

**Handling Instructions: For Independent Audit Committee use only
FOIA – Open**



Independent Audit Committee

Thursday 29th October at 10.00am

Via Microsoft Teams

Shaun Sawyer	Chief Constable (Devon & Cornwall Police)
Helen Donnellan	Committee Member
Tom Grainger	Committee Member
Gordon Mattocks	Committee Member
Linda Williams	Committee Member
David Bowles	Committee Member
Nicola Allen	Treasurer (Office of the Police and Crime Commissioner, Devon and Cornwall)
Sandy Goscomb	Director of Finance and Resources (Devon and Cornwall Police Force)
Neal Butterworth	Head of Finance (Devon and Cornwall and Dorset Police Force)
Julie Strange	Chief Financial Officer (Office of the Police and Crime Commissioner, Dorset)
Karen James	Head of Alliance Audit, Insurance and Strategic Risk
Jo George	Senior Audit Manager
Mike Stamp	Director of Legal, Reputation and Risk
Helen Morgan	Executive Assistant (Office of the Police and Crime Commissioner for Devon and Cornwall)
Laura Wicks	South West Audit Partnership
Mark Bartlett	Grant Thornton

Apologies

Alex Walling	Grant Thornton
Steve Mackenzie	Interim Assistant Chief Officer (Dorset Police)
Fran Hughes	Chief Executive OPCC Devon and Cornwall
Steve Lyne	Chief Superintendent Dorset Police
Lucinda Hines	Head of Technical Accounting
Simon Bullock	Chief Executive OPCC Dorset
Alison Hernandez	D&C Police and Crime Commissioner
Gavin Bardsley	Head of Performance & Analysis

**Handling Instructions: For Independent Audit Committee use only
FOIA – Open**

03/20/01 Apologies for Absence

Apologies received from AW, SM, FH, SL, LH, AH, SB and GB

03/20/02 Declarations of Interest, Equality and Health and Safety Obligations

KJ ongoing declaration as Director of SWAP. TG ongoing declaration as a Trustee of Safewise Charity. No Equality and Health and Safety Obligations were raised.

03/20/03 Open Minute Items [FOIA – Open]

The draft open minutes from the meeting of the Independent Audit Committee (IAC) held on 29 July 2020 were agreed as a true and accurate record.

The following amendments were made to the draft open minutes from the extraordinary meeting held on 11 September 2020.

02/20/04 Paragraph 3. 'Audits give a true and fair view' should read 'accounts give true and fair view'.

02/20/04 Point 3. 'Devon pensions plan' should read 'Dorset pensions plans'.

02/20/07 Paragraph 5. The accounts reported the payment of removal expenses to the Chief Constable in 2018/9. The meeting was assured that the late payment was in line with regulations and had been formally agreed with the PCC.

03/20/04 Open Items of Chair's Business [FOIA – Open]

HD advised it has been agreed the D&C CC and D&C PCC will attend for the final part of IAC meetings alternately. From January 2021, IAC meetings will start at 9.30 and be limited to three hours. Where possible, questions will continue to be submitted to officers before meetings.

HD commented that laptops have been purchased, however, not all IAC members are able to access MOD.GOV due to unexpected technical and security challenges. HD thanked Chris Purcell for his tenacity in identifying and tackling the issues and would wish for this to be resolved before the January 2021 meeting.

In August the IAC Chair was invited to a meeting with the Dorset Project Manager/Force Vulnerability Team, with a view to IAC involvement with the Dorset Vulnerability Board. This is an operational remit and as Vulnerability is a key pillar of the Dorset Police and Crime Plan, it is routinely scrutinised by the Dorset Police and Crime Panel and will form part of the focus of HMICFRS inspections. It falls outside the IAC terms of reference and Supt Chris Naughton will be advised. IAC also wish to re-energise regional dialogue with other Police Audit Committee in the region through virtual meetings.

**Handling Instructions: For Independent Audit Committee use only
FOIA – Open**

Since September IAC have been liaising with finance about closure of accounts. IAC has met informally to develop the IAC annual work plan, including subjects raised during the 2018/19 assessment .

The IAC Chair appraisal for 2019/20 will be completed on November 2, 2020 and IAC members' appraisal discussions are to start in November 2020.

03/20/05 Budget Planning Process and Statement on the closure of the 2019/20 accounts [FOIA – Open]

NB presented and provided members with an outline of the Dorset Police and Devon & Cornwall Police budget planning process for the financial year 2021/22. NB is in the process of building budget requirements for 2021/2022 and will have coordinated each force by early next week ready to start preparing in detail.

The difference in how the S151s arrive at their assumptions was raised, especially around the projected pay increase and forecast grant increase as Devon & Cornwall is higher in both than Dorset. NB stated that as separate and independent forces, it is perfectly reasonable for senior management to make different assumptions in their forward financial planning. NB confirmed that Devon and Cornwall Police (DCP) deficits are correct but Dorset deficit years need to be adjusted.

