

Annual Report of the Joint Audit Committee of the Police and Crime Commissioner and Chief Constable of Hampshire 2013/14

Introduction

Although there is no requirement for the Committee to produce an annual report on its activities or provide an assurance statement for the Police and Crime Commissioner (PCC) and Chief Constable (CC); as this is best practice, within both the Public and Private Sector, the Committee felt it appropriate to do so; specifically commenting on the controls framework in support of the Annual Governance Statements.

Membership of the Committee

The committee was appointed, after open competition and interview, by the Police and Crime Commissioner and the Chief Constable, as required by legislation, following the creation of Police and Crime Commissioners in England and Wales

The committee comprises of five non-executive independent members:

Mike Attenborough-Cox (chair)

Elizabeth Mackenzie (vice chair)

Elizabeth Dermody

Lesley Kirk

Peter Lloyd

The committee met on five occasions during the year and all members were present

Terms of Reference

The committee met for the first time in May 2013, inheriting audit plans and arrangements/processes and procedures which had been determined previously on its behalf by the executive. The relationship between the audit committee, the PCC, and the CC is unique in governance terms, and determining an agreed terms of reference has proven difficult. The Terms of Reference (ToR), drafted by the executive officers, were presented at that meeting as complete and for information but were considered by the committee to be not fit for purpose and not in line with best practice.

The Committee produced a revised ToR for approval by the PCC and CC. An interim ToR was put to the committee pending guidance being issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which was issued in December 2013. A revised ToR was proposed by the Chief Executive of the OPCC which, in the opinion of the Committee, still had a number of shortcomings against best practice, which the committee considers may render them unfit for purpose and hinder the committee in its role and duty to provide independent advice to the OPCC and the CC.

Annual Governance Statements and Accounts 2012/13

The committee considered the annual governance statements and statement of accounts for 2012/13 for both the OPCC and CC and recommended a number of amendments which were accepted.

Internal Audit Report and Opinion 2012/13

The Internal Audit Service is provided to the OPCC and CC by Hampshire County Council under a service level agreement. The committee was advised by the auditor that she was satisfied that sufficient assurance work had been undertaken to form a reasonable conclusion on the adequacy and effectiveness of the control environment of both the OPCC and CC.

Joint Audit Committee Governance

The OPCC and CC receive a copy of the committee's agenda, papers and minutes. In addition the OPCC and CC have an open invitation to attend meetings of the committee. This was not exercised in 2013/14.

The committee generally has an open dialogue with both the External and Internal Auditors however, contrary to best practice, the committee is not allowed to meet in private session with both sets of auditors without the executive present,.

The committee is able to raise concerns either verbally or in writing with the OPCC and CC and has done so on two occasions during the year.

Joint Audit Committee Opinion

The role of the committee is to support and advise the OPCC and CC by reviewing the effectiveness of assurances including internal controls and risk management. The committee draws its assurance from a variety of sources including internal audit reports opinions/assurance statements and the external auditor's opinion statement and management letter. The committee reviews senior management issues regarding risk and the monitoring of management actions in response to internal audit observations.

Internal control

Based on these sources of assurance, the opinion of the committee is that the OPCC and CC generally have adequate internal control systems in place. The caveat is that there is a conflict of interest in that the internal audit service is not independent. The internal auditors are employees of Hampshire County Council that provide Corporate Services to both the OPCC and CC under a service level agreement.

Whilst the Committee accepts that this is an arrangement established to share the cost of this function between organisations, looking to the future, such an arrangement would make it difficult to market test to ensure best value and quality of the audit provision in future years. It is not in line with best practice to plan to have the same internal auditors for an indefinite future. The committee noting that internal audit service has been provided by Hampshire County Council to the former Police Authority and the OPCC and CC since 1994.

Risk management

There are no corporate risk registers in place that underpin the strategic direction of the OPCC and the Policing Plan. The committee cannot provide any assurance on the risk management arrangements as no satisfactory evidence has been provided that risk is being managed effectively for both the OPCC and CC during the year of this report. Furthermore, we cannot give an opinion on the direction of travel in relation to risk and whether risks have been addressed by the auditor. The committee however, acknowledges processes are now being put in place for the current year with appropriate management structures.

Joint Audit Committee

June 2014