

MINUTES OF A MEETING OF THE JOINT INDEPENDENT AUDIT COMMITTEE HELD AT POLICE HEADQUARTERS, KIDLINGTON ON 12 JULY 2019 COMMENCING AT 10.30AM AND CONCLUDING AT 3:15 PM

Members Present:

Dr L Lee (Chairman), Mike Day, Richard Jones, Alison Phillips OBE, Dr G A Woods

Present:

J Hogg (Deputy Chief Constable)
R France (Chief Supt.)
L Waters (Director of Finance)
P Hammond (Chief Executive, OPCC)
I Thompson (Chief Finance Officer, OPCC)
N Shovell (Chief Internal Auditor, TVP & OPCC)
A Shearn (Principal, Auditor, TVP & OPCC)
M Peulevé (Head of Joint Information Management)
G King (ICT Department)
A Balmer (Manager, Ernst & Young)
S Patel (Associate Partner, Ernst & Young)
M Horne (Governance & Service Improvement)
N Wickham (Property Services Energy Manager)
N Pankhania (Business Partner – Diversity and Inclusion, People Directorate)
P Paling (Head of Department, Health & Safety & Environment)
N Brown (Head of Employment and Wellbeing, People Directorate)
J Banks (Principal Accountant, OPCC)
C Roberts (Executive Assistant to the PCC/DPCC, OPCC)

Others Present:

Melvyn Neate (JIAC Chair for Hampshire, Observer)

Apologies:

A Stansfeld (Police & Crime Commissioner)
M Barber (Deputy Police & Crime Commissioner)
J Campbell (Chief Constable)
R Mears (Supt.)
M Underwood (Property Services Facilities Manager)
A Cooper (Director of Information)
C Kirby (Head of People Innovation and Change)
P Wooding (Strategic Governance)
C Hemmings (Head of Governance & Service Improvement)
C Ward (T/ACC Local Policing TVP)

APOLOGIES

The Chair (Louis Lee) (LL) welcomed all attendees and introductions were made. Apologies were given for those who could not attend today's meeting.

1. ELECTION OF JIAC CHAIRMAN FOR 2019/20

The Committee members nominated (LL) to continue as Chairman of the JIAC for 2019/20 which was accepted.

2. MINUTES FROM THE LAST JIAC MEETING HELD ON 15 MARCH 2019

The Minutes of the meeting held on 15 March 2019 were briefly summarised, approved and agreed by the Committee. However, Richard Jones (RJ) referred to his comments set out on page 3, third paragraph of the OPCC Risk Register in that a lot of organisations had already completed GDPR.

Reference was made to Minute 111 and 113 as they did not appear to be shown on the 'Actions' log and an update would be required. However, Neil Shovell (NS) confirmed that these actions were in fact complete and had been noted. The action for Minute 113 was included in the Part II agenda paper.

3. MATTERS/ACTIONS UPDATE ARISING FROM 15 MARCH 2019

All actions from the meeting on 15 March 2019 had now been completed and the summary was set out for the Committee members for noting. Linda Waters (LW) confirmed that on page 14 of the action document the ERP / Equip report would be dealt with in Part II of today's agenda but the report could be forwarded to the Committee after today's meeting should they so wish.

Action: (LW) to forward to the Committee members a copy of the ERP Report although noting this would be 'Official Sensitive' and not for onward distribution.

4. TVP WELLBEING, HS&E ANNUAL REPORT 2018/19 WITH APPENDICES

Norma Brown (NB) and Philip Paling (PP) both presented at today's meeting on the Wellbeing and Health & Safety Management Report for 2018/19, this being the second year of producing these reports. The purpose of the report was to provide CCMT and the Committee with a summary of principal activities and outcomes relating to the promotion and management of Health & Safety within TVP. The report also indicated activity that had been undertaken in respect of wellbeing between 1 April 2018 to 31 March 2019.

The Committee members made reference to the fact that they had yet to receive a report from Dr Steven Chase personally although it was understood from attendees that he would be attending the October JIAC meeting.

(PP) briefly summarised his PowerPoint presentation on Health & Safety – 'Our Future Agenda' to the Committee where copies were passed around. The presentation given was to demonstrate compliance and taking a situational approach to safety and how decisions were made. (RJ) noted the challenge of risk assessment was touched on in the presentation but risk management was in fact to identify risks that had not been assessed and mitigated. The challenge the department needed to think about was how to use risk assessment as well as risk management and the paper produced today only separated the risk assessment.

Mike Day (MD) indicated that organisational 'culture' was what was needed to focus on and asked what the department would do with culture and health and safety in order for the Committee to be reassured that steps were being taken. (PP) confirmed that in order to change culture within the organisation, it could take anywhere up to five years to put in place but the organisation was driving forward on this. Deputy Chief Constable Jason Hogg (JH) felt extremely positive about the culture within Thames Valley Police and had a very good relationship with staff associations. (JH) confirmed that the Federation had recently been in contact with him direct on Health & Safety matters. Gordon Woods (GW) was interested to note that the Federation had gone direct to (JH), rather than through normal reporting channels, but JH stressed that he was more than happy to liaise with them to address and resolve any issues.

