



Joint Audit Committee (JAC)

Meeting Minutes

Date: Thursday 25th June 2015

Time: 2 - 5 p.m.

Location: Office of the Police & Crime Commissioner (OPCC),
St George's Chambers, St George's Street, Winchester. SO23 8AJ

Committee Members:

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

Chair
Vice-Chair
Committee Member
Committee Member
Committee Member

In Attendance:

Kevin Gardner	Chief Executive (Office of the Police and Crime Commissioner)
Graham McNulty	Deputy Chief Constable (Hampshire Constabulary)
Richard Croucher	Chief Finance Officer for the Chief Constable (Hampshire Constabulary)
James Payne	Estate Strategy and Delivery Director (Office of the Police and Crime Commissioner) (Item 17)
Karen Shaw	Chief Internal Auditor for the Police & Crime Commissioner and the Constabulary
Helen Thompson	External Audit Director (Ernst & Young)
Justine Thorpe	External Audit Manager (Ernst & Young)
Andrew Bouflower	HCC Deputy Investments and Borrowing Manager (Item 5)
Belinda Hatch	PA to PCC and Chief Executive (Minutes) (Office of the Police and Crime Commissioner)

155. 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.

156. APOLOGIES (Item 2)

Apologies were received from Mrs. Carolyn Williamson, Chief Finance Officer for the Police & Crime Commissioner (PCC).

157. CHAIR'S REPORT (Item 3)

The Chair and Vice-Chair had met with the Police & Crime Commissioner and Chief Constable on 26th May. Feedback had been provided to JAC members.

158. MINUTES OF THE MEETING HELD ON 31st MARCH 2015 (Item 4)

The minutes were agreed as a true record of events and signed by the Chair.

Matters arising:

p3, Item 144 Internal Audit Charter & Annual Internal Audit Plan 2015-16

Kevin Gardner confirmed that the PCC and Chief Constable had been advised of the views of the JAC regarding the number of internal audit days allocated to H3 through the Internal Audit Plan. Taking into account it was a new and innovative partnership with which there had been some implementation issues, the PCC and Chief Constable regarded the number of days allocated to be appropriate. However, they did expect this to reduce as business as usual was achieved, and welcomed the support of the JAC in monitoring progress against the internal audit plan. It was also clarified that the 390 days allocated was for H3 overall, which includes the 50 day contribution from the Police plan.

The Chair asked for comparative information on the costs of internal audit. The Chief Executive offered to look into this and circulate appropriate information to Committee members.

p5, Item 148 Report on Current H3 Position

The 3 month review report for Hampshire Constabulary had not been provided to Committee members. Due to the passage of time a 6 month review report would now be provided.

The Committee asked that its Annual Report for 2013/14 be published on the PCC's website.

.159. TREASURY OUT-TURN REPORT 2014-15 (Item 5)

Andrew Boutflower reported the headlines from the Treasury Out-Turn report 2014-15 were that the Treasury management activity complied with the strategy and indicators within it. This covered two areas of activity in terms of borrowing and investment. Borrowing was planned and there was no activity to report. In terms of investment, the amount continuing to be earned was relatively low but needed to be viewed in the overall rate in the market. Lesley Kirk sought clarification on the status of the observations made by the JAC. Andrew Boutflower explained consideration could be given to presentation of the information or alternatively, if a technical point, he could provide more information. The report was noted.

160. EXTERNAL AUDIT – JOINT AUDIT PLAN YEAR ENDING 31.3.15 (Item 6)

Helen Thompson outlined the External Audit Plan which was unchanged from previous years with regard to information on financial statements and arrangements to secure economy, efficiency and effectiveness. Under Section 3 financial statement risks that would be explored included risk of fraud, the move to new financial systems in H3 and obtaining appropriate assurance around legal, governance and financial arrangements for the H3 partnership. Areas to focus upon under financial resilience were the sustainability of the financial plan in the medium term and the underpinning arrangements. The starting point was the HMIC Peel Inspection comments for greater clarity around how audit results were reported.

The Chair sought clarity as to whether the remit of the Audit Plan extended to look at reputational issues within commissioning arrangements in terms of appropriateness and value for money. Helen Thompson responded that this was dependent upon materiality of the sums involved. If there was a concern around fraud, then it would be questioned as to whether it was more cost effective to use Internal Audit or a management investigation. Kevin Gardner indicated that as Chief Executive he had a statutory monitoring role so any concerns related to legality should be raised with him and subject to appropriate investigations.

The Deputy Chief Constable raised the need to avoid duplication of effort, noting that the HMIC Peel report was due in February 2016. He would have further discussion with the External Auditors outside of the meeting around access and utilisation of information.

The report was considered and noted.

161. EXTERNAL AUDIT – ANNUAL AUDIT FEE 2015-16 (Item 7)

Helen Thompson reported there were two External Audit Annual fee letters; one for the PCC and the other for the Chief Constable. There had been a 25% reduction in fee levels as a result of the change to the procurement arrangements, now being overseen by the Public Sector Audit Appointments Ltd. until 2017. Discussions were ongoing with the National Audit Office regarding the potential change in scope to value for money work. There may be an announcement before the summer recess as to the future contract arrangements. Close-downs will be quicker (2 months less) from 2016-17; a leadership paper had been produced. Richard Croucher indicated that monthly close-downs had been built into the new SAP system to enable faster close-down.

