



JOINT AUDIT COMMITTEE

ANNUAL REPORT

2018/19

Introduction

Whilst the minutes of each and every JAC meeting are publicised on the PCC's internet page making them accessible to the public, this Annual Report is a more descriptive summary to provide the PCC and Chief Constable with assurance around the activities of the Joint Audit Committee in relation to the agreed Terms of Reference.

Financial Management

The Committee received and reviewed the Accounts for the Chief Constable and Police and Crime Commissioner and overall Group at our meeting on the 25 May 2018, this being prior to any audit activity by your External Auditors, Ernst & Young. The Committee also received the accounting policies, on which the Accounts were based, as well as the Annual Governance Statements. The Committee were pleased with the quality of the documents particularly as this was the first year of the early closure and were content that the documents were provided to the External Auditors for their review.

Following the External Audit process the Committee received from the Auditors their Audit Result report for the year ended 31 March 2018. The Committee were pleased that the External Auditors had issued an unqualified opinion on both the PCCs and Chief Constable's Accounts. The Committee were appraised of one material difference on the Local Government Pension Liability, but took assurance from the Auditors that this was as a result of the Local Authority's actuaries' basis for calculation and that the Accounts would be updated once the new version of the valuation was received.

The Committee, in recognising the early closure, thanked the Finance team, and in particular, Hannah Broadbank and Philip Wells, for all of her hard work in finalising such a high standard of Accounts.

Based upon previous HMIC and Audit Reports, highlighting the risk around future financial sustainability, the Committee, on your behalf has asked for regular updates on the financial position from the joint CFO. The Committee received updates on the funding position, the spending position and also what work is being undertaken within the Force to ensure that it has robust financial plans

in place. Whilst the Committee appreciate that funding for Bedfordshire Police is insufficient given the complexity and level of demand it faces, it is assured that the work being done by the Force in preparing for this is sufficient and supplements the work that both the PCC and Chief Constable are doing to increase the funding position for Bedfordshire.

Having considered the Financial planning and the preparation of the Final Accounts, for both the Commissioner and Chief Constable, the Committee is satisfied that your CFO has the necessary capability and capacity to ensure the proper administration of the PCCs and Force's financial affairs. The wider exposure that your CFO has across the business areas provides assurance that the Financial affairs are very much aligned to the operational affairs of the Force.

Internal Control and Governance

The Committee were keen to ensure that sufficient scrutiny was given to the areas that had been highlighted as being of concern when reviewing both the Commissioner's and Chief Constable's Annual Governance Statement.

The focus for the scrutiny was on two key areas, one highlighted from the review of the 2016/17 AGS and one from the review of the 2017/18 AGS, these being:

- Inadequate grading given in 2016/17 by the HMIC in their review of Effectiveness; and
- How both the Commissioner and Force better understand its demand and the impact this has on its financial sustainability.

In relation to the Inadequate grading the Committee have requested that there is a standing item on every agenda for the DCC to appraise Committee of progress against HMIC recommendations, Committee forthcoming inspections and areas of concern, if applicable.

The Committee, from these updates as well as the outcome of the 2017 PEEL assessment, took assurance that Bedfordshire had showed one of, if not, the highest level of improvement than any other Force in the country. Obviously, the Committee is conscious that there is still room for improvement but it has been assured by the DCC, through being sighted on the reviews he does at his PEEL board, that the Force is heavily focused on improving on those areas highlighted by the HMIC as 'requires improvement'.

The assurance the Committee has received around the effectiveness element has also provided assurance around the Force's better understanding of the demand it faces and the complexity of that demand. The Committee were appraised of the Priority Based Budgeting work that the Force were due to undertake in 2018 to support the 2019/20 budget alongside the creation of a demand steering group. This all building on the strategic demand assessment work that had been completed and used by the PCC to express her concerns about the funding of Bedfordshire Police.

The Committee were pleased to see that the Home Office had granted the Commissioner a one off Special Grant of £4.571M and this provided the Committee with some assurance around the ability to deal with the projected overspend in 2018/19, mainly linked to the spending being incurred on Guns and Gang crime in this and previous financial years.