(LL) commented that overall, the report was well detailed but felt it was difficult to see what had happened in 2018/19 particularly on page 21. (LL) asked (PP) to ensure that this was covered in the next report. (PP) would take the Chair's comments on board for next year. A lot of hard work had gone into the report and it would have been good to be able to highlight the bids. If this was not carried out and CCMT had undertaken the risks, there would not have a prevention strategy in place even though supported.

(NB) produced a PowerPoint about workplace wellbeing in that it was very important to stress to line managers about wellbeing and making the point that it is about how you feel and connect, not only to be motivated at work but also physically and mentally. (NB) and her team were working with National Blue Light Wellbeing and in May this year they launched a wellbeing framework (known as 'OK'). More work was needed about personal resilience amongst all forces in going forward. There were seven specific areas contained within the plan with 48% of TVP officers spending time worrying about finances so were trying to assist with advice and support staff to maintain or improve their mental wellbeing. (NB) ran through the highlighted sections in green on the slide. There were female officers who drew to ACC Dave Hardcastle's attention their uniform specifically the shirts they had to wear. A lot of female officers were going through the menopause and felt that the type of shirts they had to wear were not adequate and the issue ought to be looked into. Wellbeing also affected a lot of men who also came forward with their concerns. In order to support line managers and senior leaders, the organisation wanted to increase their understanding of their role in creating and improving staff health, safety and wellbeing and Alison Sercombe would be undertaking refresher training. (NB) confirmed that TVP wanted to change the aspects of culture that had a negative impact and if this was to change, then as an organisation they would need to try and drive a behavioural change. (NB) covered key areas of how the organisation could help around issues of leadership and that more emphasis was needed about what could be done although there was also an element of taking personal responsibility by the individual. A very brief survey was carried out and circulated to all areas of the organisation to understand what the 3 priority local wellbeing initiatives were. One of the most popular things requested was for water coolers to be available this is being looked into by CCMT. The staff also brought up in the survey about cleanliness, environmental issues and car parking accessibility. The lack of access to fresh milk for teas and coffees for officers on shift at Loddon Valley had now been dealt with and this was achieved through local Sports and Social Club funding.

(LL) thanked (NB) for her presentation noting a lot of measures had been put in place, which was pleasing to see. (JH) was confident that he could go into each LPA area and talk about wellbeing as a lot of staff were now heavily involved with this as well as Heads of Department. (NB) would think about what plans were required in going forwards with key deliverables for 2019/20 and was keen to structure this e.g. getting water coolers back into the organisation. (JH) confirmed this would be done and also to the recent meeting with the cleaning staff about various issues. There would be a clear action plan and outcomes by next year and (JH) would be working closely with (NB) to achieve this.

(LL) welcomed the new Deputy Chief Constable (JH) to his first JIAC meeting and apologised for not noting this at the start of the meeting.

5. TVP ENVIRONMENTAL ANNUAL REPORT

Neil Wickham (NW) presented the Environmental Annual Report on behalf of Mike Underwood who was unable to attend today's meeting. The report for 2018/19 followed the same format as the previous report and (NW) highlighted some of the key points.

There were no changes to the organisation's commitment and governance as set out on page 52 of the Environmental Management approach or Environmental Management policy. As to the Government's Resources and Waste Strategy 2018, this was the first major Resources Strategy since 2011 and along with new policies and legislation, covered reducing avoidable waste, re-using and recycling waste and promoting resource efficiency. However, the new national policies would not be implemented for several years.

Significant progress had been made towards the 33% carbon reduction target for the entire 10 year period covering both plans since 2010. There had been reductions in consumption of 26% achieved to date. There had been key actions and pieces of work recently undertaken to include a review of energy use across the estate, i.e. Building Management Systems (BMS) which was ongoing work and in progress in order to simplify the systems so that access, control and serviceability were easier to manage. LED lighting was an integrated programme replacing the old fluorescent lighting through the maintenance team and major refurbishment projects with the capital team would deliver significant savings both in the energy and carbon savings and therefore the reduction of facilities staff to constantly keep replacing lamps. There were now Biomass Boilers at Sulhamstead with three new boilers serving the Training Block, White House and Stable Block. The two

existing boilers serving the PSTC building were now connected to Imbert Court following its refurbishment programme and removal of 'all electric' heating and hot water systems that were previously installed.

Facilities were continuing to investigate the options for Electric Vehicle Charging Points and looking at new projects such as Atlantic House in Reading. Meetings had taken place with external service providers as well as other forces exploring the options and pitfalls. With the deregulation of the water industry in 2017, TVP were working with different suppliers and service providers to see how best to procure this service from one supplier. Savings could be achieved through a wholesale discount and streamlining of the administrative and billing services. Seven waterless urinal trials had recently taken place across the Force and if successful and rolled out, could have additional savings of approximately £20k that could be achieved in order to reduce water consumption. Automatic sensor taps and aerated tap placements were now in the organisations standard specification for all new, refurbishments and replacement works.

