

JOINT AUDIT AND ETHICS COMMITTEE FOR THE LANCASHIRE POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE

Annual Report – April 2018

Introduction and Background

The Joint Audit Committee for the Lancashire Police and Crime Commissioner (PCC) and Chief Constable (CC) was established on 1 April 2014. The remit of the Committee was extended in September 2015 to include the consideration of ethical issues and revised Terms of Reference for the Committee were agreed by the Joint Management Board in January 2016. The Committee has considered both audit and ethical issues from that date.

The membership of the Committee since 1 April 2014 has remained as follows:

Mr Stephen Dobson
Mr David Jones
Mr Clive Portman (Chair)
Ms Karol Sanderson (Vice Chair)
Mr Russell Weaver

Assurance

The Committee supports the effective discharge of PCC and CC business through the provision of advice and guidance in accordance with good governance principles; a focus on audit and ethical assurance; effective internal and financial controls and effective risk management processes.

Meetings

The Committee met formally four times in 2017/18 on the following dates:

26 June 2017
11 September 2017
11 December 2017
12 March 2018

Standing items for consideration at each meeting are:

- Update/Monitoring Reports from Internal and External audit
- Inspection Reports Updates
- Complaints Performance Reports
- Dip Sampling of Police Complaints reports

- Ethics Update Report

In addition to the Standing Items other matters were also covered in the year including:

- The Internal Audit Annual Report
- The Joint Audit and Ethics Committee (JAEC) Annual Work Programme
- Annual Governance Statements for the PCC and CC
- PCC and CC Risk Registers
- The Audit Findings report and the External Audit Joint Annual Letter
- Reports on Business Interests and Gifts and Hospitality
- Internal and external audit plans for the coming year and estimated fees

Committee Members also contributed between meetings in the following areas:

- By dip sampling of action taken in dealing with complaints and making recommendations to improve the overall process and style of responses to complainants.
- By observing a range of promotion boards for officers to confirm transparency in the process and promotion decisions made. Members provided observations to the Deputy Chief Constable on the Sergeants promotion process as part of a wider review by the force of current promotion processes.
- By attending a meeting/briefing session with the Force Crime Data Registrar to get a better understanding of the Crime Data Recording process and of the inspection process being applied to it.
- By attending a briefing session with the Head of the Professional Standards Department and his colleagues around current complaints and conduct issues.
- By attending a meeting with the Force's Head of Legal Services and her colleagues to get a better understanding of the remit of the Legal Services Team and current areas of input.
- One member attended a briefing session organised by external auditors Grant Thornton where best practice on Audit Committees was set out.
- One member attended a briefing session organised by CIPFA which focussed on recent developments in policing and the potential impact upon the work of Audit Committees.
- The Chair and Chief Finance Officer of the PCC attended the inaugural meeting of the Local Audit Quality Forum (LAQF) organised by Public Sector Audit Appointments (PSAA - who arrange external audit appointments at the

request of around 98% of audited bodies). The purpose of the LAQF is to be a forum within which representatives of relevant audit bodies can work together and collaborate with others to share good practice and strive to enable improvements in the quality, efficiency and effectiveness of audit arrangements. A detailed report on the LAQF day will be considered at the June 2018 meeting of the Committee.

- One member attended a meeting with representatives of PSD where the appropriateness or otherwise of tattoos on new recruits was considered.

Summarised Issues to Note from Meetings Held

26 June 2017

- The Committee reviewed and approved the Chair's Annual Report for 2016/17 prior to the submission of the report to the PCC and CC.
- The Committee reviewed and commented on the draft Statement of Accounts for the PCC and CC.
- External Audit set out their progress report on the 2016/17 audit including their fee letter.
- The Committee reviewed and approved the Internal Audit Charter which sets out the framework within which the Lancashire County Council Internal Audit (internal auditors to the PCC and CC) operates to meet its obligations under applicable professional standards.
- The Committee reviewed the Annual Report of the Head of Internal Audit which concluded that overall there was a strong control environment in place. Full or substantial assurance was found in relation to the adequacy and effectiveness of the controls in place to manage the risks to individual system objectives. Improvements were noted in the management of Evidence Related Property (ERP) where no assurance could be given when audited in September 2015. Some areas of concern previously reported in relation to ERP remain and whilst the direction of travel remains positive only limited audit assurance could be given at this stage.
- The Committee received a report on the scrutiny of complaint files. The quality of the process was found to be good but with some delays caused by resourcing problems which were being addressed. It was noted that a new policy has been implemented in consultation with the Independent Office for Police Conduct (IOPC) to deal with persistent complainants.
- The Committee received a summary of the Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspections programme for 2017/18.
- The Committee reviewed the PCC and CC Risk Registers noting key risks and mitigating action being taken.

- The Committee received an update dealing with activity being undertaken by the Force Tactical Ethics Group.

11 September 2017

- The Terms of Reference for the Committee were revised to ensure consistency with the Internal Audit Charter on the role of the Committee and its relationship with the Internal Auditors.
- The external auditors Grant Thornton reported their conclusions in the Audit Findings Report. The Committee noted the intention to issue unqualified opinions on the statement of accounts and unqualified VFM Conclusions for the PCC and CC. The main issues raised related to classification and disclosures in the accounts.
- The Committee received updates on business interests of police officers along with an updated report on gifts and hospitalities which contained an analysis by rank and department showing where gifts and hospitality had either been accepted, re-gifted or rejected.
- The Committee received an update in relation to the PCC's Ethics Plan giving a timeframe and identification of an officer responsible for each activity in the plan.
- The Chief Finance Officer for the PCC reported on the appointment of external auditors and the Committee noted that following a procurement exercise carried out by Public Sector Audit Appointments Ltd (PSAA) it was proposed that Grant Thornton would be appointed for 5 years from 2018/19 onward.
- A report on the scrutiny of complaint files raised no issues of concern and concluded that during the two years during which the reviews of files have been taking place there have been significant improvements in the quality and timeliness of correspondence with complainants. The Committee noted the recommendation to consider reviewing the current dip sampling protocol in conjunction with officers of the PCC.
- The Committee received an update on inspections of the force carried out by HMICFRS as a Part II item.

