**Joint Independent Audit Committee Minutes**

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**Meeting Date**: 18th January 2022

**Duration**: 10:30am – 11:45am

**Location:** via Microsoft Teams

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| **Attendees** | | | |
| **Joint Independent Audit Committee (JIAC) Members** | **Durham Police and Crime Commissioner’s Office** | **Durham Constabulary** | **Internal (IA) & External Audit (EA)** |
| **Chair:**  Mr Eddie Bell (Chair) | Mr Charles Oakley (CO) - Head of Governance & Finance | Mr Gary Ridley (ACO/CFO), Assistant Chief Officer & Joint Chief Finance Officer | Miss Tracy Henderson (TH) Durham County Council (Internal Audit) |
| Mr Mac Williams (Vice-Chair) (MW) | Mrs JoAnne Connor (JC) Governance & Finance Manager (notetaker) | Mrs Faith Huntington (FH) -Office Manager Professional Standards & Legal Services | Mr James Collins (JC) Mazars (External Audit) |
| Mr S Gowland (SGo) |  | Chief Inspector (CI) Jason Meecham – Custody Project Manager |  |
| Dr Stuart Green (SGr) |  |  |  |
| Dr Richard Scothon (RS) |  |  |  |
| Cllr Heather Scott (HS) |  |  |  |
| Mr Derek Shingleton (DS) |  |  |  |
| Cllr A Watson (AW) |  |  |  |
| **Apologies** | | | |
| Mrs Jenny Flynn  Mrs Diane Murphy (DM) | Mr Steve White (CEO) |  | Mr Mark Kirkham (MK) Mazars (EA) |
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| 1. **Welcome** | | | **Action Owner** |
| The Chair, Mr Edward Bell, welcomed everyone to the meeting.  The Chair went through the list of apologies and asked if there were any declarations of interest. Nothing was declared.  The Chair, echoed by the rest of the Joint Independent Audit Committee, congratulated Ms Tracy Henderson on her new role of Chief Internal Auditor and Corporate Fraud Manager. Miss Henderson takes up this position with effect from 1st February 2022. Mr Carter will resume the Audit Manager role until his retirement at the end of March 2022. | | |  |
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| 1. **Minutes from the Meeting held on 7th December 2021.** | | |  |
| Minutes from the meeting held on 7th December 2021 were accepted as a true record.  A copy of the minutes is available on the PCC website. | | |  |
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| 1. **Custody/Investigative Hub Update** | | |  |
| Chief Inspector Jason Meecham gave an update on the new custody development known as the Investigative Hub.  The contract has been awarded to Tilbury Douglas and building work commenced on Monday 17th January 2022. The project is expected to take 66 weeks, weather permitting.  CI Meecham is visiting Gloucestershire force where they have a very similar suite to identify good practice. The building, like the Investigative Hub in Durham has been carefully designed around the custody process. This sees the custody charge area centrally located allowing a line of sight down the wings. CI Meecham will also visit the Nottinghamshire custody suite too which opened in August 2021. Feedback from these visits will be shared at the next JIAC meeting in March 2022.  The Committee were pleased to hear the staff are being kept informed with custody user group meetings starting on 18th January 2022. Keeping the staff informed is key to the success of the project. The plans will be shared on the website and an overview shared before the build is complete.  Contractors are allowing one afternoon a week to view the facility.    Dr Scothon shared concerns that he and other members of the JIAC who sit on another committee had experienced with a major build and asked how confident are the builders on timings, next steps, slippage? ACO agreed the timescales were tight but discussions when procuring the contract on supplies had taken place. The builders are confident and penalty clauses have been built into the contract. Dr Scothon asked for an overview of the contract. CI Meecham will arrange for Michelle March to attend the next meeting to share the finer detail with the JIAC.  ACO explained that a performance bond has been introduced to the construction project. The bond protects the insured party should a contracted entity fail to meet its obligations as set in out in the contract between the insured and the contractor. Cllr Scott said it was unnecessary for this committee to have sight of the full contracts due to commercial sensitivity. Cllr Scott wanted to reassure Durham Constabulary and the PCC that what this committee sees will remain confidential. Chair and members agreed that there were reassured with the introduction of the performance bond and would like to see the proposed timeline for the build. Chair added this was a common-sense approach.  ACO expects there to be efficiency savings with the new Investigative Hub and this will mean police officers will be back on the street. The current custody suites are not home office compliant and are don’t offer good value for money. Dr Scothon asked will this committee get to see month by month next steps, project at each stage. This was agreed by the ACO although this committee does not meet monthly it was agreed to keep the topic on the forward plan for discussion at each JIAC meeting.  Dr Scothon asked what the contingency is the ACO said this is 10%. ACO said the cost has come in higher because of inflation (for concrete, steel and metalwork) which has eaten into the contingency fund. Durham Constabulary have also had to rotate the site layout 180% as the owner of the land increased the cost of the land. There were additional planning costs and earth moving costs. ACO agreed it is disheartening to use contingency funds at the beginning of the build.  Chair asked about the consultation and who had been included. CI Meecham explained that the public, partners, and stakeholders had been included in the wider consultation.  Chair informed the members there is already a standing item on the Agenda of this Committee meeting to update on the progress on the Investigative Hub. This will continue to be discussed throughout the process of this build.  Members accepted the update from CI Meecham. | | |  |
