

AUDIT & INTERNAL CONTROL PANEL

A meeting of Audit & Internal Control Panel was held on Thursday 18 August 2011 in the Members Conference Room at Police Headquarters.

PRESENT: Mr Mike McGrory JP (Chair), Mr Peter Hadfield (Vice Chair), Mr Geoff Fell, Mr Chris Coombs, Councillor Sean Pryce, Councillor Ron Lowes and Councillor Ray Goddard.

OFFICIALS: Mr Michael Porter and Mr John Bage (CE)
Mrs Ann Hall and Miss Kate Rowntree (CC)
Mrs Sue Turner (IA) Mrs Lynne Snowball (AC)

APOLOGIES FOR ABSENCE

Mr Peter Race MBE (ex officio), Mayor Stuart Drummond (ex officio) and Councillor Terry Laing.

DECLARATIONS OF INTERESTS

There were no declarations of interests.

MINUTES OF THE PREVIOUS MEETING HELD ON 14 JUNE 2011

The minutes were held as a true record.

OUTSTANDING RECOMMENDATIONS

ORDERED that;

1. the Outstanding Recommendations were noted and updated.

INTERNATIONAL FINANCIAL RECORDING STANDARDS (IFRS) UPDATE

The Assistant Chief Officer Finance & Commissioning (ACO F+C) provided a final update to Members on the work undertaken by the Force to implement the International Financial Reporting Standards (IFRS) for Local Authority (including Police Authority) financial statements from 2010/11.

ACO F+C informed Members that all of the required changes had been implemented on time with no major issues to report. The auditors had confirmed that they were happy with the work undertaken to implement the International Financial Reporting Standards (IFRS). These new standards were now 'business as usual'.

Members were informed that any issues that arise as a result of the implementation of IFRS will be reported to Members of the Policy & Resources Panel as part of the Budget Monitoring report.

The Audit Commission informed Members that the Police Authority always delivered good accounts ahead of time.

ORDERED that;

1. the content of the report be noted.

AUDITED STATEMENT OF ACCOUNTS

The Treasurer reminded Members that they had received and approved the Un-audited Statement of Accounts 2010/11 be submitted to the June 2011 Police Authority Executive Meeting where it was subsequently approved. It was agreed that the audited accounts and any amendments resulting from the audit would be presented to a future meeting of the Police Authority.

By undertaking the review of the Statement of Accounts the Audit and Internal Control Panels' role was essentially to provide assurance to the Police Authority Executive and to the wider stakeholder base that they conform to proper practices.

Members were informed that the report was to seek Members approval that delegated authority for the scrutiny of any changes resulting from the audit are delegated to the Chair and Vice Chair of the Panel to ensure the required 30th September 2011 deadline for the approval by the Police Authority Executive can be achieved.

ORDERED that;

1. the authority is delegated to the Chair and Vice Chair of the Audit and Internal Control Panel to meet with the Treasurer and scrutinise any amendments to the Statement of Accounts, since acceptance at the June 2011 Police Authority Executive, prior to them being presented to the September 2011 Police Authority Executive be agreed.

CLEVELAND POLICE AUTHORITY INTERNAL AUDIT PROGRESS REPORT

The Internal Auditor informed Members that the periodic internal audit plan for 2010/11 had been approved by the Audit and Internal Control Panel on 21 April 2011. The report presented at the meeting summarised the outcome of work completed to date against that plan. Appendices A and B to the report provided cumulative data in support of internal audit performance.

Members were informed 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 was planned for 6th September 2011.

The Internal Auditors met with the Treasurer on 1st July to discuss developments within the Authority and the Force and the audit plan for 2011/12. Further meetings will be held with the Authority and the Force during 2011/12.

Members were informed that in Appendix B to the report, most dates for the auditable areas were now in place.

Following discussion of the current scope of the Internal Audit Programme, it was agreed that no changes were currently required but this would be kept under review as the year progressed.

ORDERED that;

1. the report be noted.

AUDIT UPDATE

The Audit Commission presented a verbal update.

Members were informed that the function of the Audit Commission in relation to the Police Authority was to;

1. give an opinion on the accounts
2. give an opinion on Value for Money (VfM)
3. Issue a Certificate

Members were informed that most of the work was substantially completed with a few areas to be finalised. The Audit Commission informed Members of these areas.

The Audit Commission informed that the conclusion of the audit was being affected by the current investigations, but confirmed they had spoken to the investigation team.

The Audit Commission informed that they expected to provide an unqualified opinion on the accounts but that the Value for Money conclusion would need to await the finalisation of the current investigations.

Members queried how unusual was it not to issue a certificate.

The Audit Commission stated it was not an unusual position to be in and can happen quite often.

Members queried whether the Audit Commission were revisiting the process of payments made to the previous Chief Executive.

The Audit Commission said it was not revisiting these issues although they are seeking one area of clarification, however similar issues are regularly looked at. There is currently one uncorrected error but this relates to disclosure and will add clarity to the accounts. The Audit Commission have raised similar issues with other organisations and that it is a noting issue.

ORDERED that;

1. the verbal report be noted.

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 Paragraphs 1 and 3 of Part 1 of Schedule 12A to the Act.

CONTRACT STANDING ORDER NO. 9 – EXEMPTION FROM THE NORMAL REQUIREMENT TO TENDER (APRIL – JUNE 2011)

The ACO (F&C) informed Members that the new contract standing orders were introduced on 1st July 2009. Standing Orders paragraph 9 stated that "Utilisation of Contract Standing Order 9 or failure to follow contract

standing orders shall be reported to the Audit and Internal Control Panel”.

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 queried the proposed exemptions and sought assurances regarding such matters.

Members made further queries regarding in-house contracts run by the Police Authority.

ORDERED that;

1. the exemptions 1, 3 and 4 in Appendix A to the report be noted.
2. exemption number 2 in Appendix A to the report be deferred, be agreed.
3. the Treasurer provide an update on the in-house contracts run by the Police Authority be agreed.

Treasurer

Close of Meeting