

AUDIT AND INTERNAL CONTROL PANEL

ACTION

A meeting of the Audit and Internal Control Panel was held on Thursday 26 November 2009 commencing at 10.00 am in the Members Conference Room, Police Headquarters.

PRESENT	Mr Mike McGrory JP (Chair), Councillor Ron Lowes, Mr Chris Coombs, Councillor Caroline Barker, Councillor Victor Tumilty,
OFFICIALS	Mr Paul Kirkham, Mr John Bage and Mr Norman Wright (CE). Mrs Ann Hall, Mr Derek Bonnard, Miss Kate Rowntree (CC).
AUDITORS	Mr Ian Wallace (RSM Bentley Jennison), Ms Catherine Andrew (Audit Commission)

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Dave McLuckie (ex officio), Mr Peter Race MBE (ex officio), Mr Peter Hadfield (Vice Chair), Councillor Steve Wallace, Councillor Barry Coppinger, Councillor Hazel Pearson OBE, Mr Ted Cox JP.

DECLARATIONS OF INTERESTS

There were no declarations of interests.

MINUTES OF THE PREVIOUS MEETING HELD 3 SEPTEMBER 2009

The minutes were agreed as a true and accurate record.

OUTSTANDING RECOMMENDATIONS

ORDERED that:-

1. the Outstanding Recommendations were noted.

AUDIT COMMISSION FRAUD INITIATIVE

Members were informed that the Audit Commission had published its report on key fraud risks for Police, local authorities and related bodies in September 2009, which was an overview of the threats of fraud facing such bodies. It called upon authorities to urgently review and re-assess their counter-fraud plans and to ensure that staff understood, and had faith in, whistle-blowing arrangements.

The Assistant Chief Officer Finance + Commissioning informed Members that although the report had a main focus on fraud associated with social housing, tenancy and council tax discounts, it also covered areas of particular interest to the Force and Authority; namely fraud associated with

procurement, recruitment, abuse of position and insurance claims against the police.

The Chair requested information as to when the piece of work would be carried out.

The Executive Accountant informed Members that the work should be completed before the end of 2009.

ORDERED that:-

1. a review of the current counter-fraud plans in line with the relevant recommendations in the Audit Commission's report at para 3.4 to the report be agreed.
2. the relevant questions in the Audit Commission's counter-fraud *Checklist for those responsible for governance* at Appx A to the report, be completed as part of this review be agreed.

2008/2009 SELF ASSESSMENT ACTION PLAN PROGRESS

The Executive Accountant informed Members that the Action Plan arising from the Panel's self assessment in October and November 2008 was approved at their meeting of the 26th November 2008, the progress of which to date is at the Appx to the report.

Members were informed that following an analysis of the self assessment questionnaires completed by all of the members of the panel, an Action Plan intended to address areas for improvement had been developed.

The Executive Accountant informed Members that the self assessment process had proved to be useful to Members and Officers alike in developing the role and effectiveness of the Panel.

ORDERED that:-

1. the progress against the approved Action Plan be noted.

ANNUAL GOVERNANCE STATEMENT

The Executive Accountant informed members that Authorities, including Police Authorities, were required to prepare an Annual Governance Statement. Though the statement was published within the Annual Statement of Accounts, Members were informed that it should be considered and agreed as a separate document as it referred to all corporate controls and not confined to financial issues. Guidance from CIPFA envisages that the statement was reviewed by a Member group during the

year. The Audit and Internal Control panel had been tasked with this role in the light of its other remits

Members were informed that the Annual Governance Statement process was to provide a continuous review of the effectiveness of an organisation's governance arrangements including internal control and risk management systems. This was intended to give assurance on their effectiveness or otherwise leading to an action plan to address identified weaknesses.

The Executive Accountant informed Members that at Table 2 to the report, it laid down the timetable to which the Panel would carry out its responsibilities to the Police Authority Executive to formalize assurances on its behalf.

PROGRESS AGAINST THE AUDIT PLAN REPORT

The Audit Commission informed Members that the report provided a summary of the completion of the 2008/09 audit programme and also updated Members on 2009/10 audit programme to date.

Members were informed that the Audit Commission had completed the agreed work from the plan:

- Pre statements opinion work, including the Commissions three year review of internal audit.
- The audit of the financial statements, the Commission gave an unqualified opinion on the accounts on 30 September 2009;
- Use of resources work scores were confirmed to the Authority on 14 September 2009. The Authority chose to request a review of the scores and this request was accepted by the Audit Commission. The review did not result in any change to the scores.

The Executive Accountant referred Members to para's 20 – 21 of the report, which commented on the proposed Police Authority Inspections. Members were informed that these areas of information will be included in the Police Authority's Business Plan Report by March 2010.

ORDERED that:-

1. the report be noted.

CLEVELAND POLICE AUTHORITY PROGRESS REPORT

The Internal Auditor informed Members that the periodic internal audit plan for 2009/10 was approved by the Audit + Internal Control Panel on 28 May 2009. The report presented at this meeting summarised the outcome of work completed to date against that plan, and Appendix A to the report provided

cumulative data in support of internal audit performance.

The Internal Auditor informed Members that there were no issues arising from their work for the year to date that would have a negative impact upon their opinion for 2009/10.

ORDERED that:-

1. the report be noted.