As to waste management, the graph set out on page 59 of the report showed the improvements made in general waste and recycling over a 10 year period with an overall reduction in waste of nearly 29% and an increase in recycling to 34%. There was also a reduction of confidential waste which was now at 55% with all confidential paper securely shredded and recycled.

On page 61 of the report (NW) noted that Facilities were working with procurement, the catering contractors at Sulhamstead and external service providers to minimise the use of SUP's (Single Use Plastics) which was now a standing item at the Environmental Management Group (EMG) meeting. (NW) confirmed that in relation to communication and engagement processes, Thames View would be carrying an article on Environmental Management across the whole of the Force.

In conclusion, good progress continued to be made, the carbon emission reductions continued to improve as well as improvements and overall reductions in waste, recycling and management of plastic waste.

(RJ) thanked (NW) for his comprehensive report and for talking about money. However, (RJ) struggled to find transport costs and how to address these issues. (NW) confirmed that a meeting had taken place with the Chiltern Transport Consortium but had not received all the figures just yet, but discussions were taking place as to how electric fleet vehicles could be integrated into the organisation. (JH) indicated that insurance premiums were high and telematics had recently been added to all vehicles and this would have a reduction on mileage by reducing the cost of fuel. (JH) was excited about the long-term plan for this in order to give TVP better savings.

(LL) made some observations on the report and confirmed that the organisation had done well in carbon waste management and asked whether a new target was being set for the next five years. (NW) would look into this. (LL) had noticed that the figures set out on page 61 had dropped substantially and asked whether there was a culture change of not printing or would it reduce further. (NW) confirmed that the need to print out documentation would start to reduce. (LL) noted that environmental changes had progressed and thanked (NW) for his presentation.

(NW) left the meeting at 11:30am.

6. EQUALITY, DIVERSITY & INCLUSION ANNUAL REOPRT 2018/19

The Committee confirmed they had read through the papers prior to today's meeting. Nita Pankhania (NP) reported on the Equality, Diversity & Inclusion Annual Report for 2018/19 to inform the Committee the achievements from the past 12 months as well as the planned activity for 2018/19 and discussed the key aspects of the report. The challenge of increasing BAME representation across the workforce remained a considerable one and the data given on page 69 set out the performance against the Force Delivery Plan. On 31 March 2019 there were 216 police officers from a BAME background, a representation rate of 5.07%. There were 26 PCSOs from a BAME background with a representation rate of 6.53%. Both of these had increased from March 2018 to March 2019. The figures showed a decrease from 40 special constables to 36 special constables in March 2019 as well as a decrease in police staff. In March 2018 it was reported there was a 5.54% BAME background workforce whilst in March 2019 the percentage decreased to 5.51%. (NP) noted that the figures had not changed significantly and the organisation would be looking at the whole

of the recruitment process to increase these figures. The challenge for (NP) and her team was the College of Policing and staff being flexible when joining.

TVP participated in the 'Police Now' scheme which was based on the 'Teach First' graduate recruitment model which was initiated by the Metropolitan Police Service but was now an independent social enterprise. The organisation had recruited two cohorts and a third due to start training at the summer academy on 22 July 2019. Statistics were set out on page 70 to show the police officer recruitment and the new starter figures and completion of probation figures for the calendar year 2018. (LL) had noticed that the total BAME new starters for 2018 were 23 however, by the time the new starters completed their probation, only 9 had completed the training. (NP) confirmed that this was because 14 new starters had simply dropped out of the process. (JH) confirmed to the Committee that he would take this data set out in section 6.7 away with him and update the Committee thereafter.

(NP) continued to summarise the retention and progression as well as community and recruitment engagement. In relation to reviewing the governance structure, (NP) confirmed that the name of the board was changing to 'Chief Officers Diversity Board' with each CCMT member to sponsor characteristics to lead on strands of work in going forwards and to report back to the Strategic Board.

(LL) noted that there seemed to be a lot of activities being carried out and was concerned that the organisation were spreading itself too widely and to perhaps look at reducing this.

Alison Phillips (AP) noted the report was very comprehensive and asked whether the organisation specifically briefed universities and colleges for young people to engage and come along and be steered towards joining the Force. (NP) confirmed that school and university engagements were being carried out and were trying to broaden their minds speaking about policing and staffing opportunities within the organisation.

(JH) to speak to Dr Steven Chase to attend the October JIAC meeting and would touch on subjects that the Committee wished to raise.

Action: (JH) to look at the statistics set out in section 6.7 on page 70 of the police officer recruitment and new starter figures and update the Committee as to his findings as to why so many BAME police officers starters had dropped out before completion of probation.

Action: (JH) to speak to Dr Steven Chase to attend the October JIAC meeting and would touch on subjects that the Committee wished to raise.

7. ANNUAL REPORT FROM THE CHIEF INTERNAL AUDITOR 2018/19

The Annual Internal Audit report 2018/19 including the Chief Internal Auditor's Annual Internal Audit Opinion. (NS) briefly summarised the requirement and framework set out on page 82 and went through the table which detailed the audit assurance ratings issued over the last five years. Although there was an increase in the number of limited assurance ratings, this showed that there was a positive culture and maturity within TVP and the OPCC in engaging with the audit process and requesting reviews of high risk areas that were likely to require improvements.