11 December 2017

- The Committee received a report and presentation on network and cyber security at the Constabulary in response to questions raised by Members at an earlier meeting about security and resilience following the NHS cyber-attacks earlier in the year.

- The Committee was given an update on the OPCC ethics plan.
- External Audit gave an update in relation to the 2017/18 audit plan and estimated fees along with the Joint Annual Audit Letter for 2016/17 confirming that the audit was formally concluded on 7 September 2017.
- The Internal Audit monitoring report stated that 36% of the 2017/18 internal audit plan had been delivered but the Audit Manager was confident that all work in the plan would be completed by the year-end. In terms of the work completed the OPCC Governance and Decision-Making report gave substantial assurance and the review of Treasury Management arrangements received full assurance. Committee Members asked for a report back to the next meeting in respect of two actions raised during a review of Information Management and Scrutiny in 2015/16 which were reported as 'on-going' as opposed to completed.
- A report on the scrutiny of complaint files reported that new policies and procedures implemented by the Professional Standards Department (PSD) since August 2017 had resulted in a reduction in the number of recorded complaints of between 45% and 65% each month, without any fall in satisfaction from complainants. The report also noted the large volume of complaints received in relation to the policing of fracking protests in the Western Division. It was noted that the quality of the work undertaken in relation to fracking complaints was observed to be of a high standard.
- The Head of PSD reported on the number and type of complaints and allegations made against force officers in the first half of 2017/18. He also reported recent misconduct cases and their outcomes.
- The Committee received a report on one to one briefings and a code of ethics commitment with all force staff along with 7-minute briefings for all staff on the expected standards of professional behaviour.
- OPCC and CC current risk registers were reviewed noting updated risks and mitigating action.
- The Committee received a report on the HMICFRS up-coming inspections and progress on the publication of inspections which were completed.

12 March 2018

- The Police and Crime Commissioner, Clive Grunshaw, attended the meeting and gave a presentation on current issues on his agenda and responded to comments and questions from Committee Members. Members noted the messages from the PCC re community policing; giving the best service possible; HMICFRS use of resources assessment: victim services along with social value policy aimed at investing back into local communities in order to empower communities. The Committee gave they're thanks to the PCC for taking the time to update Committee Members.

- External Audit presented their plan for the audit of the 2017/18 Statements of Account. The Committee noted the significant risks identified in the plan, the relevant materiality levels and the issues being considered as part of the value for money conclusion.
- Internal Audit presented their combined internal audit plan for 2018/19 based on 200 days input as in previous years. Internal Audit reported a review of the way they categorise assurance in their written reports which going forward will be either Substantial, Moderate, Limited or None. The plan includes Internal Audit coverage under the headings of Performance Management Arrangements; Business Effectiveness; Service Support; Business Process and Follow-Up audit activity.
- The Internal Audit monitoring report resulted in either full or substantial assurance for those areas where work had been completed and reports finalised.
- Internal Audit reported the outcome of an independent external quality assessment of the service they provide which was very positive about the quality of work undertaken by them. They also reported on the updated Internal Audit Service Charter.
- Internal Audit reported that progress continues to be made by the Constabulary, in addressing the areas for improvement identified in 2015/16 in relation to Information Management and Security. Members requested that a further review of progress in the relevant areas be included in a piece of work to be undertaken by the Information Assurance audit team in 2018/19.
- Members agreed an updated Committee workplan setting out the areas to be considered at meetings of the Committee up to and including the meeting in March 2019.
- The Committee received a report from two Committee Members on their quarterly scrutiny of complaint files. Generally, the quality of the complaints handling process was good but there were three areas of minor concern – in two cases there were significant administrative delays due to work pressures at Divisional level; in three cases the quality of communication with the complainant was too impersonal and too formal (but it was good in thirteen other cases); in one case ‘lessons learned’ had been identified but there was no evidence of any action being taken to progress or implement the learning. The next initiative for PSD is to develop a better process for identifying and implementing ‘lessons learned’.
- An updated OPCC Ethics Plan was presented and noted.
- The Committee received a summary of the HMICFRS inspection programme for 2017/18. Members were informed that the inspection of Crime Data Recording was graded as ‘Inadequate’ with a number of recommendations made which the force was implementing immediately. It was noted that the judgement for Lancashire in the PEEL effectiveness inspection was Good.

Summary Conclusions

- The Committee is satisfied that the PCC and CC can take substantial assurance in respect of maintaining effective internal control, reporting on financial and other performance and in respect of risk management arrangements.
- In my view, the Committee has continued to respond well to its joint responsibility to consider both ethical and audit arrangements and the wider engagement by Committee Members with both the force and the OPCC has been of benefit to individual Members of the Committee and hopefully also to the effectiveness of arrangements in place for both the PCC and CC.

**Clive Portman – Joint Audit and Ethics Committee Chair
April 2018**