There are major issues relating to funding. The implications of COVID on every area is unknown at this time. 151s are working on assumptions and waiting for the spending review for one year only to be confirmed, which will give information at department level. Last year, the information about the financial settlement was received in January 2020, but it is hoped that this year's settlement will arrive by December, as the work load challenges increase significantly the later the information is received. It has been indicated that the uplift programme will continue however, it is not known what funding will be and each force will be making assumptions based on local requirements. The national context will be considered by 151s and chief officers, who will produce figures based on individual financial strategies and their professional judgement.

NA advised that each organisation has the ability to use their own judgement. DCP percentage income increase appears higher, but balances out as it is slightly over optimistic on income but pessimistic on expenditure. The pay award was 3% last year and 2.5% this year which is close to expectations. Regarding the precept increase of 2.99%, PCCs have been given flexibility for the precept increase over the last 3 years. Significant discussions have been held with SG about assumptions and other issues to be taken into account. JS confirmed a similar situation for Dorset.

03/20/06 Annual Governance Statement Timetable [FOIA – Open]

KJ presented the timetable for the completion of the Annual Governance Statement (AGS) for 2020-21. Members were asked whether this gives the Committee time to support its wider responsibilities. It was noted the AGSs should include the latest local code of governance and that these take time to consider. The AGS drafts will be

**Handling Instructions: For Independent Audit Committee use only
FOIA – Open**

available to Executives in late March. Members asked if it will be possible to receive a copy of those drafts following consideration by Executives in March. That would mean that a brief update report would be sufficient for the IAC meeting in April. KJ advised the AGS needs to mirror the publication of accounts and she will endeavour to provide the statements in advance of the April IAC meeting.

ACTION: KJ to seek to forward the draft AGS to IAC members in advance of the Committee meeting in April.

Members questioned the readability of the AGS for public access. KJ advised that the AGS are now in a more readable format to aid access by members of the public. The Committee would welcome external review of the AGS against the standards for Plain English.

ACTION: KJ to discuss with the People Confidence and Equality Manager how to take forward reviewing the AGS for Plain English standards.

03/20/07 External Audit Quarterly Report [FOIA – Open]

MB presented the report and welcomed questions. The Committee noted the opinions on the financial statements, annual governance statements and that value for money conclusions could not be given when the report was written. It is understood GT await outcomes of technical work beyond their control. Members sought assurance that GT's final audit opinion will be received by 30 November 2020 deadline. MB was disappointed that GT's work is less advanced than anticipated due to an internal lapse their assurance process, meaning that they have not yet received all files for review. As a result, some further queries need to be raised with the finance team. This adds pressure on the finance team and means that responses to queries may take slightly longer than usual due to their other workloads. MB gave assurance that work will be completed in order for GT to issue their opinions and meet the 30 November deadline.

GT have raised three queries about the 'experience' item for Dorset and have consulted with internal actuaries. This comprises supporting evidence around adjustment on the experience item, the impact on assets and challenging whether the change on the amount in 2019/20 will be same as 2018/19. These issues are due to be discussed next week.

Members asked whether the HMICRFS report, 'The Hard Yards: Police Collaboration' will be reviewed/used by decision-makers within the OPCCs and Forces. SG advised that a range of collaborations is observed across the country to see what can be learned in our collaborations. This has confirmed our forces have made appropriate decisions and the importance of business leads. SG may seek to include this report on the Working Together Board agenda. TG agreed it is helpful to have a summary of important national information to understand the wider environment. JS has responded to the Home Secretary about national collaboration and the report will be reviewed by Corporate Development.

03/20/08 Internal Audit Quarterly Update and Highlights [FOIA – Open]

**Handling Instructions: For Independent Audit Committee use only
FOIA – Open**

Members queried if SWAP only reviews 'a sample of priority 1 and 2 recommendations each year', the size of the sample and how these are selected. LAW explained these are managed internally and a process was established following the July IAC meeting, to verify a sample on a priority basis through recommendations. This will help to bring Dorset and DCP in line with other forces and help with consistencies. Members asked where the regional audit work for Climate Action is being covered. LAW explained this was duplication of work and is already covered by Gloucestershire. LAW confirmed that new financial governance arrangements are with Chief Finance Officers and work is underway to incorporate these into next year's internal audit plan.

Members asked why NICHE work has been replaced. LAW explained the project is not at a stage where audit would add value. It is proposed this is included in next year's plan.

LAW clarified the review of force credit card expenses for DCP and Dorset Chief Officers and OPCC had identified some non-compliance with policy. However, this showed a need to ensure that policy guidelines on spending are reflect the current environment context. Publishing of expenses is now up-to-date on websites.

Member sought clarity about the contingency resources allocated to Governance, Fraud and Risk Management. LAW explained these are grouped under Risk management. LAW and CFOs have agreed topics to use up the contingency.