The Joint Internal Audit Team followed up management's progress in implementing agreed actions from any issued final audit reports. Any overdue and outstanding actions were reported to the Committee on a quarterly basis. For 2018/19 the number of actions that were reported to the Committee in July 2018 were 21 and throughout the year, there was a steady decrease in the number of overdue actions. By March 2019, the number of overdue and outstanding actions were 14.

- 2017/18: 11 actions overdue
- 2018/19: 3 actions overdue

The performance targets were monitored by the Internal Audit team during 2018/19 and (NS) went through the testing phase and reporting phase as set out on page 90.

Overall, the Joint Internal Audit Team had another successful year building on the excellent PSIAS assessment outcome which was achieved back in 2017. The team continued to receive positive customer feedback and a good level of performance against the team's performance targets had also been achieved. The team would continue assessing and ensuring compliance with the PSIAS and take on board and respond to any feedback from audit customers. (NS) went through the key assurance ratings for the 2018/19 summary highlighting the terminology for the ratings of Substantial, Reasonable, Limited and Minimal.

To gauge customer opinion of the quality and effectiveness of the Joint Internal Audit Team, a questionnaire had been circulated to customers and key stakeholders during May 2019. In a change for 2018/19, the questionnaire was split into two sections, Strategic and Operational. The feedback received was of a 'good level' and overall, a fairly good year for the Force and the OPCC. In addition to the responses, comments were recorded on the questionnaires that were returned. (MD) noted that bullet point four on page 97 reported that one respondent remained unconvinced of the value added by the process against the cost and time to engage and take part. Operational policing was already subject to significant scrutiny via the HMIC Peel Inspections, Service Improvement Reviews, Internal Audits, Complaints, Integrity & Ethics Panel and in view of this saw relatively little additional value provided by the Joint Internal Audit Team. (MD) asked whether people would prefer HMIC to pick this up or that the organisation continue to carry on picking this up. (JH) was keen to meet with (NS) and (AS) to discuss this admin exercise as improvements were required here although noted that TVP commission these audits and there was a need to discuss the planning process. Rob France (RF) agreed with (JH) and would leave the individual departments to deal with this with CCMT to learn of those matters which the Committee see.

(LL) commented on the fourth bullet point on page 97 under the section headed 'Operational'. The report noted that occasional materiality and actual risk to the organisation may need to be considered and factored into the work and reviews. (LL) pointed out that he thought the audit team carried this out already to which (NS) confirmed his team do carry these out and the risks are considered. (NS) confirmed he had visibility and also attended CIPFA Police & Fire Panel meetings. (LL) thanked (NS) for a very comprehensive report provided to the Committee.

The Committee was requested to note and endorse the Annual Report of the Chief Internal Auditor for 2018/19.

The Chair approved the recommendations.

Action: (NS) to liaise with (JH) to arrange an admin exercise to discuss the planning process around improvements in relation to internal audits and HMIC.

8. ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2018/19

The report provided information on actual treasury activity for the 2018/19 financial year ending 31 March 2019 with quarterly treasury management performance updates presented to the PCC in July and October 2018 and January 2019.

The PCC's debt and investment position was managed by the OPCC Finance team in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Ian Thompson (IT) went through the PCC's treasury position set out on page 105 for the benefit of the Committee and confirmed the need to make sure sufficient cash was available to meet day-to-day financial commitments but that the OPCC had a positive cash flow and were in a good position.

As to short-term borrowing undertaken during 2018/19, on each occasion borrowing was undertaken to cover a cash shortfall pending the receipt of government grants and/or council tax precept income. The average interest rate was 0.64% which was a good short term way of getting cash when monies were due. There were three occasions when local authorities did not pay their council tax precept income on time and once monies had been received, the authorities paid the OPCC's overdraft interest.

The PCC's longer term cash balances comprised both revenue and capital resources as set out on page 111 of the report. (IT) confirmed that the organisation held a healthy level of cash reserves.

Table 8 Investment Yields set out on page 112 showed that the actual rate of return on investments over the last 12 months (0.87%) had on average outperformed the bespoke TVP benchmark rate (0.77%) by 10 basis points due, in the main, to the fixed term and notice deposits that were placed with Lloyds Banking Group, Santander UK and Dundee City Council. The actual interest receipts for the year of £1.031m was £0.531m higher than the annual budget of £0.500m. This was because the Bank of England base rate rose in August 2018 and a saving of £0.392m from paying employers' contribution to the LGPS as administered by Bucks County Council annually in advance rather than monthly.