Overall, based on the information that the Committee has received in these areas of Corporate Governance it can take assurance that corporate governance framework for the Commissioner and Force are working effectively, albeit the continued scrutiny is required by the Committee to ensure the right level of focus remains in these areas.

Corporate Risk Management

The Committee receive an update from both the OPCC and Force on their Risk Registers at each and every meeting.

The Committee review rigorously the high level risks of both Corporation Soles and also look at HMIC, Internal Audit and External Audit Reports as well as the wider information in the media to ensure that the risk management processes are robust for both the Commissioner and Chief Constable.

The Committee take assurance from both the OPCC's Chief Executive and Force DCC that the risk registers 'live and breathe' and that they are scrutinised by respective meeting forums within the Force that are chaired by either Chief Officers in the Force or by the PCC and/or Chief Executive for the Commissioner. The Committee get to see what updates have been made between each Committee to the risks and are sighted and have the ability to challenge on any risks that are either increased or decreased in grading or are proposed to be removed or added to/from the Risk Register.

The Committee have provided particular challenge with regards to the risks associated with the financial sustainability, cyber-attacks, health and safety and equality and diversity. The responses the Committee has received assurance from the DCC and CFO that the risks are being managed effectively and transparently in the OPCC and the Force and therefore provide appropriate levels of mitigation and action to assist in the capability to achieve the Commissioners and Chief Constable's Policing Plan Priorities.

Internal Audit

Internal Audit is another area that features as a standing item on the Committee's agenda. The Committee receive the Annual Audit Plan for review at the start of the financial year and ensure that the areas included within the plan are those that are linked to key areas of internal control, risk management and large change. The Committee specifically ask the Chief Internal Auditor, with whom they meet separately without any officers present, whether the Audit Plan is compiled effectively and have taken assurance from him that the plan addresses the areas that he would expect and also links into issues raised by other Forces and Commissioners for clients for whom they also provide an internal audit service.

The Committee throughout the year receive summaries of all of the audits undertaken during the year and is sighted on all of the recommendations that are of a medium or high nature and the management responses to these recommendations. In addition to this, the Chief Finance Officer also provides, at every meeting, the progress that has been made on those recommendations in order that the Committee can take assurance that action has been taken and also whether it has been taken in a timely manner.

To date during this financial year, the Internal Auditors have received reports on 16 audits of which 9 relate to Bedfordshire solely and 7 to BCH as well as 2 Advisory reports for BCH. Of these audits, 15 have a positive assurance with one related to property storage providing a negative opinion. The Auditors have been asked to focus on this, as part of their follow up audit, on the basis that the Force have provided assurance that appropriate measures have been taken to address the weaknesses highlighted. However the Committee has asked for independent assurance from the internal auditors of progress.

Apart from that single audit, the Committee is satisfied that the system of internal audit in Bedfordshire is operating effectively and there are no specific issues or areas of concern that it would wish to highlight to the Commissioner or Chief Constable

Further to this, a Member of the Bedfordshire Committee has been involved in the procurement process for the new Internal Audit contract and was impressed in the way that the process was completed and that the outcome of continuing with the current Auditors was the correct one.

External Audit

The Committee, as with the Internal Auditor, received the External Plan from Ernst & Young at its March Committee which provided the context for the annual audit as well as the process and strategy for the audit.

In delivering the strategy, the Auditor highlighted that fact that as Bedfordshire, Cambridgeshire and Hertfordshire had moved to a new single Finance system there was a risk that this could impact on the timing and quality of the Accounts. Whilst not highlighted as a risk by the External Auditors, the issue of financial sustainability was one that they stated they would need to look closely at in determining their Value for Money opinion.

As previously mentioned the External Audit process for the 2017/18 accounts from the Committee perspective went very well with unqualified opinions on both the true and fair position of the two Corporation Soles as well as the value for money opinions.

The Audit fee for the External Auditor remained static and as previously mentioned the Committee commended the CFO for the good outcome from this external scrutiny.

The External Auditors will change for the 2018/29 process.

