

## **AUDIT & INTERNAL CONTROL PANEL**

A meeting of Audit & Internal Control Panel was held on Thursday 20 October 2011 in the Members Conference Room at Police Headquarters.

**PRESENT:** Mr Mike McGrory JP (Chair), Mr Peter Hadfield (Vice Chair), Mayor Stuart Drummond (ex officio), Mr Geoff Fell, Councillor Sean Pryce, Councillor Terry Laing and Councillor Ray Goddard.

**ADDITIONAL MEMBERS** Mr Chris Coombs.

**OFFICIALS:** Dr Neville Cameron and Mr John Bage (CE)  
Mrs Ann Hall and Miss Kate Rowntree (CC)  
Mr Ian Wallace (IA)

### **WELCOME**

The Chair extended a warm welcome to the Panel to Cllr Terry Laing.

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mr Peter Race MBE (ex officio), Councillor Ron Lowes, Mr Michael Porter and Mr Graeme Slaughter.

### **DECLARATIONS OF INTERESTS**

There were no declarations of interests.

### **MINUTES OF THE PREVIOUS MEETING HELD ON 18 AUGUST 2011**

With reference to the Audited Statement of Accounts Members were informed that the Panel Chair and Vice Chair would be liaising with the Treasurer with a view to discharging such.

**Panel Chair /  
Treasurer**

With regard to the Interim Audit Commission report the Panel Chair and Acting Chief Executive spoke with the Audit Commission and a final report to be brought in December 2011 coupled with a briefing before hand.

**Chief  
Executive /  
Treasurer**

The minutes were held as a true record.

### **OUTSTANDING RECOMMENDATIONS**

#### **ORDERED that;**

1. the Outstanding Recommendations were noted and updated.

### **CLEVELAND POLICE AUTHORITY RISK REGISTER**

The Service Improvement Manager informed Members that the purpose of the report was to provide Members with the opportunity to review the updates of

the Police Authority's Risk Register and Risk Action Plan (from 4 March 2010 to 16 September 2011) which were agreed at the Leadership Panel on 6 October 2010.

Members were updated with the most recent appraisal of the Risk Register and Action Plan which reflected the current conditions of the organisation and the prevalent economic climate. This process of scrutiny and agreement of risk within the Police Authority enhanced its ongoing management and adoption and remains a proactive process of embedding risk management in all aspects of the business.

Members queried whether Risk should be on every Police Authority Panel as a standing agenda item for debate.

Members were informed that each actual paper that comes to a Panel has in it an area highlighted as 'Implications' where Risk should be considered within the body of the report.

The Service Improvement Manager also assured Members that Risk is also debated and considered at the Joint Risk Management group.

**ORDERED that;**

1. the routine maintenance, chronological updates and modifications to the Risk Register (Appendix 1) and Action Plan (Appendix 2) be noted.

**RISK APPETITE OF CLEVELAND POLICE AND CLEVELAND POLICE AUTHORITY**

The Service Improvement Manager informed Members that the purpose of the report was to provide Members with an explanation of the influence of risk appetite in the decision making processes of Cleveland Police Authority and the Force.

Members were informed that the Police Authority monitor and provide routine maintenance of the Police Authority Risk Register and Risk Action Plan through the Leadership Panel, reporting updates at alternate Audit & Internal Control Panels and at the Joint Risk Management Group, held with the Force every two months.

The Service Improvement Manager informed Members that in the Force, Risk Management arrangements are set out in the Corporate Risk Management Policy at Section 3.2 of the Corporate Governance Framework. The Deputy Chief Constable is accountable for risk at an ACPO level. The Head of Corporate Planning & Governance is responsible for the day-to-day management of the Force's Risk Registers, both on a Strategic and Corporate level. This included by linking in with our strategic partner, Steria, who provide advice and training via the recently outsourced Resilience and Operational Planning Service and monitor and update the risk documents in respect of legacy risks.

The HM Treasury elements of risk appetite will be assessed by both the Force and Authority through the Joint Risk Management Group, for applicability in the current risk management process and report its findings back to the Audit & Internal Control Panel in February 2012.

Members queried what Governance issues are Members informed of and how.

The Service Improvement Manager assured Members by informing them that there is a 'Risk' element of scrutiny on every Police Authority report, further scrutiny is carried out by the Joint Risk Management Group, briefings, evidence provided to HMIC, Internal and External Auditors.

**ORDERED that;**

1. the Joint Risk Management Group to further assess the elements of Risk Appetite, as dictated by HM Treasury, to assist with risk management in Cleveland Police Authority and the Force and report back to the Audit & Internal Control Panel be agreed.

**ANNUAL GOVERNANCE STATEMENT**

The Assistant Chief Officer Finance + Commissioning (ACO F+C) informed Members that the purpose of this report was firstly to update the Panel on progress against significant governance issues, and the action points for improvement, identified in the 2010/2011 Statement (approved by the Police Authority Executive on the 23<sup>rd</sup> June 2011).