(LL) thought the report showed the activity had been managed well. The benchmark yield had been set a long time ago and it was asked whether this had recently been reviewed. IT explained why the benchmark is still relevant

(RJ) noted that a discount was being granted by the pension fund in return for the annual contribution paid in advance but it was also a risk and asked (IT) how the office balanced discount against the risk. (IT) confirmed that it manifests itself at the end of the year and if the fund did not perform then all bodies would have less monies held in the Pension fund. The OPCC contribution to the Pension Fund is revised every 4 years, following a review by a pensions actuary. It is a small risk. (RJ) recommended that IT should legal advice on the implications for TVP of a stock market crash. .

Note: following a short discussion during the lunch break RJ reported that he now understood better how the LGPS works and supported IT's view that an annual upfront payment of the employers contribution represents good value for money.

The Committee was asked to note the Annual Treasury Management Report for 2018/19.

The Chair approved the recommendations.

9. TVP RISK MANAGEMENT & BUSINESS CONTINUITY REPORT 2019/20

(RF) went through the purpose of this report which was to provide a summary of the governance arrangements, risk and business continuity decisions, mitigating actions and outcomes for the 12 months from April 2018 to March 2019 and explained the rationale for the Quarter 4 report being presented in Part II in its entirety.

Mark Horne (MH) then summarised the current strategic risk which were included on the Force's Strategic Risk Register (SRR) as to the current downward trends. Overall, the level of understanding was good although dates relating to SRR needed to be picked up.

This year there had been three occasions when business continuity plans were invoked in response to a significant incident. The first was because of the flood in the basement of High Wycombe Police Station from a burst water pipe that impacted on the electrical supply to the custody suite. A further flood at High Wycombe Police Station caused a secondary pipe failure where both water and electricity supplies were stopped for a number of hours. There was also a loss of water to HQ South, Kidlington for around 3.5 hours which impacted on toilets, access to water and two departments invoking business continuity plans.

(MH) informed the Committee of the ICT Priority 1 and 2 incidents. Of these incidents one involved invoking a Business Continuity Plan, and one P2 ICT incident which did not meet the criteria for a P1 which resulted in a plan being pre-emptively engaged. Having reviewed the P1 and P2 incidents, there were no identified concerns or indicators to suggest either emerging risks, changing risks or significant business continuity concerns.

The Committee thanked (RF) and his team for the update.

10. ANNUAL GOVERNANCE STATEMENT 2018/19

The Joint Annual Governance Statement was published in the annual Statement of Accounts for 2018/19 that both the PCC and Chief Constable produced.

(IT) confirmed that a thorough discussion on the draft Annual Governance Statement had taken place during the previous meeting in March. . Issues were considered and there were none to report. The final Annual Governance Statement has been incorporated in the Statement of Accounts, which had been audited by Ernst & Young who were satisfied with it. (LL) noted that all previous comments made by the Committee had been included in the new version and provided the Committee with an accurate reflection.

(RJ) commented on paragraph c. on para 127 re: 'Equip' (previously known as 'ERP') where he understood how complicated this had been but the phrasing in this paragraph particularly the word 'anticipated' was incorrect and that surely it was the organisation's intention that ERP would work first time. (IT) confirmed that he would review the wording in this paragraph.

In considering the Annual Governance Statement and the effectiveness of current governance arrangements, the Committee were invited to consider three questions set out in 2.1 on page 129 to which all members confirmed their agreement.

(LW) confirmed to the Committee that the custody contract had gone out to tender and a decision made to bring the service back in-house was in effect from 1 April 2019.

The Committee was asked to review the Annual Governance Statement for 2018/19 and endorse the conclusion contained within.

The Chair approved the recommendation.

Action: (IT) to review the wording set out on page 127 of the Annual Governance Statement at section c. in relation to the word 'anticipated' and change if appropriate.

11. OPCC RISK REGISTER

The OPCC Risk Register provided an annual overview of risk management and business continuity management policy and processes adopted by the OPCC together with the most recent quarterly progress update report. The presentational format of the OPCC Risk Register had gone from the old model to the new model which had been adopted by the Force. This document was still work in progress and subject to fine tuning.

(PH) indicated that the colour coding had not been made very clear on the register and wanted the Committee to know that the apparent orange colouring should in fact be yellow. There were six assurances shown as 'reasonable' and one as 'substantial'. It was anticipated that the next review of the Risk Register would incorporate any significant risk identified in relation to the Victims First Hub. In the internal audit report reviewing the governance and control arrangements in place at the Hub, the conclusion was of 'limited assurance'. Furthermore, the OPCC had recently commissioned an internal audit of the financial payment processes and control arrangements for the Hub and for specialist counselling services picked up and the outcomes of both of these audits would be reviewed when the Risk Register is next updated.

As to the OPCC 25 GDPR Compliance risk, this was assessed as 'Substantial Assurance' (i.e. 'Green') and had been intended to be closed as a risk on the OPCC strategic risk register but the OPCC wished to revisit this risk due to the findings at the Victims First Hub.