Inspection and Review

The HMIC independently assesses Police Forces in all elements of policing delivery with the main inspection covering Efficiency, Effectiveness and Legitimacy. As mentioned elsewhere in this report the inspection outcome reported in 2018 showed signs of the Force requiring improvement, the gradings were a significant improvement from those in the previous year. The Committee also took assurance that the HMIC had removed Bedfordshire from the PPOG process.

The Committee take assurance, based on the regular updates by the DCC, that the inspection process is taken very seriously by the Force and that the DCC has adopted a board type process to ensure that all recommendations are scrutinised and implemented as appropriate. The DCC also provided the Committee with assurance that as part of the Commissioner's role in holding the Chief Constable to account, that the HMIC updates featured heavily on her strategic board agenda.

During 2018 the Committee has not been sighted on any adverse report from the HMIC and are content that the governance processes in place provide no issues for the Commissioner or Chief Constable.

Other Activity

The CFO for the Commissioner and Force arranges at least one development day in addition to the regular meetings so that the Committee can have a more detailed deep dive into specific areas of risk over and above that covered in the main meetings.

These days are really important to the Committee as the members meet face to face those that are responsible for the specific areas of activity the Committee is interested in and also provide an opportunity to have time and space to better understand the area of activity as well as sufficient time for detailed questions, thus providing the Committee with the appropriate levels of assurance.

For 2018, the areas that Committee have had this deeper dive into are:

- HMIC Tracking – providing the Committee with a better understanding and assurance around the process adopted by the Force to ensure that the HMIC recommendations are appropriately managed and where appropriate implemented;
- Risk Management Process – a deeper dive into the risk management process to understand better how the operational risks from areas such as collaboration, change management etc. are pulled together to compile the strategic risk register that is seen at the Committee meetings;
- Cyber Security – an ICT presentation focusing on the physical security the Force has surrounding its digital capability, focusing on the security measures in place to prevent potential hackers access to the ICT servers and Force systems and what process the Force follows to ensure that these remain up to date with ever changing technology;
- Demand & Thrive – a presentation providing the Members with better knowledge around the Force's THRIVE initiative which is used to ensure that incidents go through a rigorous process to ensure that the appropriate response is given to the incident, whether this be an emergency response, an appointment or a telephone investigation etc.
- Fraud – Professional Standards provided a presentation around what the Force has in place to prevent fraudulent activity and also sufficient detail for the Committee to understand what actions are taken and how when a case of fraud is detected.

In addition to the development days the Committee Members meet independently, without any officers present, with the internal and external auditors to ensure that they have the ability to raise any concerns, issues, working practices etc. to the Committee. These meetings are required for the Committee to remain independent and provide the Committee, based on the responses received, a high level of assurance that the Force, through the CFO, take the auditing process of the Force and OPCC very seriously.

To maintain the Committee's understanding of governance two members attended a one day training session held by CIPFA – Introduction to the Knowledge and Skills of Police Audit Committees in May. The Committee found it very useful to have the chance to speak with members of Audit Committees from other forces both at this event and at the Police Audit Committee Conference held at Warwick University in July.

Conclusions

The purpose of the Joint Audit Committee is to provide assurance to the PCC and Chief Constable regarding the adequacy of the risk management and the associated internal control environment within Bedfordshire Police i.e. both the OPCC and Force.

The Committee will continue its scrutiny on all topics within the Terms of Reference to ensure that both the Commissioner and Chief Constable benefits from a level of independent assurance around these specific areas of activity. Members of the Committee, to further their knowledge and gain a better insight into actual practices undertaken, will look to attend Force held meetings as well as development days for officers and staff, such as the Better for Beds days.

The Committee, with its good spread of knowledge and diverse backgrounds, apply a high level of scrutiny and questioning of the officers and the auditors to provide both the Commissioner and Chief Constable a good level of assurance that the control framework and risk management processes are strong in both the OPCC and Force.

Joint Independent Audit Committee

Members:

Mr Jagtar Singh (Chair)

Mrs Laura Cochrane

Ms Judit Seymour

Mrs Gita Raja

Mr Wayne Brads

28 November 2019