



Joint Audit Committee

Meeting Minutes

Date: Friday 10 May 2013

Time: 2pm

Location: Westgate Chambers, Winchester

Committee Members:

Mike Attenborough-Cox	Chair
Elizabeth Dermody	
Lesley Kirk	
Peter Lloyd	
Elizabeth Mackenzie	Vice-Chair

In Attendance:

Mr Richard Croucher	Chief Finance Officer for the Chief Constable (Hampshire Constabulary)
Mrs Carolyn Williamson	Chief Finance Officer for the Police and Crime Commissioner
Mrs Jenni Douglas-Todd	Chief Executive (Office of the Police and Crime Commissioner)
Mrs Karen Shaw	Chief Internal Auditor for the Police & Crime Commissioner and the Constabulary
Ms Justine Thorpe	External Audit Manager (Ernst & Young)
Mr Hugh Alexander	Strategic Risk Manager (Hampshire Constabulary)
Mrs Caroline Sargeant	Finance & Business Support Officer (Office of the Police and Crime Commissioner)

1. DECLARATION OF INTERESTS

Members were mindful that, where they believed they had a personal or prejudicial interest in any matter to be considered at the meeting, they should at the time of the debate, declare their interest and consider whether to leave the meeting whilst the matter was discussed, the declaration should be made at the time of the relevant debate.

2. APOLOGIES

Apologies were received from Kate Handy, External Audit Director (Ernst & Young).

3. CHAIR'S REPORT

The Chair welcomed the members and attendees to the first meeting of the Joint Audit Committee.

4. TERMS OF REFERENCE (Item 4)

The Chief Finance Officer for the Police & Crime Commissioner (CFO PCC) advised the Committee that the Terms of Reference had been written using the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance for Audit Committees of local authorities, and had been agreed by the Police and Crime Commissioner and the Chief Constable.

Members of the Committee commented they would like to review the Terms of Reference before they are agreed next year in order to request any necessary changes. Members were reminded that the Terms of Reference were the responsibility of the Police and Crime Commissioner and the Chief Constable and any changes would only take place if both parties agreed.

Agreed:

a) That the Committee reviews the Terms of Reference in March 2014.

**5. OFFICE OF THE HAMPSHIRE POLICE AND CRIME COMMISSIONER ANNUAL AUDIT FEES 2012/13 AND 2013/14 (Item 5)
CHIEF CONSTABLE FOR HAMPSHIRE CONSTABULARY ANNUAL AUDIT FEES 2012/13 AND 2013/14 (Item 6)**

The Committee considered items 5 & 6 together as they both referred to the external audit fee for 2012/13 and 2013/14. The External Audit Manager explained that the fee was now split into two charges as there was now a set of accounts for the Police and Crime Commissioner and a set for the Chief Constable. There was a reduction on the external audit costs compared to the previous year.

Agreed:

a) That the Committee noted the external fees for 2012/13 and 2013/14

6. EXTERNAL AUDIT PROGRESS REPORT (Item 7)

The External Audit Manager advised that the audit plan was not presented at this meeting as the controls were still being tested. It would be presented to the Audit Committee in June, with the audit report being presented in September. Members of the Committee asked if more information could be presented at the

next meeting, including the stages the audit was at in relation to the targets on the timetable.

Action 1 - That further information be presented within the progress report for future meetings.

7. INTERNAL AUDIT PROTOCOLS (Item 8)

The Chief Internal Auditor advised that the protocols for internal audit planning and sharing of information and audit reports was formally agreed by the Police and Crime Commissioner and the Chief Constable in November 2012. The protocol ensures that each audit report goes through a robust management system, including the Chief Finance Officers, to ensure that the response is appropriate.

The Committee were advised of the classification of individuals within the report, these are as follows:

- Sponsor – An Audit sponsor at a senior level, such as a member of the Senior Leaders Group.
- System Owner – An individual involved in the day-to-day management of the audit item. They will be the liaison with internal audit throughout the audit
- CFO reps – Everything goes through the Chief Finance Officer for the Police and Crime Commissioner and the Chief Finance Officer for the Chief Constable.

The Chief Finance Officers see the final drafts of every report before an audit is concluded to ensure that all the areas have been addressed.

A discussion was held over whether the Joint Audit Committee should see the audit reports after they had been finalised. The assurance level, observations and tracking of the actions within an audit report would be presented to the Committee so that they receive enough information to be assured. Any significant issues that arose from the audit, along with the executive summary, would also be presented if necessary. Members commented that they would like to have the opportunity to drill further down within the audit reports if there were any significant issues. The Chief Finance Officer for the Police and Crime Commissioner advised that if the executive summary audit reports were to be presented they would need to be included within the confidential part of the meeting but that these were detailed enough to provide that 'drill down'. She informed the Members that this issue would be taken away and considered in order to find the best way to move forward on this.

Agreed:

- a) That the Committee noted the reporting protocols agreed by the Police and Crime Commissioner and the Chief Constable.

Action 2 – That the arrangements for presenting information on the audit reports to the Committee in the future be considered.

8. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT PLAN 2013/14 (Item 9)

The Chief Internal Auditor advised the Committee that this was the first charter; however, there has been an internal audit strategy in place for many years. The charter will be reviewed on an annual basis by the Chief Internal Auditor and presented to senior management as well as the Joint Audit Committee.