(LL) thought the report was very readable and consistent and showed clearly the dates of completion. (MD) queried why the apparently weak governance and control arrangements at the Victims First Hub had not been identified and addressed before now. (PH) pointed out that the new service model for Victims First Hub had been created from scratch and went live in April 2018. A lot of work had been done to develop the model and put the service infrastructure in place. The priority had been to deliver this service to victims as from

April 2018 when the previous service arrangements ceased to ensure the PCC was able to continue to discharge his statutory obligations to victims. (PH) confirmed that the OPCC had encountered a few problems with staff handover, recruitment and management issues etc. which had, and still continue, to impact on the service. However, the audit had made clear the governance weaknesses. (PH) felt that he could have been more proactive as to reviewing matters at the Hub as he had been aware of the management problems that had occurred. It was acknowledged that there were still governance deficiencies and weaknesses at the Hub and in hindsight, he should have got to the bottom of this. (MD) thanked (PH) for his honesty but needed (PH) to think about additional wording in the OPCC Risk Register. (GW) asked whether reviewing the risks process was dynamic enough as it seemed a long time since the last risks had been reviewed prior to today's meeting. (PH) confirmed that risk management discussions between OPCC senior managers take place round a table on a quarterly basis where items are picked up and identified. The PCC and Deputy PCC are then made aware during an internal Senior Management Group (SMG) meeting of any issues or risks that have come to light. (GW) asked whether SMG had looked at the OPCC Risk Register since 9 May to which (PH) confirmed that they had been looked at.

Action: (PH) to present an updated OPCC Risk Register at the next Committee meeting.

The Committee were invited to review and note the report as appropriate.

The Chair approved the recommendations.

12. PROGRESS ON DELIVERY OF AGREED ACTIONS IN INTERNAL AUDIT REPORT

Amy Shearn (AS) went through the delivery report and the progress made by managers delivering the agreed actions. There were three priority 1 overdue items and of the priority 2 overdue actions, none were specifically drawn to the attention of the Committee.

(MD) noted that matters were moving in the right direction with the reported numbers decreasing had been reflected in the report.

(LL) confirmed the analysis of the number of overdue actions set out in Appendix 2 was a good overall picture. (AS) commented that on Appendix 3 on page 171 under the section Firearms Licensing (Administration and Management), a new computer system had been introduced since the audit took place.

(NS) confirmed to the Committee that he had access to audit the CTC (Chiltern Transport Consortium) as well as CT (Counter Terrorism).

(IT) updated the Committee as to his meeting with (LW) and (NS) in that there are a lot of outstanding actions that will become due prior to the next Committee meeting and this is likely to mean an increase in overdue actions being reported.

The Committee were requested to note the report.

The Chair approved the recommendations.

13. ERNST & YOUNG POLICE SECTOR AUDIT COMMITTEE BRIEFING

The Police Sector Audit Briefing was dated June 2019 (Quarter 2) and was one of the ways that Ernst & Young supported the organisation in an environment that was constantly changing and evolving. The briefing covered issues which may impact on the organisation and the audits that were undertaken.

The report made a total of 16 recommendations. These recommendations were addressed to different stakeholders depending on the nature of the recommendation and the current fraud structure. Some were addressed to the National Police Chief's Council (NPCC), Co-ordinator for Economic Crime as well as Chief Constables. There were other recommendations solely for the Home Office. Alongside the 16

recommendations, the report highlighted a number of areas of improvement which were specifically addressed to local chief constables. The Committee confirmed they have read the report prepared. Suresh Patel (SP) from Ernst & Young picked up on three items which he wished to discuss with the Committee. NAO Consultation on the Code of Audit Practice where this was the biggest challenge in Value for Money and hopefully the consultation would lead on scope. (SP) wanted it noted that MHCLG (Ministry Housing Communities and Local Government) which was equivalent to the Home Office but for local government had a review of local audits and arrangements and there were concerns about the operating of this. There was also an increase in regulations for auditors. However, this was more for Ernst & Young to deal with.

Ernst & Young had responded to CIPFA's consultation on the Financial Management Code (FM Code). It was Ernst & Young's view that the FM Code would assist officers of local authorities to manage their finances. The FM Code should apply to all local bodies because the principles of sound financial management were relevant for all entities. However, consideration needed to be given as to the reasonableness of whether local authorities had sufficient time to comply with the FM's Code implementation date of 1 April 2020. Additionally, in Ernst & Young's view, there was merit in requiring authorities to include a statement of compliance within their Annual Governance Statement and that consideration should be given as to the nature of the compliance statement because local auditors would have to review this compliance statement for consistency with their knowledge of the entity. The FM Code would be issued in October and effective from 1 April 2020.

Given the findings and recommendations in the HMICFRS Fraud Report, (NS) confirmed that he had completed the audit on Fraud and this would be reported on to the Committee during the October 2019 meeting.

Action: (NS) to bring the completed findings and recommendations from the audit of the HMICFRS Fraud Report to the next meeting in October.

BREAK 12.40PM – 1.00PM

(LL) made further introductions to the new attendees that came into the meeting after the break.

14. ANNUAL REPORT OF THE SIRO

Marion Peulevé (MP) provided a summary of the Annual Report as to the Information Assurance (IA) and Information Governance (IG) activity across Hampshire Constabulary and Thames Valley Police during 2018/19. This was to provide assurance to the Committee that information risks were being managed effectively and (MP) did not propose to go through the report as the Committee had already read through the contents but was happy to take any questions.

