



## Joint Audit Committee

### Meeting Minutes

**Date:** Tuesday 10 December 2013

**Time:** 2 pm

**Location:** Office of the Police & Crime Commissioner, St George's Chambers, St George's Street, 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 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
Mrs Kate Handy	External Audit Director (Ernst & Young)
Ms Helen Thompson	External Audit Director (Ernst & Young)
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)
Ms Alison Dewer	Performance and Delivery Manager (Office of the Police and Crime Commissioner)

## 39. 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.

#### **40. APOLOGIES**

Apologies were received from Mrs Carolyn Williamson and Deputy Chief Constable Craig Denholm.

#### **41. CHAIR'S REPORT**

The Chair welcomed Helen Thompson, the new External Audit Director, to the meeting. He also thanked Kate Handy for the support and work she had provided as External Audit Director over the last few years.

The Chair advised the Joint Audit Committee (hereon known as 'the Committee') that the members had written a letter to the Police and Crime Commissioner (PCC) and the Chief Constable (CC) regarding matters that had arisen from the last meeting, especially around the concerns that the members still had with the Terms of Reference. The Committee had not yet had a response from either party.

Members of the Committee had submitted some feedback to the consultation on the new Chartered Institute of Public Finance and Accounting (CIPFA) code of practice for Audit Committees. The guidance is expected to be published later this month. The Chair reported that he had attended a workshop on Police Audit Committees and concern had been raised that previous guidance had a bias to local government audit and not that of Police or Fire.

#### **42. MINUTES (Item 4)**

The Minutes of the Committee meeting held on 24 September 2013 were confirmed as a correct record and signed by the Chairman, subject to the addition at line 8, paragraph 4, of minute 34, of "plan" to read: "changes within the audit plan."

The Action Log was reviewed.

Action log item 19 – Annual Internal Audit Report and Opinion 2012/13

The Chair advised that this action should be closed as the Committee were content that the work would be undertaken for the next annual report.

Action log item 21 – Policies of the Office of the Police and Crime Commissioner and Hampshire Constabulary

The Chief Executive advised that the Office of the Police and Crime Commissioner (OPCC) policies had not yet been updated as the office used the policies of Hampshire County Council (HCC) who were currently in the process of reviewing their policies. The OPCC policies would also need to be considered along with the Stage 2 transfer of police staff from the PCC to the CC in April 2014. Therefore the updated policies for the OPCC would not be updated until after this date. The Chair asked if members could receive a briefing outside of

Committee on the Stage 2 transfers, as well as the Joint working arrangements. The Chief Executive agreed to provide this.

Action log item 22 – HMIC Inspection Programme 2013/14

The HMIC Annual report had not yet been published and would likely be published later in 2014.

**43. ANNUAL AUDIT LETTER 2012/13 (Item 5)**

The External Audit Manager advised that the annual audit letter presented to this meeting confirmed that the external auditors had completed what they had previously advised they would do. Members commented on the section under key challenges on page 11 titled “Enhancing the assurance role of the Joint Audit Committee” and were informed by the External Audit Manager that this section was not specific to Hampshire but a general comment. There was still work to be done around the country regarding Audit Committees for Police and the terms of reference would likely be refined once the new CIPFA guidance on Audit Committees was published.

The Chair asked if the amendments that the Financial Statements Board has included in their recently produced guidance, that Government were currently looking at, would affect the Statement of Accounts for 2013/14. The Chief Finance Officer to the Chief Constable (CFO CC) advised that it was unlikely that it would affect this year’s accounts as it was not in the current guidance that had been issued, but a bulletin could be issued at a later date if required.

**44. INTERNAL AUDIT PROGRESS REPORT 2013/14 (Item 6)**

The Chief Internal Auditor informed members that the report now stated it was a report of the Chief Internal Auditor and not of the Chief Finance Officer to the Police and Crime Commissioner, as previously stated, and confirmed that all previous reports had also been prepared by her. The Chief Internal Auditor also apologised for not bringing the internal audit plan to the Committee for review when amendments were made and advised that in the future the amendments would come to the Committee for consideration.

Members were advised that there was a suggestion to remove the Human Resources (HR) Modernisation review from the plan. The review was due to cover the new ITrent system, however further roll out of the system had been superseded by the plans for Joint Working. Members asked what the implications were of not rolling out ITrent further. The CFO CC advised that although the system delivered less than originally planned, it had also cost significantly less and therefore there was not much of a financial implication in not rolling it out further.

The Chair asked about the six overdue management actions for risk management and was advised that the actions would not be discharged until all the issues with Risk Management had been resolved.

Agreed:

- a) That the Committee noted the report and the proposed changes to the internal audit plan for 2013/14.

#### **45. INTERNAL AUDIT SELF ASSESSMENTS AGAINST STANDARDS (Item 7)**

The Chief Internal Auditor informed the Committee that the Chief Internal Auditor (HCC) undertook an initial assessment against the checklist supplied by the Local Government Application Note for the UK Public Sector Internal Audit Standards. The assessment was then reviewed by Hampshire County Council's Monitoring Officer to provide an independent assessment of the process. The self-assessment was presented to the Committee to give them an opportunity to see if it raises any concerns that need to be brought to the attention of the board. A further assessment process will take place in March 2014 with input from Southern Internal Audit Partnership's Partnership Board and the results of this will be reported to the Committee in due course.

