



Joint Audit Committee

Meeting Minutes

Date: Monday 30 June 2014

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	
Peter Lloyd	
Elizabeth Mackenzie	Vice-Chair

In Attendance:

Mr Kevin Gardner	Interim Chief Executive (Office of the Police and Crime Commissioner)
Mr Craig Denholm	Deputy Chief Constable (Hampshire Constabulary)
Mrs Carolyn Williamson	Chief Finance Officer for the Police and Crime Commissioner
Mr Richard Croucher	Chief Finance Officer for the Chief Constable (Hampshire Constabulary)
Mrs Karen Shaw	Chief Internal Auditor for the Police & Crime Commissioner and the Constabulary
Ms Liz Foster	Internal Audit Manager for the Police & Crime Commissioner and the Constabulary
Ms Kate Handy	External Audit Director (Ernst & Young)
Mr James Payne	Estates, Strategy and Deliver Director for the Office of the Police and Crime Commissioner.
Mr Hugh Alexander	Strategic Risk Manager (Hampshire Constabulary)
Mr Andrew Boutflower	Senior Accounting Manager (Hampshire County Council)
Mrs Caroline Sargeant	Finance & Business Support Officer (Office of the Police and Crime Commissioner)

70. 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.

71. APOLOGIES

Apologies were received from Lesley Kirk and Helen Thompson.

72. CHAIR'S REPORT

The Chair reminded the Joint Audit Committee (hereon known as 'the Committee') that the last meeting was not quorate and as a result a number of reports will be presented again to this meeting.

The Chair advised that he and the Vice-Chair had met with the Interim Chief Executive regarding various issues, including the Terms of Reference which would be picked up at this meeting and the next meeting in September.

A Joint Audit Committee Chairs meeting will be held on 16 July 2014 in Warwick. The Chair reported that neither he nor the Vice-Chair would be able to attend but he will ask for copies of the meeting notes to share with colleagues.

73. MINUTES OF THE MEETING HELD ON 10 DECEMBER 2013 (Item 4)

The Minutes of the Committee meeting held on 10 December 2013 were confirmed as a correct record and signed by the Chair. The Action Log was reviewed.

74. NOTES OF THE MEETING HELD ON 26 MARCH 2014 (Item 5)

The notes of the meeting held on 26 March 2014 were confirmed as a correct record and signed by the Chair.

75. JOINT AUDIT COMMITTEE TERMS OF REFERENCE REVIEW (Item 6)

The Chair suggested that the Terms of Reference be accepted by the Committee as they stood but the members would come back with comments and suggestions at the next meeting in September. The Chair acknowledged that the Terms of Reference had moved a long way since the Committee's first meeting in May 2013.

Members asked if the reference at 1.15 needed to be changed to reflect the minutes from the discussion held in March. The Interim Chief Executive advised that the Terms of Reference proposed were created after liaison with colleagues and they were closely modelled on the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). He explained that it was

unnecessary for the Terms Of Reference to attempt to cater prescriptively for all situations that may arise, especially where there were potential issues relating to interference with operational policing matters that in calling officers to attend at Committee meetings. It was important that a positive relationship between the Committee Chair and the statutory officers enabled such issues to be appropriately addressed and resolved, having regard to the particular circumstances.

The Interim Chief Executive suggested that now the Committee has the guidance from CIPFA, the new Terms of Reference be adopted and can be reviewed after a set period. The Chair advised that the Committee would use the Terms of Reference as a working document and will review it to see if any further changes should be recommended to the Police and Crime Commissioner and the Chief Constable. The External Audit Director commented that the external auditors would look to see if the Police and Crime Commissioner and the Chief Constable had complied with the CIPFA guidance as part of the Value For Money review.

Agreed:

- a) That the Committee considered and accepted the revised Terms of Reference prior to approval by the Police and Crime Commissioner and Chief Constable.

76. EXTERNAL AUDIT JOINT AUDIT PLAN FOR THE POLICE & CRIME COMMISSIONER AND THE CHIEF CONSTABLE (Item 7)

The External Audit Director informed the Committee of the assessment of financial statement risks facing the Police and Crime Commissioner, and Chief Constable, of which there are two. The first is the risk of misinterpretation of the Local Authority Accounting Panel (LAAP) bulletin and accounts format guidance, which is the same in all police plans. CIPFA have given clarification on how police bodies should account and areas for them to focus on and Ernst and Young have set up a network group of police Chief Finance Officers in order to get a common response. The second is the risk of management override due to management being in a unique position to override controls; however, Hampshire is no more at risk than others.

The External Audit Director advised that their work will also focus on whether there are proper arrangements in place for securing financial resilience and economy, efficiency and effectiveness. The auditors will take account of the Committees Terms of Reference, as well as the Annual Governance Statement and Medium Term Financial Strategy.