As to the Information Sharing Agreement, (MD) asked how comfortable the Force were in sharing information with others, e.g. for GDPR purposes through a third party, and how good were these arrangements. (MP) confirmed that it was a challenge but the Force were aware of the responsibilities to ensure GDPR compliance although there were 300 agreements that were somewhat challenging. (MP) and her team were looking at the risks and would need to identify what third party it was as to what response was dedicated to that as well as the impact on data subjects if there was a breach.

Looking at Subject Access Requests (SAR), (GW) noted that the admin fee had been removed and wanted to know whether there were any trends that stood out as to what members of the public were requesting. This had been quite a challenge for (MP) and her team especially focussing around the media information of GDPR of what could be removed from the Force's systems and what could not. When the public submitted SAR's to the Force they believed all of their individual personal information can be deleted off the system when in fact this was not the case. There had been a lot of enquiries with the Force about this to date.

(LL) referred to the section of protective monitoring set out on page 179 item 15 where an independent security benchmark had been undertaken as part of the National Enabling Programme by Deloitte's Consultancy. Initial findings indicated that two forces were above average compared to their peers and that

a maturity and capability assessment was also planned, which would identify areas that needed further development. Geoff King (GK) confirmed that this was indeed an assessment carried out by Deloitte on maturity for this section and that plans were in place locally and nationally and in driving forward would be cost effective. The Committee asked for (GK) to include in the next SIRO report to JIAC the progress that has been made to date.

It was noted that in June 2017, IA led a cyber response exercise to assess the capability of Joint ICT to respond to a cyber-attack. The exercise had been developed in partnership with the National Police Information Risk Management Team from the Home Office and consisted of a simulated ransomware infection on a Force laptop. The simulated ransomware that had attached had been further developed and a further exercise was being planned for November 2019 to follow this up.

As agreed by the National Police Chiefs Council, TVP and HC utilised the College of Policing GDPR training package. The package was unfortunately delivered considerably later than intended. However, as at June 2019, 86% had been completed by TVP and 90% had been completed by HC. 90% was where TVP needed to be and this was monitored through the Joint Information Management Board every quarter but this was not a resource problem.

Set out in Appendix B on page 187 was a Summary of reported security incidents for 2018/19. The loss of theft of technology assets were 142 but this was not the actual loss or misplacement and the Committee asked whether the words 'loss' and 'theft' could be separated and distinguished in the summary for the next annual SIRO Report. The Committee also noted that 'Unauthorised Disclosure' was also extremely high for TVP and HC. (MP) confirmed that this was when TVP had provided information to the CPS and they then query whether it would be appropriate to disclose this information although as (MP) pointed out, it would have been important to disclose it.

Action: (GK) / (AC) to include in the next SIRO report the progress made to date of any areas identified that needed further development in relation to Protective Monitoring.

Action: (GK) / (AC) to separate and distinguish between the words 'Loss' and 'Theft' as set out on page 187 of the Summary of reported security incidents in the next annual SIRO report.

15. EXTERNAL ANNUAL AUDIT 2019/20

Ernst & Young sent their 'Fee Letter' to the Chief Constable and PCC on 26 April 2019 in relation to the annual audit for 2019/20. The letter sets out their summary of fees and the scale fee that would be billed in 2019/20, which was £14,440. The fee reflected the risk-based approach to audit planning as set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies. The audit fee covered the audit of the financial statements, Value for Money conclusion and the whole of Government accounts and was purely for the Committee to note at today's meeting. (IT) noted that both the PCC and the Chief Constable had received the same letter but that only one had been provided in the bundle as they were identical, apart from the fee levels.

16. FINAL ACCOUNTS 2018/19 AND STATEMENT OF ACCOUNTS 2018/19

In accordance with the Police Reform and Social Responsibility Act 2011 ('the Act') the PCC for Thames Valley and the Chief Constable were both required to produce separate Statement of Accounts. The PCC was also required to produce Group Accounts.

- PCC Group Statement of Accounts 2018/19
- Chief Constable Statement of Accounts 2018/19

The PCC's Statement of Accounts included the Group financial statements for the PCC and Chief Constable and the PCC's Annual Governance Statement (AGS), and the single entity financial statements for the PCC. The Group Balance Sheet showed that the Group had a net liability of £4.444 billion due to the liabilities

associated with the unfunded police officer pension scheme (£4.354 billion) and the funded local government scheme for police staff (£368m). Excluding the pension liabilities, the Group had net assets of £278m.

(IT) summarised the Revenue account which shows a high level summary of the outturn position for 2018/19 which was clearly set out on page 22 in Table 1. In total, the revenue budget was overspent by £0.307m or 1% of the approved net revenue budget. This figure was made up of underspends of £0.447m on the PCC Controlled expenditure and £0.431m overspend on the operational budget with an overspend on financing items of £0.323m.

There was a typo error on page 25 of the Report for Decision at section 1.22 and (IT) confirmed that he would amend this figure from £25.687m to £5.687m.