The Chair commented that the Committee could only note the report and not consider and recommend, as per the recommendation. The Chief Internal Auditor advised that the Committee's Terms of Reference stated that one of the Committee's responsibilities was to consider reports dealing with the management and performance of the providers of internal audit services, and make recommendations as appropriate, and therefore there was a role for the Committee to consider and make recommendations to the PCC and CC. The Chair referred to a letter he had received from the PCC and CC that informed him that the Committee's Terms of Reference did not include the evaluation of the performance of the external and internal auditors, and therefore the Chair did not feel that they could consider the report and make recommendations. The Chair advised that he did feel that the Committee should have more of a role and should be able to review the audit service. The Chief Executive advised that the recommendation was not asking the Committee to evaluate the internal audit services but rather consider the findings of an evaluation in the form of the self-assessment.

Members asked the External Auditors for their view on the issue. The External Audit Director advised that the issue of independent external assessment against the Public Sector Internal Audit Standards had come up at numerous Audit Committees, not just Police, and some were talking of holding a peer review with other internal auditor bodies. She advised that it felt permissible that once the self-assessment had been considered, the Committee had the right to comment. One member commented that the Terms of Reference were a published document and the Committee should consider and undertake to work with the Terms of Reference that currently stand. They can take their views to the PCC and CC to consider.

The Chair commented that the appointment section, under 3.2 of the action plan, does not have much relevance for the Police as the PCC and CC does not employ the Chief Internal Auditor but instead uses their services through a Service Level Agreement (SLA) with Hampshire County Council (HCC). However it did highlight that there was recourse through HCCs procedures if the board was unhappy with the appointment or performance of the Chief Internal Auditor.

The Chief Executive advised that the SLA does not contain these measures so this was very useful to know.

Agreed:

- a) That the Joint Audit Committee noted the review conducted in assessing the 'Effectiveness of the System of Internal Audit' and the action plan generated from the assessment against the Public Sector Internal Audit Standards and made additional comments to the PCC and CC.

#### **46. COMPLIANCE WITH THE ELECTED LOCAL POLICING BODIES (SPECIFIED INFORMATION) ORDER 2011 (Item 8)**

The Chief Executive advised the Committee that CoPaCC had published a more detailed report bespoke for each PCC area but it was at an additional cost and the OPCC had therefore chosen not to purchase it. Instead the office undertook their own analysis of how Hampshire complied with the transparency legislation and estimated that Hampshire OPCC was positioned joint 11 out of 42 PCC offices for transparency. Informal discussions with CoPaCC have also shown that the OPCC was at the higher end of the chart on page 11 of the thematic report.

The Chair advised that he was confused by the information within the report as he has found that the bespoke report was freely available and he had his own copy. The Chair advised the Committee that the report stated that Hampshire was 37 out of 42 and expressed his disappointment at this. The Chief Executive and the CFO CC advised that the position of 37 contradicted the feedback they have received from numerous sources and asked for a copy of the report in order to review it. The Chair agreed to send a copy of the report to members of the Committee and the Office.

Agreed:

- a) That the Committee noted the report.

#### **47. RISK MANAGEMENT UPDATE (Item 9)**

Members were informed that the joint awayday for senior leaders from both the OPCC and Constabulary did not take place as a date could not be found when everyone could attend. The Strategic Risk Manager would be meeting with the Assistant Commissioner from the OPCC to formalise a way forward and develop the joint strategy and Strategic Risk Register.

Members expressed their disappointment that there did not seem to have been much progression since the first meeting of the Committee in May and felt that the strategic paper at Appendix B felt more like a position paper rather than a Strategic paper to the Force Executive. The Strategic Risk Manager advised that the establishment of the Risk and Harm Board was a helpful push to take Risk Management forward. The Chief Officer portfolios would need to establish a method to address risk management and then channel it into the Risk and Harm Board.

Members advised that they expected to see more than the plans for the Risk and Harm Board and would like to see a project plan, a timeline for establishment, what processes were in place and a toolkit, as it was very difficult to see where the Constabulary and OPCC were without a detailed plan. The Strategic Risk Manager acknowledged this and advised that he could produce a document that sets out the stages that have been achieved and those that were planned for the future.

The Chair commented that it felt like it was being inferred that there had not been anything in place previously. The members were informed that there had always been a Strategic Risk Register and risk management in place but it was being superseded by a new process that was being put in place following the new structures for both the Constabulary and OPCC. The purpose of the new process would be to bring together both organisations to produce a Strategic Risk Register rather than an operational risk register, as well as to see how it will link in with the Risk and Harm Board. The Strategic Risk Register that was being produced would then be submitted to the Joint Audit Committee to review.

The Chair asked about timescales for the production of the Risk Management Strategy and Strategic Risk Register and asked for an update between this meeting and the next meeting. The Chief Executive advised that she was due to meet with the Deputy Chief Constable soon to discuss this and work was ongoing with representatives from the OPCC and the Strategic Risk Manager.

Agreed:

- a) That the Committee noted the updated status of the strategic risks, the commitment to develop a Joint Strategic Risk Register and the developments in risk management generally.

#### **48. 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.

#### **49. JOINT STRATEGIC RISK REGISTER (Item 11)**

The Committee received a confidential report of the Chief Constable regarding the current status of Risk Management.

[A SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

**50. CONFIDENTIAL MINUTES (Item 12)**

The Confidential Minutes of the Committee meeting held on 24 September 2013 were confirmed as a correct record and signed by the Chairman.

**51. INTERNAL AUDIT REPORTS ISSUED IN 2013/14 (Item 13)**

The Chief Internal Auditor advised the Committee that at the last Internal Audit Liaison meeting a formal escalation of outstanding actions had been agreed. When the timeline for feedback on the audit actions had not been met the Internal Auditors would send their concerns to either the Deputy Chief Constable, the Chief Finance Officer to the Chief Constable (CFO CC) or the Chief Finance Officer to the Police and Crime Commissioner (PCC).

Members considered and asked various questions on the five Internal Audit reports.

Agreed:

- a) That the Committee considered the internal audit reports so far issued in 2013/14.