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| 1. **PCC Decision Record 2021** | | |  |
| Mr Oakley updated the Joint Independent Audit Committee on the Police and Crime Commissioner’s decision register for 2021 and addressed the forward plan.  He asked the members if they had any queries in relation to this report, no questions were raised.  JIAC accepted the reports in relation to the decisions made in 2021. | | |  |
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| 1. **Internal Audit Progress Report** | | |  |
| Miss Henderson (TH) advised the Joint Independent Audit Committee on the work undertaken by Internal Audit (IA) between 1 April 2021 and 31st March 2022.  Delivery of the audit plan was impacted following the onset of the coronavirus  pandemic which resulted in our agreeing a new way of working with the Force  through remote access to records being obtained electronically by email, and  meetings were held remotely via either Teams or telephone. Where visits  needed to be made, risk assessments were carried out for each individual and  location which identified the safeguards required. Mr Shingleton asked if TH had any concerns in timeliness of delivery. TH said there is a shortage of Auditors throughout the country which is challenging. TH is confident that by the year end she will have enough to form an audit opinion by the year end.  Reviews of Community Safety Fund and Hardware, Software and Data  Disposal have been deferred with the agreement of the Assistant Chief Officer and are to be undertaken during 2022/23. The review of Complaints has been cancelled.  Committee members asked about the community safety review and asked why this review had been cancelled. Mr Oakley gave an updated and background of the decision not to pursue the Community Safety fund. The PCC had made the decision to use the Area Action Partnerships (AAPs) to utilise and distribute this funding and get match funding from the councils. The current provider charged £15,000 admin fee, this money can be better spent within the local communities. Mr Oakley also said efforts to engage with AAPs were not as quick as expected.  Cllr Scott asked if the safer streets fund will come under the Internal Audit review. The current process is this is a tri partner arrangement with the police and council.  Dr Green asked about the other limited assurance on Red Sigma what is the current position and by way of plans for future periods are Internal Audit going to return to this. TH said timescales from the force not been reached, however Mr Paul Guy Head of the forces IT department is to attend the next JIAC meeting in March 2022. TH has a meeting scheduled with the ACO to address the flexible plan for the next two years. An update will be shared with this committee in March when the formal follow up and review is complete. Chair raised concerns about Red Sigma the logistics, lack of process and the risks and welcomed this item for discussion at the next meeting in March.  Additional time is required to carry out the review of payroll, the PDR follow up review, support services audit planning and the review of acquisition, retention, and disposal of firearms.  TH brought members attention to para 12 re: the overdue management response to the draft IA report on the review of Fleet Management arrangements, which was caused by IA emails going into Force contacts junk email, which has been an ongoing issue for 20 months which TH has raised with Force Head of IA on several occasions. As the review of Fleet Management has provided a limited assurance opinion, this will be reported to the March 2022 JIAC meeting as part of the IA progress report regime.  Para 15 in the report gives a summary of outstanding action and was discussed with all of the 9 outstanding actions having revised timescales.  There is an historic action relating to the review of BCP which was carried out in the IA Year 17/18 and a review of BCP is on the IA Plan for 21/22 and discussions on the scope of the review are in the process of being held with the Force contacts.  A summary of outstanding audit recommendations, those not implemented within the original agreed or revised target dates, as evidenced through Internal Audit follow up, for the period ended 31 December 2021 were shared with members.  The JIAC had considered the Annual Fraud and Corruption report at its meeting on 22 June 2021. Internal Audit will continue to work with Durham Constabulary throughout the year in ensuring the robustness of arrangements in place.  Further to approval of the Annual Governance Statements 2020/21 for the  PCC and Chief Constable, the Corporate Governance action plan has been  updated to reflect the significant issues contained within the Statements and  actions that are being taken to address these. A progress update has been  prepared for the Joint Audit Committee to consider as part of the agenda for  this meeting.  The JIAC members considered and accepted the outturn progress made on delivering the Internal Audit plan for 2021/22, together with that made by managers in responding to the work of internal audit, to gain assurance on the adequacy and effectiveness of the internal control environment. | | |  |
