



Joint Audit Committee

Meeting Notes

Date: Wednesday 26 March 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
Peter Lloyd

In Attendance:

Mr Richard Croucher	Chief Finance Officer for the Chief Constable (Hampshire Constabulary)
Mr Kevin Gardner	Interim Chief Executive (Office of the Police and Crime Commissioner)
Mr Craig Denholm	Deputy Chief Constable (Hampshire Constabulary)
Mrs Karen Shaw	Chief Internal Auditor for the Police & Crime Commissioner and the Constabulary
Ms Helen Thompson	External Audit Director (Ernst & Young)
Mr Hugh Alexander	Strategic Risk Manager (Hampshire Constabulary)
Insp. Natalie Eaton	Staff Officer to the Deputy Chief Constable (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)

52. 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.

53. APOLOGIES

Apologies were received from Mrs Elizabeth Dermody, Mrs Lesley Kirk, Mrs Elizabeth Mackenzie and Mrs Carolyn Williamson.

54. CHAIR'S REPORT

The Chair advised the Joint Audit Committee (hereon known as 'the Committee') that the Chartered Institute of Public Finance and Accounting had published practical guidance for local Authorities and Police, for which he had attended a conference to discuss, and the new codes of best practice would be discussed later in the agenda under the Terms of Reference.

The Chair commented that there was a Board Level / Audit Committee Leadership in Cyber Security conference at the end of April and asked if members of the Committee would be able to attend. The Interim Chief Executive advised the Chair that this could be confirmed at a later date.

The Interim Chief Executive informed the Committee that as there were only two members in attendance at the meeting, the Committee was not quorate and could therefore not make any decisions on behalf of the Committee. The members would still be able to give their views and comments on items discussed at the meeting and consider if the minutes of the last meeting were correct but they would be unable to confirm the minutes. There would also not be any formal minutes for this meeting but notes of the meeting would be taken instead.

55. MINUTES (Item 4)

The Minutes of the Committee meeting held on 10 December 2013 were noted and members considered the minutes to be correct.

The Action Log was reviewed.

Action log item 11 – HMIC Inspection Programme 2013/14

The Chief Finance Officer for the Chief Constable (CFO CC) advised the Committee that Her Majesty's Inspectorate of Constabulary (HMIC) was coming to inspect Hampshire Constabulary on its Financial Strategy for the Valuing the Police 4 inspection on the 7 and 8 April. The Constabulary hopes to be in a position to feed back to the Committee at its next meeting. The Chair asked for a view of the inspection report as early as possible.

Action log item 16 – Minutes (Dec 13)

The Chair advised that the training on Stage 2 transfers and Joint Working was been postponed until June.

Action log item 17 – Compliance with the Elected Local Policing Bodies (Specified Information) Order 2011

The Chair asked for this item to be held open for members to comment at the next meeting.

56. JOINT AUDIT COMMITTEE TERMS OF REFERENCE REVIEW (Item 5)

The Interim Chief Executive informed the Committee that the Chartered Institute of Public Finance and Accountancy (CIPFA) had published practical guidance for local Authorities and Police which contained suggested Terms of Reference for Police Audit Committees which CIPFA considered best practice. The Terms of Reference presented to the Committee for comment, before being recommended to the Police and Crime Commissioner and Chief Constable, had been created using the guidance.

The Chair commented that he had not seen the wording 'best practice' anywhere within the guidance and he had also noted a difference between the CIPFA suggested Terms of Reference and the ones presented to the Committee. At 1.15 of the suggested Committee Terms of Reference, the Chair felt that the paragraph was not thorough enough and advised that he would like to include the opportunity to meet with other officers and agencies as required, as per page 6 of the CIPFA guidance. The Chief Internal Auditor commented that she felt this was picked up with paragraph 1.6 of the suggested Committee Terms of Reference but agreed that it could be extended. The Interim Chief Executive supported including it within the operating principles section.

The Chair advised that the Committee produced their own Terms of Reference before the meeting in September 2013 and would like to compare their version against the Terms of Reference proposed to the Committee. The Interim Chief Executive commented that he would welcome a discussion on the Terms of Reference before they be brought back to the next meeting.

57. EXTERNAL AUDIT PROGRESS REPORT (Item 6)

The External Audit Director introduced the report and informed the Committee that it is required to give an opinion on whether the financial statements of the Office of the Police and Crime Commissioner (OPCC) and the Chief Constable give a true and fair view of the financial position as at 31 March 2014, and of the income and expenditure for the year. It is also required to give a statutory conclusion on the Police and Crime Commissioner's and Chief Constable's arrangements to secure economy, efficiency and effectiveness. The External Auditors have reapplied two specific criteria for the Value for Money Conclusion: arrangements to secure financial resilience and to secure economy, efficiency and effectiveness in the use of resources.

The Committee was informed that there was no issue with work that had been completed to date. Ernst and Young had developed a Police Reference Group which met for the first time in January and will continue to meet on a regular basis. One of the items to be discussed during these meetings will be issues and challenges in preparing for Stage 2 transfers. Members asked for further information on Stage 2 transfers and were informed that the issues would be different for every police force. The proposals were agreed by the Police and Crime Commissioner and the Chief Constable and sent to the Home Office for approval. The draft transfer scheme for Hampshire has been deemed suitable apart from the ACPO Criminal Records Office (ACRO) which will now be transferred to the Chief Constable. The transfer of staff will take place on 1 May

2014. The Chair requested that the members receive a briefing on ACRO at one of their training sessions.

The External Audit Director advised that there were a number of issues to look at and agree for the financial statements and therefore a lot of work was required over the next few months. One issue was considering how to account for the Constabulary's pension liability for staff transferring to the Chief Constable's control under stage 2, as the Constabulary was not permitted to hold any assets and this included pension assets. If the Constabulary relies upon a third party indemnity a way has to be found of accounting for this also without identifying it as an asset.