Members commented that there was a different level of responsibility in the charter to those specified in the Terms of Reference of the Joint Audit Committee and were unsure which should be followed. The Chief Internal Auditor advised that the Charter was written using the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013, whereas the Terms of Reference were written before this in 2012, using the guidance produced from CIPFA. The CFO PCC advised that the definition of the role of internal audit within the purpose section of the charter contained only minor word differences to that contained within the statement of purpose section of the Terms of Reference. However it was felt that the Terms of Reference should be updated to include the new guidance.

Under the Ownership of documentation section on page 8 of the charter, one Member suggested that the word demonstrate be changed to addresses.

The Committee discussed the Internal Audit Plan. Members asked if the number of days spent and the progress within the timetable could be shown within the plan in the future. The Chief Internal Auditor confirmed that the audit plan can be updated to show the quarters when the work was undertaken but would not include the number of days that each audit took as this was commercially sensitive information. She also advised that the progress report submitted to each meeting would contain more detail if it was required, such as reporting on low and limited assurance. When this occurs the Executive Summary of that particular audit will be presented to the Committee.

Agreed:

- a) The Committee approved the Internal Audit Charter for the Office of the Police and Crime Commissioner and Hampshire Constabulary.
- b) The Committee approved the internal audit plan for 2013/14

Action 3 – That the Terms of Reference for the Committee be updated to use the Public Sector Internal Audit Standards that came into effect on 1 April 2013.

Action 4 – That the internal audit plan be updated to include the yearly quarters in which the audit will be undertaken.

Action 5 - That a copy of the 2013/14 internal audit plan, with the audit days and the audit fee be circulated to members of the committee.

9. INTERNAL AUDIT PROGRESS REPORT 2012/13 (Item 10)

The Committee were informed that some of the management actions were showing that a high number of them were overdue but the Committee were

assured that this was mainly due to internal auditors not being able to contact the risk owners to get an update prior to writing the report. The Chief Finance Officer for the Chief Constable updated the Committee on the status of these management actions. The 'revenue contracts' action and the 'service centre' action had been discharged, and the 'workforce planning and utilisation' was down to 5 actions overdue. The Accounts Receivable actions were down to 4 overdue, 2 of these required adjustments being made to a form and a meeting was due to be held the following week to discuss this. 'Firearms licencing' had 1 action overdue which was due to the fact that the 20,000 firearms certificates within Hampshire and the Isle of Wight could not be accessed on the Records Management System (RMS) and therefore controllers were required to look on both RMS and the firearms certificates system when a call was taken. Flags were being entered onto RMS to alert controllers to the ownership of a firearms licence but it was likely this work would take some time to complete.

Members asked if the opinion definitions on the first page of the progress report could be changed. The Chief Internal Auditor confirmed these were currently being reviewed and would be updated for the progress report for the next meeting.

Agreed:

- a) The Committee approved the progress of internal audit work for the period ending 30 April 2013.

Action 6 – Update the opinion definitions.

10. POLICE AND CRIME COMMISSIONER'S RISK MANAGEMENT STRATEGY (Item 11)

The Chief Executive to the Police and Crime Commissioner advised the Committee that the progress of improving the Risk Management Strategy for the Police and Crime Commissioner had been slow due to the office being in the process of setting up its structure. However, the Office of the Police and Crime Commissioner were looking to work with the Strategic Risk Manager for Hampshire Constabulary to combine and develop the strategy going forward.

Action 7 – The Police and Crime Commissioner's Risk Management Strategy to be presented to the 24 September meeting of the Committee

11. EXCLUSION OF PRESS AND PUBLIC

The public were excluded from the meeting during the following items of business, as it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information within Paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the reports.

12. RISK MANAGEMENT EXCEPTION REPORT (Item 13)

The Strategic Risk Manager advised the Committee that there was a desire to work closely with the Police and Crime Commissioner to achieve a proportionate and recognised national model for risk management.

Members appreciated that the risk management was being developed but they were keen to know what risk registers sit underneath the strategic risk register, what the process was for deciding that a risk be included within the strategic risk register, the scoring matrix behind each risk and the mitigating steps. It was agreed that the Strategic Risk Register and Policy, including the scoring matrix, would be presented to the Committee in June. The report would also include comments on how the register and policy would change in the future.

The Strategic Risk Manager informed the Committee about information risk and advised that there was a separate department for information management. There were no concerns at present and the risks were not significant. There was an increasing pressure to share more information and the information management department was looking to make the likelihood of confidential information being given out to small. Representatives from the Information Commissioners Office were coming to audit the Constabulary in March 2014.

Agreed:

- a) The Office of the Police and Crime Commissioner and Hampshire Constabulary collaborate on the risk/governance framework and explore ways to optimise risk management activity.
- b) The Office of the Police and Crime Commissioner and Hampshire Constabulary develop an agreed standard method of reporting to the Joint Audit Committee.
- c) The Strategic Risk Register and Policy, including the scoring matrix, would be presented to the Committee in June.
- d) A joint report is returned to this Committee at the meeting on 24 September.
- e) Hampshire Constabulary would continue to report on its most important risk areas.