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| 1. **Internal Audit Annual Governance Statement (AGS) 20/21 Action Plan report** | | |  |
| TH shared the purpose of this report which is to advise the JIAC on the progress being made in relation to the actions arising from the Annual Governance Statements for the Chief Constable and Police and Crime Commissioner.  TH shared with the members that Deputy Chief Constable (DCC) Dave Orford has retired from Durham Constabulary and been replaced by DCC Ciaron Irvine.  Members had the opportunity to go through the report and the corporate governance action plan 2020/21 AGS which addressed further funding reductions, collaboration, strategic policing requirement, commissioning of services, the joint chief financial officer role, increase officer numbers in line with national officer uplift programme, and the coronavirus pandemic.  Dr Green complimented Durham Constabulary for their fantastic record in terms of efficiency and being rated outstanding, he asked, to what extend does that mean that the scope for further efficiencies still exist, is there still a need for Durham Constabulary to make efficiency savings? ACO said all the easy efficiency savings have been exhausted and informed members that Durham Constabulary vacancy factors which are running with a record level of staff vacancies. ACO is on a national group looking at efficiencies within policing. Dr Green asked if these efficiency savings are getting harder to achieve the ACO agreed that it is more difficult.  Chair and members accepted the report and raised concerns over capacity issues within the audit function. | | |  |
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| 1. **External Audit Progress Report** | | |  |
| Mr Collins from Mazars provided the Joint Independent Audit Committee (JIAC) with an update on progress in delivering our responsibilities as the Police and Crime Commissioner and Chief Constables external auditors.  Mr Collins advised members that Mazars have substantially completed their audit in respect of the financial statements for the year ended 31 March 2021. At the time of preparing this report, significant matters remaining outstanding. The detail of this was shared with the members.  Mr Collins explained that currently the finance team are focused on getting the budget prepared. High estimations and judgements have been applied and Mazars haven’t identified anything to bring to the attention of the JIAC.  Mazars are required to consider whether the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) issues guidance to auditors that underpins the work they are required to carry out and sets out the reporting criteria that Mazars are required to consider.  At the planning stage of the audit, Mazars undertake work to understand the arrangements that Commissioner and Chief Constable have in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although Mr Collins described this work as planning work, Mazars keep their understanding of arrangements under review and update their risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.  In relation to financial sustainability Mazars see how the Commissioner and Chief Constable plan and manage their resources to ensure they can continue to deliver services.  In relation to Governance Mazars check how the Commissioner and Chief Constable ensure that they make informed decisions and properly manages their risks.  Details on national publications were shared and Mr Collins brought to the attention of the members details published in the press for work completed in 2018/19. Chair had read about difficulties that Mazars have experienced and asked how confident are Mazars that these issues have been dealt with. Mr Collins assured the members that lessons had been learnt and an action plan put it place. He further explained that there are staffing issues as well as External Auditors leaving to take on other jobs and he is hoping they can recruit new auditors which will enable Mazars to return to the service they were providing.  Chair and members accepted the report and noted the challenges of the audit function both local and national. | | |  |
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| 1. **External Audit Completion Report** | | |  |
| Deferred to next meeting. | | |  |
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| 1. **PCC Staffing** | | |  |
| ACO gave further updates on the PCC Staffing which had been raised at a previous meeting. An organogram showing the organisational structure of the PCC office was shared with the JIAC.  Mr Williams asked about the process of appointing the Deputy PCC. Mr Williams questioned that the PCC office had won the transparency award since 2015 and asked, how was this done openly and transparently? ACO explained that this was done directly by the PCC. Mr Williams further asked if the PCC and or the Deputy PCC would like to attend the next meeting to explain further? ACO to update at next meeting.  Mr Williams asked about the costs of the office allocated in County Hall for the PCC – it was confirmed by Cllr Alex Watson there is no cost. The PCC has a room at Darlington and there is no cost associated to this office space. | | |  |
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| 1. **Any other business** | | |  |
| The Chair brought the meeting to a close thanking all for their valuable contribution. | | |  |
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