The Committee commented on the materiality level of 2% and questioned whether it was too high. The External Audit Director advised that their judgement was to set it at 2% based on the 2012/13 accounts and they were required to justify their judgement to the Ernst & Young Professional Practice Department who were happy with their justification. Members asked if materiality level was also included for the Chief Constable's accounts. They were informed that there would be a materiality set for the Chief Constable's accounts but as there were no accounts for 2012/13 and therefore they had not been able to set it yet. When

they have the 2013/14 accounts for the Chief Constable they will be able to set the materiality.

77. EXTERNAL AUDIT PROGRESS REPORT (Item 8)

The Committee considered and noted the progress report.

78. OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE ANNUAL AUDIT FEE 2014/15 (Item 9)

The Committee noted the Annual Audit Fee letter for the Police and Crime Commissioner.

79. CHIEF CONSTABLE FOR HAMPSHIRE CONSTABULARY ANNUAL AUDIT FEES 2014/15 (Item 10)

The Committee noted the Annual Audit Fee letter for the Chief Constable.

80. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT PLAN 2014/15 (Item 11)

The Chief Internal Auditor informed the Committee that the Internal Audit Charter had been revised in line with the CIPFA guidance for Audit Committees.

Members asked if some wording could be added to the final paragraph under 'Position in the organisation' on page three of the Internal Audit Charter to make it clear who would consider it necessary to meet. The Chief Internal Auditor agreed to add in some additional wording to make this clear. Under the Internal Audit Charter, members sought clarity on whether the reports submitted to the Board were submitted to the Committee first for consideration, comment and recommendation, and they were informed that this was the case.

The Committee were informed that risk management was being audited again in 2014/15 to review if the new process for risk management was working effectively. The audit will likely take place in the fourth quarter in order to let it bed down and give it enough time to demonstrate the flow of risk.

The Chair asked if there would be a reduction in audit days in relation to the H3 joint working as he would expect there to be more efficiency. The Chief Internal Auditor advised that there had been some efficiencies in the days required from the police plan for the systems now covered by the H3 plan and the days saved had been allocated to other areas. Although the H3 plan enables processes to be audited once on behalf of HCC, the OPCC, HC and HFRS, more frequent / increased review is likely to be required in the short term given the scale of change.

Agreed:

- a) That the Committee considered the revised Internal Audit Charter and the 2014/15 internal audit plan for the Office of the Police and Crime Commissioner and Hampshire Constabulary.

81. INTERNAL AUDIT PROGRESS REPORT 2014/15 (Item 12)

The Chief Internal Auditor advised that the report completed the 2013/14 year and final reports had been issued for all areas.

Agreed:

- a) That the Committee considered the progress of the internal audit work for the 2013/14 internal audit plan.

82. ANNUAL INTERNAL AUDIT REPORT AND OPINION 2013/14 (Item 13)

The Chief Internal Auditor advised the Committee that the annual audit opinion concluded that adequate systems were in place. The Chair advised that he would like the audit report to include a table to summarise the number of audits and observations, broken down by the priorities and whether they had been accepted or not in order to see the direction of travel compared to the previous two years.

Agreed:

- a) That the Committee considered the Chief Internal Auditor's annual report and opinion statement for 2013/14.

83. CODE OF CORPORATE GOVERNANCE (Item 14)

The Chief Finance Officer for the Chief Constable (CFO CC) informed the Committee that the Code of Corporate Governance for both the Police and Crime Commissioner and the Chief Constable had been submitted again for consideration.

Agreed:

- a) That the Committee reviewed the Code of Corporate Governance for both the Police and Crime Commissioner and the Chief Constable

84. ANNUAL GOVERNANCE STATEMENT (Item 15)

The CFO CC informed the Committee that separate Annual Governance Statements had been produced for the Police and Crime Commissioner and the Chief Constable but there was quite a lot of duplication between the two. The Chair advised that the Committee had produced an annual report and felt that some of their information should be included within the Annual Governance Statements, especially around the area of risk. The CFO CC confirmed that further information could be included within them.

Members gave some comments and suggestions for amendments for both Annual Governance Statements. Amongst these it was requested to add an organisational chart to show which boards were responsible for different areas. Members also asked that 3.5 c under the Chief Constable's Annual Governance Statement be amended so that it was clear what the wording 'mission' and 'vision' were referring to. The amendments would be taken back and the Annual Governance Statements would be amended to reflect them.

Agreed:

- a) That the Committee reviewed the Annual Governance Statements and made suggestions for amendments.

85. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2014/15 TO 2016/14 (Item 16)

The Treasury Management strategy was submitted again for consideration.

Agreed:

- a) That the Committee noted the recommendations to the Police and Crime Commissioner.

86. TREASURY MANAGEMENT OUTTURN REPORT 2013/14 (Item 17)

The Committee were assured that all treasury activity had complied with the Office of the Police and Crime Commissioner's (OPCC) Treasury Management Strategy and Investment Strategy for 2013/14, and all relevant statute, guidance and accounting standards. The OPCC had also complied with all of the prudential indicators set in its Treasury Management Strategy. The Senior Accounting Manager advised members that there was a recommendation to make two changes to the OPCC's investment strategy for 2014/15 which will enable the OPCC to respond most effectively to the opportunities and risks in the investment market. The first one was to add investments in bonds with banks and other organisations as a secure alternative to cash investments. The second is to set a limit of £2m for investments in pooled property funds as an alternative to longer term investments with other local authorities, for which there are a reducing number of opportunities.