The Chair stated she has received a regional report from SWAP and would like to be kept informed about regional topics as the Committee is keen to work with other IACs. TG asked about governance and the process of follow up on regional actions. SG advised that issues raised by the Regional Group, identify and resolve shared issues through regional collaboration, for example vetting, and these may trigger a report to be progressed. Reports come back through the regional group and, depending on review, the Regional Programme Board may also have sight of the report. SG added this is a developing, yet valuable, area.

03/20/09 National Fraud Initiative [FOIA – Open]

KJ informed the Committee of arrangements for the participation and completion of the 2020-21 National Fraud Initiative (NFI) exercise on behalf of the Cabinet Office. The Committee noted the report and timetable for the NFI 2020-21 data upload.

03/20/10 Update on Fraud and Corruption Investigations [FOIA – Open]

KJ highlighted the number of fraud and investigations that have commenced and been finalised for the period 23 June 2020 to 30 September 2020. She confirmed that in the view of the Professional Standards Department there was no financial value to report in relation to the fraudulent claim numbers investigated during this period.

**Handling Instructions: For Independent Audit Committee use only
FOIA – Open**

03/20/11 Annual Review of the Terms of Reference and Operating Principles [FOIA – Open]

The Chair presented the Annual Review of the Terms of Reference and Operating Principles for the Independent Audit Committee (IAC) and drew attention to changes from the previous documents.

The Chair highlighted the need to reflect the changes of arrangements for risk management and wording of the policy review, and similar operating principles that have some added information regarding data security and virtual working.

GM asked whether assurance could be given on delivery. The Chair confirmed the annual report allows IAC to review and reflect, and the Committee welcomes the assistance of officers to raise items that have not been delivered.

It was noted that a review of expenses is requested and any changes will need to be approved by the four corporation soles. NA asked for the 151s to be involved in the process, which has been actioned to KJ to initiate.

ACTION: KJ to initiate a review of IAC expenses.

03/20/12 Treasury Management Mid-Year Report [FOIA – Open]

a. Devon and Cornwall

NA presented the 2020/21 Treasury Management mid-year report for Devon and Cornwall. IAC were asked to review the proposal to amend the Treasury Management Strategy and recommend approval of this change to the Devon and Cornwall Joint Leadership Board.

Members noted the increased borrowing requirement has been mitigated by moving 'a few projects' from 2020/21 to 2021/2022. Members asked if the impact of these delays are significant and whether any of these had previously been rescheduled. NA explained that moving projects will not cause an impact. A large project planned for Estates is scheduled for future years and will be subject to detailed specifications and evaluation. NA also advised there is no impact on health, safety or service delivery from delays.

NA referred to item 7.2 and proposed an amendment to the current Treasury Management Strategy as a result of the recent Debt Management Office (DMO) decision to charge negative interest rates for some short term investment. IAC were asked to review the proposal to amend the Treasury Management Strategy and recommend approval of this change to the Devon and Cornwall Joint Leadership Board.

b. Dorset

JS presented the 2020/21 Treasury Management mid-year report for Dorset and advised of a similar position to DCP over last quarter. The Treasury Strategy has already been changed and the issue of negative interest rates resolved. All cash flow

**Handling Instructions: For Independent Audit Committee use only
FOIA – Open**

has been invested in money market funds and no negative interest rate charges have been incurred.

TG commented positively on the appropriate action taken by DCP and Dorset to resolve the situation.

At 12:30 am the open section of the meeting concluded

The Committee reconvened at 12:45 am

- 03/20/13 Lessons Learnt Following the Close of the Accounts 2020/21 [FOIA – Closed s. 22]**
- 03/20/14 Closed Minutes [FOIA – Closed s.22]**
- 03/20/15 Action Log [FOIA – Closed s.22]**
- 03/20/16 Items of Chair’s Business [FOIA – Closed (various)]**
- 03/20/17 Update from the Head of Legal and Reputational Risk on his Portfolio Area and Ethics Arrangements [FOIA – Closed s.22]**
- 03/20/18 Annual Insurance Claims Data [FOIA – Closed s.22]**
- 03/20/19 Outstanding Audit Recommendation Report [FOIA – Closed s.22]**
- 03/20/20 Internal Audit Quarterly Update and Highlights - Appendix B [FOIA – Closed s.33]**
- 03/20/21 Risk Management Arrangements [FOIA – Closed s.31]**
- 03/20/22 Force Policy Arrangements [FOIA – Closed s.22]**
- 03/20/23 IAC Annual Report [FOIA – Closed s.31]**
- 03/20/22 Summary update to the Chief Constables and PCC’s [FOIA – Closed s.22]**

There being no other business the meeting closed at 13:55.

**Handling Instructions: For Independent Audit Committee use only
FOIA – Open**

**The next full IAC meeting is scheduled for 26 January 2021 at 09:30
via Microsoft Teams.**

DRAFT