The Annual Audit Fee letters 2015-16 were noted.

162. INTERNAL AUDIT PROGRESS REPORT 2014-15 (Item 8)

Karen Shaw reported on the Internal Audit Progress report; which continued to focus on 2014/15 work. In September completed 2014-15 audits would be removed so from that point the progress report will focus on the work in progress from 2014/15 and 2015-16 reviews. In response to the Chair, an update was provided to the outstanding management actions from 2013-14 some of which, as a result, would now be closed. The Chair requested a rolling recommendation

report would be helpful in order to see what was outstanding and valid going forward.

The Internal Audit Progress report 2014-15 was noted.

163. ANNUAL INTERNAL AUDIT OPINION 2014-15 (Item 9)

Karen Shaw reported the Annual Internal Audit Opinion was in a similar format to the previous year. The opinion had been compiled in the context of the overall PCC and Hampshire Constabulary systems and finance and concluded there continued to be adequate systems in place. This year's coverage had greatly increased as a result of the H3 plan (26 reviews in total) which had impacted towards the back-end of the year. The annual opinion included all reviews where as a minimum fieldwork had been completed; and management's agreement had been obtained to the accuracy of the draft report. The opinion also took into account the results of the audits undertaken by Thames Valley Constabulary around collaborative work.

It was confirmed that there was no involvement in fraud work because of the work undertaken by the Professional Standards Department, however internal audit assist with the submissions for the national fraud initiative. A significant Internal Audit self-assessment (341 questions) had been undertaken and would be subject to an external assessment by the Institute of Internal Auditors in September 2015. Two Inspectors would be on site for four days, will meet with a number of staff and a sample of stakeholders, including management and Audit Committee members. Outcomes should be known by the December meeting.

The Chair indicated he would like to receive trend information to identify if there were improvements in the control system and it was agreed that this would be circulated to members before the next meeting.

164. ANNUAL GOVERNANCE STATEMENTS 2014-15 (Item 10)

Richard Croucher drew attention to the updated parts within the annual governance statements 2014-15, which would ultimately be published together with the statement of accounts on the PCC's and Chief Constable's websites. Although members of the Committee appreciated the parameters of reporting, the Chair indicated the missed opportunity to showcase activity in terms of corporate governance, role of Audit Committee members, risk and control framework and system of internal control. Liz Dermody concurred there was little explanation around the successful risk mitigation for the major change programme. She also highlighted the difficulty in understanding the relationships between the Force Change Board and Executive Board, and the Progress 21 meetings. Peter Lloyd asked that the wording regarding the terms of reference for the JAC be reviewed. The statements would be amended having regard to the comments made.

165. JOINT AUDIT COMMITTEE ANNUAL REPORT 2014-15 (Item 11)

Kevin Gardner reported that since the last meeting he had looked at the CIPFA guidance and consulted with OPCC colleagues regarding the approach for the Annual Report 2014-15. The proposals in the report were agreed – That the Chief Executive prepare a report on the basis proposed, in consultation with the Chairman, for consideration at the Committee's meeting in September 2015.

166. AUDIT COMMITTEE SELF-ASSESSMENT 2014-15 (Item 12)

It was agreed that the completed JAC self-assessment would be appended to the Annual Report and brought to the meeting in September.

167. DATE OF THE NEXT MEETING/FORWARD PLAN (Item 13)

The forward plan was agreed. Topics for the training sessions (to commence at 10 a.m.) would be:

September 2015: Interactive session on integrating risk management and performance management (Justine Thorpe, External Auditor).

January 2016: Safeguarding (2 hours). DCC to organise a senior leader to provide a session. Training to be received before the Inspection on Safeguarding/Vulnerability in February 2016.

The next Joint Audit Committee will be held on Monday 21st September 2015 at 2 p.m. at the Office of the Police & Crime Commissioner.

MOVE TO PRIVATE SESSION

168. EXCLUSION OF THE PRESS AND PUBLIC (ITEM 14)

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 3 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 outweighed the public interest in disclosing the information.

169. INTERNAL AUDIT PROGRESS REPORT – CONFIDENTIAL (Item 15)

Members received the confidential report of the Chief Internal Auditor together with copies of the internal audit reports issued since the last meeting in March 2015.

170. CONFIDENTIAL MINUTES OF THE MEETING HELD ON 31st MARCH 2015 (Item 16)

The confidential minutes were agreed as a true record of events and signed by the Chair.

171. OFFICE OF THE POLICE & CRIME COMMISSIONER'S STRATEGIC RISK REGISTER UPDATE (Item 17)

Members considered the confidential report of the Estates Strategy & Delivery Director on the OPCC Strategic Risk Register.

172. HAMPSHIRE CONSTABULARY'S STRATEGIC RISK REGISTER (Item 18)

Members considered the confidential report of the Strategic Risk Manager on the Hampshire Constabulary's Strategic Risk Register.

MEETING CLOSED 5 p.m.

Agreed as a correct record:

Chair:

Date:

DRAFT