(IT) continued to summarise the General Revenue Balances, Earmarked Revenue Balances and Capital Balances set out in the decision paper. (IT) also confirmed that the organisation was yet to receive the request from Ernst & Young to produce the 2018/19 letters of representation but would share these with the Committee members hopefully early next week.

All local authorities in England and Wales including police and fire authorities was due to the recent Supreme Court ruling in respect of McCloud. (IT) noted that every public sector would be affected because of this judgment. On Thursday 27 June, the Supreme Court upheld a ruling last year that changes made by the government to the pensions of judges and firefighters were unlawful on the grounds of age discrimination. An updated police pension IAS19 report from GAD was due to be received on 31 July 2019 and would include a new past service cost of £183.52m which exceeded all materiality thresholds. The report from Barnett Waddingham in respect of IAS19 pension costs for police staff would identify an increase of £9.2m.

(IT) then explained to the Committee the consultation survey process in relation to the increase in council precept and how this percentage was recorded. The Police Pension Scheme (PPS) set out on page 72 of the PCC Group Statement of Accounts 2018/19 needed to be redrafted as well as the section in the Chief Constable's Statement of Accounts as to the State Earnings Related Pension Scheme (SERPS) and (IT) confirmed that he would redraft the first paragraph.

Overall, the Committee were happy with the quality of the systems and processes in place for preparing the accounts on an accurate and timely basis as well as the confirmation of 'overspend' being explained thoroughly to them. Capital expenditure was underspent and explanations were given to the Committee as this always seemed to slip but the organisation had bought in an 'active' budget to help mitigate this annual occurrence. A lot of work was being undertaken to ensure that the organisation did not over commit themselves until delivery and the Committee were comfortable that progress was being made.

Action: (IT) to amend the figure set out in Capital Accounts on page 25 from £25.687m to £5.687m.

Action: (IT) to ensure the letters of representation are sent out to JIAC once they are received.

Action: (IT) to redraft the first paragraph set out on page 72 of the PCC Group Statement of Accounts as well as the Chief Constable's paragraph in their Statement of Accounts in relation to SERPS.

The Committee was asked to consider and note the two separate Statement of Accounts for the PCC and Group and Chief Constable. To consider and note the management letters sent to the External Auditor and to note the receipt of the external auditor's unqualified audit opinion on the accounts.

The Chair approved the recommendations.

17. ERNST & YOUNG AUDIT RESULTS REPORT 2018/19

Suresh Patel (SP) presented the Ernst & Young Results Report for 2018/19 and confirmed they had completed their audits for the Police and Crime Commissioner for Thames Valley and the Chief Constable

for the year ended 31 March 2019. Ernst & Young expect to issue an unqualified audit opinion on the financial statements before 31 July 2019. TVP were in a good position and the Committee took assurance from this. There were no issues arising and all looked positive.

Ernst & Young had completed their review and summarised the 'Value for Money' findings. They considered the organisations arrangements to take informed decisions; deploy resources in a sustainable matter, work with partners and other third parties. Ernst & Young identified a significant risk in respect of the new ERP system. However, they carried out a detailed review across the three organisations involved in the financial and governance arrangements (Surrey, Sussex and TVP) in order to manage the project and were considering their findings and the implications on the value for money conclusion. (SP) confirmed that arrangements around governance were in place.

The significant risks update was presented by Adrian Balmer (AB) from Ernst & Young as set out on page 51 of the report. A large proportion of Ernst & Young's time had been taken up with the McCloud pension liability valuation which as previously indicated was a national issue. Other areas identified in the audit that had not been classified as significant risks were still important when considering the risks of material misstatement to the financial statements and disclosures.

Ernst & Young liaised with the auditors of Buckinghamshire County Council Pension Fund to obtain assurances over the information supplied to the actuary in relation to TVP. As at the meeting date (12 July), they were still awaiting a response to their audit enquiries but would liaise with (IT) and (LW). Ernst & Young were still concluding their work on the pension liability and actuarial assumptions and gave an update to the Committee on the proposed opinion. (AB) noted there were no material impacts to speak of and they anticipated that they would have this work concluded by next week.

To conclude, Ernst & Young were expecting to issue an unqualified audit opinion on the PCC (Group) and CC financial statements subject to satisfactory conclusion of the remaining testing. Ernst & Young were also finalising consideration of the work completed to satisfy the Value for Money Conclusion. This included an internal consultation process on their proposed conclusion from the work detailed at Section 5 and at this stage were unable to share the final opinion wording with the Committee until that consultation was completed.

(LL) thanked Ernst & Young for their report and congratulated the efforts that (IT), (LW) and their teams had achieved before 12 July 2019. (LL) asked what pressures could be placed on Bucks County Council to provide the letter as soon as possible. (SP) confirmed that Ernst & Young should receive the letter by next week but that the accounts could not be closed off until they were in possession of the letter.

The Hampshire JIAC Observer, Melvyn Neate left the meeting at 2.05pm.

Date of next meeting 4 October 2019 at 10.30am the Conference Hall, TVP Headquarters South