POLICE AUTHORITY RISK MANAGEMENT ARRANGEMENTS

The Strategy & Performance Manager presented a report to update Members on the development of the Police Authority Joint Risk Management Group arrangements, including an update of the CPA Risk Register and Action Plan.

Members were informed that the 2007 CIPFA/APA guidance for Police Authorities "Delivering Good Governance in Local Government Framework" recommended that an effective risk management system be put in place and that decisions be subject to effective scrutiny and the management of risk. It further recommended that the Authority should ensure that risk management was embedded into the culture of the organization, with Members and managers at all levels recognising that risk management was part of their job.

The Deputy Chief Constable sought approval to attend such future meetings of the Joint Risk Management Group.

ORDERED that:-

1. the terms of reference for the Joint Risk Management Group at Appendix A to the report be agreed.
2. the revised CPA Risk Register management process as outlined in Appendix B to the report be agreed.
3. the revised CPA Risk Register and Action Plan at Appendix C to the report be agreed.
4. the CPA Risk Register will be maintained within the *4Risk* software be agreed.
5. the Deputy Chief Constable to attend all future meetings as a full member of the group.

EXCLUSION OF THE PRESS AND PUBLIC

ORDERED that :

1. pursuant to the local Government Act 1972, the

press and public be excluded from the meeting under Paragraph 3 of Part 1 of Schedule 12A to the Act.

KEY FINANCIAL CONTROLS

The Internal Auditor informed members that an audit of Key Financial Controls and the Central Business Unit Petty Cash had been undertaken as part of the approved internal audit periodic plan for 2009/10.

Members sought clarity on a number of areas pertaining to petty cash. The Internal Auditor satisfied their queries.

Members were informed that taking account of the issues identified, in their opinion the Authority could take substantial assurance that the controls upon which the organisation relied to manage this area, as currently laid down and operated, were effective.

ORDERED that:-

1. the report be noted.

CORPORATE GOVERNANCE – COMPLIANCE WITH THE CODE OF GOVERNANCE

The Internal Auditor informed Members that an audit of Corporate Governance – Compliance with the Code of Governance had been undertaken as part of the approved internal audit periodic plan for 2009/10. Cleveland Police Authority had adopted a formal code of corporate governance in line with the Chartered Institute of Public Finance and Accounting/Association of Police Authorities' guidance notes for Police Authorities 2007, "Delivering Good Governance in Local Government".

Members were informed that Corporate Governance is the term used to describe the systems and processes that organisations have in place for managing both their own internal affairs and relationships with their communities. The Police Authority had a responsibility to maintain an efficient and effective police service for Cleveland and to obtain local views and opinion by consulting widely with all sections of the community.

The Internal Auditor informed Members that taking account of the issues identified, in their opinion the Authority could take substantial assurance that the controls upon which the organisation relied to manage this risk, as currently laid down and operated, were effective.

ORDERED that:-

1. the report be noted.

**CONTRACT STANDING ORDER NO. 9 – EXEMPTION
FROM THE NORMAL REQUIREMENT TO TENDER (JULY
TO SEPTEMBER 2009)**

The Assistant Chief Officer Finance & Commissioning informed Members that Standing Orders paragraph 4.3c stated that "Every authorised exemption shall be reported to the Authority via the appropriate Panel, and shall be recorded in the minutes of the Authority." The report covered exemption requests for the period July to September 2009.

Members were informed that in compliance with Contract Standing Orders it had been the practice to report quarterly, every circumstance where it appeared that the normal requirement to tender had not been followed.

Members considered each exemption, as detailed in Appendix A to the report and questions were raised and discussed to the satisfaction of the Panel.

ORDERED that:-

1. the exemptions in Appendix A of this report which satisfy the criteria for exemption from the normal requirement to tender set out in Contract Standing Order 9 be noted.

EXCLUSION OF THE PRESS AND PUBLIC

ORDERED that :

1. pursuant to the local Government Act 1972, the press and public be excluded from the meeting under Paragraph 7 of Part 1 of Schedule 12A to the Act.

VETTING

The Internal Auditor informed Members that an audit of Vetting had been undertaken as part of the approved internal audit periodic plan for 2008/09.

Members were informed that in March 2009 the Force Operational Performance Team undertook a 'Review of Force Vetting Arrangements'. An Action Plan had been produced as a result of the recommendations made from that review. The majority of the recommendations relate to the appointment of a Force Vetting Officer. As such a Business Case had been prepared for the recruitment of a Force Vetting Officer,

The Deputy Chief Constable informed Members that the Police

Authority Executive had recently approved the appointment of a Force Vetting Officer.

The Chair sought clarity over whether the Internal Auditors had sufficient vetting capability to carry out their functions.

The Deputy Chief Constable confirmed that the Internal Auditors were sufficiently vetted to enable them to discharge their duties.

The Internal Auditor informed Members that taking account of the issues identified, in their opinion the Authority could take adequate assurance that the controls upon which the organisation relied to manage this area of Audit, as currently laid down and operated, were effective.

ORDERED that:-

1. the report be noted.

DIGITAL IMAGING SERVICES REPORT

The Deputy Chief Constable tabled and spoke to a paper in which he sought to update Members on recent issues surrounding the operational running of the Force Digital Imaging Services.

Members sought clarification and assurance regarding a number of issues pertaining to the report. This was given by the Deputy Chief Constable.

ORDERED that:-

1. the report be noted.