recognised the great work that Kent had done a really good job in turning around the 2020/21 budget, considering how late the

financial settlement had been received. However, they had found the finance spend update disappointingly out of date due to the figures being based on numbers up until the end of December. The JAC asked what the current thinking was on the forecast of £0.7 million on overtime spend and the forecast investment spend. They further asked if it had reflected a shortage of manpower and/or a spike in particular crime categories.

*RP explained that overtime in policing was a complex part of the business and accrues for several factors ranging from unexpected operations that required significant manpower to arrests occurring towards the end of a shift that then fell into overtime payments. Overtime was an area due to be audited in the 2020/21 plan but due to the COVID 19 outbreak (and the use of overtime to cover work) it had been delayed until 2021/22.*

The JAC members commented that the financial resilience had looked promising. They questioned how the slippage on IT, Transport and Estates spend would impact on operating efficiency and the 2020/21 budget targets.

*RP said that the slippage on the capital programme would roll forward into 2020/21. The operational impact of any change would be kept to a minimum and this would be the case with these projects.*

The JAC requested a breakdown of the £9.2m savings to provide assurance that it would not impact frontline policing.

*RP said that the breakdown would be sent as an additional document.*

#### Action

LB to circulate the saving fund breakdown with the minutes.

The JAC members noted that MHP would not continue in 2020/21 and they queried what other support there would be for initiatives in regard to reducing the burden on the Police of Mental Health issues.

*RP explained that the funding stream had been a time-limited project that ran for three years. Organisations were made aware of this when applying and again in the last year of funding to enable them to prepare. The Commissioner had already taken the decision that the next major funding stream would be for projects that prevent violent crime, prior to the current emergency that we find ourselves in. The Commissioner is currently considering what support he may be able to offer to local organisations he has worked with to help them through any difficulties they might experience financially.*

#### **15. OPCC Reports**

The JAC asked if the Safer in Kent Plan 2017-21 would be further refreshed given the recent change in circumstances related to the election being postponed and to reflect the disappointing survey responses concerning victim satisfaction and feeling safe.

*RP clarified that the Plan will not be refreshed as a result of the May 2020 elections being postponed. The Home Office had confirmed that the Plan set out by the elected PCC for the force area would remain in place until the next ordinary elections (now re-scheduled for May 2021).*

*The Plan would not be changed due to the survey results as victims remained central to the policing priorities of Kent. The PCC would be considering how best to hold the Chief Constable to account around victims during the year.*

The JAC noted that the need for borrowing in the Treasury Strategy and the use of internal borrowing. They sought confirmation that there would be no external borrowing in advance of need, and further assurance that cash flow forecasting would be robust and regularly reviewed.

*RP confirmed that there were no current plans to borrow in advance of need. Cash flow was monitored on a weekly basis. During the current crisis the monitoring of funds had increased as the additional expenditure and potential disruption to income impacted on cashflow.*

The JAC asked RP to confirm that there were no plans to invest in any higher risk assets such as commercial properties and also if credit worthiness checks for counterparties would be more stringent.

*RP said that the Commissioner did not have the General Power of Competence that other local authorities had and therefore is not legally allowed to invest in commercial properties in the same way that some councils have. However, the PCC can invest in pooled funds which includes the current investment in the CCLA property fund. The PCC is considering, cashflow, permitting, investing in other longer-term investments for the income return. This would include some multi asset funds which would include property. These long-term investments were made with a view to generating an income return rather than a capital asset return.*

The JAC noted that in the Strategic Risk Register they were not included as source of independent assurance for a number of risks.

*RP noted this and said it would be amended.*

Under risk 4 the JAC asked for clarity what body the Chair related to.

*RP confirmed that this referred to the Chair of the Police and Crime Panel.*

Under Risk number 6, the JAC asked who carried out the regular review of monitoring processes for funding approved by the Commissioner.

*RP said that the regular review of monitoring processes for funding was carried out by the PCC CFO and the PCC's Head of Commissioning. The Commissioning process was also subject to internal audit on a regular basis.*

For Risk 12, the JAC queried if it would be sensible to include the Capital Management Board and the Digital Transformation Board under Key Mitigations.

*RP agreed and assured the JAC that this would be amended.*

Under Risk 17, the JAC requested clarity around how the Internal Auditors would provide independent assurance.

*RP confirmed that the Internal Audit undertaken by RSM in 2018 and the JAC received the report in July 2018.*

Finally, the JAC asked if the risks needed re-numbering as they were not sequential.

*RP explained that the risk numbers were the reference to the risk and not a sequential number. Any risks that had been closed were removed but not renumbered as it would make archiving difficult.*

Action

Ensure the Strategic Risk Register reflects the independent assurance provided by the Joint Audit Committee members.

Action

Inclusion of the Capital Management Board and the Digital Transformation Board under key mitigations.