Secondly it was to set out a broad timetable to produce a near final draft of the Statement for consideration by the Panel on the 19<sup>th</sup> April 2012. The final statement will be prepared for the year ending 31<sup>st</sup> March 2011, and up to the date of approval of the annual accounts, and formal approval sought then.

The ACO F+C then took Members through significant internal control and action points for 2011/2012 arising from the 2010/2011 Statement.

Members queried if the Treasurer was fully appraised on Workstreams and LTFP.

The ACO F+C informed Members that the Treasurer is fully up to speed with all aspects and that she would be happy to provide any further information Members or the Treasurer may require.

Members sought clarification regarding the Audit Commission's comments in its Interim Report regarding the scrutiny of contracts. The Treasurer to make further investigations.

**Treasurer**

The Internal Auditor suggested consideration be given to what type of assurances the Panel requires, but this should be aligned with the Risk Register.

**Service  
Improvement  
Manager /  
Treasurer**

**ORDERED that;**

1. the current progress against the significant governance issues and action points for 2011/2012 identified in the 2010/2011 Annual Governance Statement be noted.
2. the proposed timetable as outlined in Table 1 for review and production of the 2011/2012 Statement be agreed.

## **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report to Members which summarised the outcome of work completed to date against that plan. The Appendices A and B to the report provided cumulative data in support of internal audit performance.

Members were informed that the Following audits were in the process of being completed:

- Succession Planning
- Futures Working Group and Efficiency Savings
- Financial Planning and Budgetary Control
- Payroll and Expenses
- Key Financial Controls

The Internal Auditor informed Members that quarterly meetings are held with the Chair and Vice Chair of the Panel, Treasurer, Deputy Chief Constable, ACO Finance and Commissioning and the Audit Commission. The next meeting is planned for 22<sup>nd</sup> November 2011. During 2011/12 the Internal Audit have met with the Treasurer, ACO Finance and Commissioning and the Audit Commission.

Members asked the Internal Auditor to briefly explain how the scheduling of audits is arranged.

The Internal Auditor gave an explanation that met Members requirements and gave appropriate assurances.

### **ORDERED that;**

1. the report be noted.

## **INTERNAL AUDIT FOLLOW UP REPORT**

The Internal Auditor informed Members that as part of the approved internal audit periodic plan for 2010/11 the Internal Audit have undertaken a review to follow up progress made by Cleveland Police Authority to implement previous internal audit recommendations. Recommendations with dates for implementation not yet due will be followed up as part of the 2011/12 follow up work.

The Internal Auditor informed Members that the audits considered as part of the follow up review were:

- Service Continuity Planning
- Corporate Planning 09/10;
- Digital Imaging Services 09/10;
- Use of Internet & Email Services 09/10;
- Key Financial Controls & Petty Cash 09/10;
- Network Security 09/10;
- Risk Maturity 09/10;
- Vetting 09/10; and
- Follow Up 09/10.

Members were informed that in addition, the Internal Audit gained

assurance from management that the recommendations included with the HR Policies and Procedures Report and the Data Quality Report were being addressed. Further detailed testing will be undertaken on both of these reports during 2011/12.

Taking account of the issues identified in the remainder of the report and in line with Internal Audit's definitions set out at Appendix A to the report, in their opinion Cleveland Police Authority had demonstrated reasonable progress in implementing actions agreed to address internal audit recommendations. There were no significant recommendations that they considered to be receiving inadequate management attention.

Members queried if there were any 'significant' risks that needed to be brought to the Police Authority's attention.

The Internal Auditor assured Members that all issues are discussed with the management team and any risks dealt with.

The ACO F+C assured Members that the Executive Officer manages all risk areas and regularly liaises with Service Unit Managers for follow up reports and updates.

The ACO F+C explained a number of points in the report pertaining to paragraphs 3.4, 3.6 and 3.9 and gave assurance to Members that they were content with.

It was agreed that progress towards implementing agreed Internal Audit recommendations in categories 'fundamental' and 'significant' be reported to alternate meetings of the panel in cases where the original implementation date had not been met. This report to be from the action owner.

**ACO F+C**

**ORDERED that;**

1. the report be noted.
2. a report be brought to alternate panel meeting to advise of progress in implementing agreed Internal Audit recommendations.

**EXCLUSION OF THE PRESS AND PUBLIC**

**ORDERED that** 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.

**STRATEGIC RISK MANAGEMENT AND SERVICE CONTINUITY PLANNING**

The ACO F+C informed Members that the purpose of the report was to provide Members with an update on progress in developing a risk management culture within the Force and preparing and testing robust service continuity plans.

Members were reminded of the integrated approach to embedding risk management and service continuity planning within the Force. The programme is progressing on a systematic basis with the intention of

developing and testing robust service continuity plans and further embedding a risk management culture.

The Force Risk & Insurance and Service Continuity Managers conducted and completed baseline assessments across all Districts and Service Units in 2010/11 from which robust, informed and auditable risk registers were developed.

The ACO F+C informed Members that the Force's integrated approach to strategic risk management and service continuity planning is progressing on a systematic basis with the intention of developing robust risk management and service continuity plans and further embedding a risk management culture.

**ORDERED that;**

1. the report be noted.

**Close of Meeting**