58. EXTERNAL AUDIT – POLICE SECTOR BRIEFING (Item 7)

This report was noted by the Committee.

59. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT PLAN 2014/15 (Item 8)

The Chief Internal Auditor advised the Committee that the Internal Audit Charter had been updated due to the amended Terms of Reference. The Internal Audit Plan for 2014/15 contains some key changes compared to previous years due to the joint working arrangements that Hampshire Constabulary has entered into with Hampshire County Council and Hampshire Fire and Rescue Service. It has been proposed that all three organisations contribute audit days to a joint plan that will provide assurance over the shared arrangements to all parties. The joint plan will be reported to the Committee for consideration once further consultation has taken place with managers to fully develop the approach.

60. CODE OF CORPORATE GOVERNANCE (Item 10)

The Committee was informed that the Code of Corporate Governance was still relevant and adhered to. The Chair asked if it could be brought back to the next meeting with tracked changes.

61. INTERNAL AUDIT PROGRESS REPORT 2013/14 (Item 9)

The Chief Internal Auditor advised the Committee that all the outstanding actions were being tracked and chased.

62. UPDATE ON THE DEVELOPMENT OF POLICIES OF THE OFFICE OF THE POLICE AND CRIME COMMISSIONER (Item 11)

The Interim Chief Executive informed the Committee of the background in regards to updating the policies of the OPCC. A number of OPCC staff were previously Police Authority staff that TUPE'd from Hampshire County Council in September 2012, taking with them the Hampshire County Council terms and conditions. In order to ensure consistency and harmony with the terms and conditions for new members of staff, updated policies and terms and conditions are required. A clear project plan has been produced and will extend into the

autumn and will allow time for consultation with staff and staff unions to take place. Members asked that an update be provided at the next meeting and for it to include an explanation for the abbreviations.

63. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY (Item 12)

The Senior Accounting Manager (Hampshire County Council) advised that the Treasury Management Strategy Statement was presented to the Committee for scrutiny and took the members through the report. The Chair advised that if the Committee had been quorate it would have recommended the strategy to the Police and Crime Commissioner. The Interim Chief Executive advised that the Chief Finance Officer for the Police and Crime Commissioner (CFO PCC) will take the Committee's views into account for the report to the Police and Crime Commissioner and the Committee can formally agree the report at its next meeting.

64. RISK MANAGEMENT UPDATE (Item 13)

The Deputy Chief Constable informed the Committee that since he gave a presentation to the Committee in September there had been two big developments. One of these was that a Risk and Harm Board had been established and had held its first meeting on 14 January, with its second meeting being held on 1 April where the draft Terms of Reference would be presented for approval. The second development is the establishment of the Portfolio Boards, which will receive reports of risks escalated to them from their respective divisions and will in turn escalate risks to the Risk & Harm Board where necessary. A risk escalation process has also been created to ensure that strategic risks are effectively managed. There are still two areas that are overdue, the completion of a joint approach with the OPCC and the development of a "namespace" facility to store risk registers.

65. 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 3 and 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.

66. CONFIDENTIAL APPENDICES OF THE RISK MANAGEMENT UPDATE (Item 15)

The Deputy Chief Constable informed members that he thought it was appropriate to present a number of appendices to the Committee in order to demonstrate that progress has been made in the adoption of arrangements for

organisational risk management within both the Constabulary and the OPCC. However he advised that he was not expecting to present these every time and the Committee may want to consider what they would like to see in the future. The Chair commented that he would like to see how the Constabulary were addressing the top risks and advised on what he thought were the top risk statuses. These are as follows: People Risks, Financial Risks, Governance Risks, Health & Safety Risks, Relationship Risks, Management Information Risks, Operational Risks, Security and Information Management Risks and Reputational Risks.

A Committee member commented that there now seemed to be the prospect of some real progress on strategic risk management but asked if the Deputy Chief Constable was concerned that the reliance upon escalating risks identified operationally and by the portfolio boards meant that there was a lack of focus on pro-actively identifying key strategic risks against the strategic objectives of the Constabulary. The Deputy Chief Constable advised that this issue had recently been raised at the Risk and Harm Board and was now firmly on the Board's agenda. It would also be important to identify what the OPCC's risks are and what risks would be shared between both organisations. Members commented that the process would need to be coordinated and there would need to be clear strategic objectives for both organisations, but they were assured that the Constabulary and the OPCC were getting there slowly.

67. JOINT STRATEGIC RISK REGISTER (Item 18)

The Chair advised that the Committee would consider the Strategic Risk Register at the next meeting.

68. CONFIDENTIAL MINUTES (Item 16)

The Confidential Minutes of the Committee meeting held on 10 December 2013 were noted and members considered the minutes to be correct.

69. INTERNAL AUDIT REPORTS ISSUED (Item 17)

The Chair asked if the timeline and dates could be added to the audit reports. The Chief Internal Auditor advised that they were working on this as a number of clients had also requested this. They were looking at what was best for everyone.