Agreed:

- a) That the Committee considered the report and recommended to the Police and Crime Commissioner for approval.

87. UPDATE ON THE DEVELOPMENT OF POLICIES OF THE OFFICE OF THE POLICE AND CRIME COMMISSIONER (Item 18)

The Interim Chief Executive advised the Committee that there was a review taking place of policies for the OPCC as staff are subject to different conditions, some are on the old Police Authority conditions, some on Hampshire Constabulary conditions following the Stage 2 transfer and some are on the new OPCC conditions. The OPCC are planning to rationalise the conditions and provide consistency for all staff. The Interim Chief Executive informed members that the work is due to be completed by 1 November and an update report would be brought to the next meeting of the Committee in September.

Members asked if there was to be a harmonisation of the Terms and Conditions into one set and the Interim Chief Executive confirmed that this was the plan.

Agreed:

- a) That the Committee receives an update report at their meeting in September.

88. POLICE AND CRIME COMMISSIONER RISK MANAGEMENT POLICY & STRATEGY (Item 19)

The Estates, Strategy and Deliver Director for the Office of the Police and Crime Commissioner advised the Committee that the Policy and Strategy presented had evolved from the one used by the Police Authority. The intention was to keep it simple and straight forward as it is a document for staff to use and respond to risk. Staff will also be given support and training for those who need it as risk will be managed within the OPCC on a monthly basis and reported to the Committee every quarter.

The Committee were advised that although previously the intention was to have a combined Risk Register for both the OPCC and Hampshire Constabulary, a decision was taken not to join them, but they were aligned where needed. Both registers will identify where risks are linked but the effects on the Commissioner and the Chief Constable have very different mitigating actions and so therefore will be managed and reported separately.

Members thanked the Estates, Strategy and Deliver Director for the document and advised that this was what the Committee had been waiting for. Members commented that it was sensible to take a different approach where it was found that a joint risk register would not be appropriate.

Agreed:

- a) That the Committee noted the current Risk Management Policy & Strategy for the Office of the Police and Crime Commissioner.

89. RISK MANAGEMENT FOR HAMPSHIRE CONSTABULARY (Item 20)

The Committee were updated with the progress of risk management with the Constabulary and were informed that the Risk & Harm Board was up and running and the Terms of Reference for the Board were within the appendices to the report. In regards to the risk register, a decision had been taken to retain separate strategic risk registers for the Constabulary and the OPCC, in view of their different natures and priorities, however close liaison is being maintained particularly for those risks which affect both bodies. A number of other mechanisms were also in place including a more robust process for the Constabulary as well as the National Policing Strategic Risk Register that was being put in place.

Members asked if the National Policing Strategic Risk Register was related to a policing requirement. The Deputy Chief Constable advised that it was an area that Hampshire Constabulary had advised the National College of Policing on.

The Committee asked what the process will be to embed risk management within the organisation. The Deputy Chief Constable informed them that key leaders within the organisation were involved and a pestle style process had been run

which gave reassuring results as areas that were identified were areas that had already been spotted. It was planned to be used as a one off process but a decision has been taken to run it on a six monthly basis. Members were also informed that risk management now falls under the same department as performance and strategic planning so all these areas will be looked at as a whole.

Agreed:

- a) That the Committee noted the progress made in risk management and the further developments in hand.

90. JOINT AUDIT COMMITTEE FORWARD PLAN (Item 21)

The Chair asked if the Her Majesty's Inspectorate of Constabulary (HMIC) Valuing the Police report could be added to the agenda for the most appropriate meeting, depending on the date of publication.

The Committee also discussed the training agenda for the Committee and the Chair requested that ACRO be included on the list and if possible a visit to the premises be arranged. It was suggested that the December meeting of the Committee could be held at the ACRO offices.

Agreed:

- a) That the Committee considered the report and made recommendations on the planned reports to the next four Joint Audit Committee meetings.

91. ANNUAL REPORT OF THE JOINT AUDIT COMMITTEE (Item 22)

The Chair advised that a copy of the Committee's Annual Report had been sent to the Police and Crime Commissioner and the Chief Constable and would be submitted to the next meeting of the Committee in September. The External Audit Director asked to see a copy of the finalised report before the next meeting.

92. DATE OF NEXT MEETING (Item 23)

The Date of the next meeting will be Tuesday 24 September at 2.00pm

93. 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.

94. CONFIDENTIAL MINUTES (Item 25)

The Confidential Minutes of the Committee meeting held on 10 December 2013 were confirmed as a correct record and signed by the Chairman.

95. OFFICE OF THE POLICE AND COMMISSIONER'S STRATEGIC RISK REGISTER (Item 26)

[A SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

96. HAMPSHIRE CONSTABULARY'S STRATEGIC RISK REGISTER (Item 27)

[A SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

97. INTERNAL AUDIT REPORTS ISSUED (Item 28)

[A SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]