

AUDIT & INTERNAL CONTROL PANEL

A meeting of Audit & Internal Control Panel was held on Thursday 10 February 2011 in the Members Conference Room at Police Headquarters.

PRESENT: Councillor Caroline Barker, Mr Geoff Fell, Councillor Dave McLuckie (ex officio), Mr Peter Hadfield (Vice Chair), Mr Mike McGrory JP (Chair).

OFFICIALS: Mr Michael Porter, Dr Neville Cameron and Mr John Bage (CE)
Mr Graham Slaughter, Mrs Ann Hall and Miss Kate Rowntree (CC)
Ms Lynne Snowball and Mr Paul Heppell (AC)
Mrs Sue Turner (IA)

APOLOGIES FOR ABSENCE

There were no apologies for absence.

DECLARATIONS OF INTERESTS

There were no declarations of interests.

MINUTES OF THE PREVIOUS MEETING HELD ON 8 DECEMBER 2010

The minutes of the previous meeting were held as a true record.

OUTSTANDING RECOMMENDATIONS

ORDERED that;

1. the Outstanding Recommendations were noted and updated.

PROGRESS REPORT ON ANNUAL AUDIT LETTER RECOMMENDATIONS

The Treasurer presented the report to Members to inform of the progress made to date, in implementing the recommendations in the Annual Audit Letter relating to the 2009/2010 Audit.

Members were reminded that the Audit Commission presented the Annual Audit Letter to the Panel on 21st October 2010

following completion of the 2009/2010 Audit.

The Treasurer informed Members that the Annual Audit Letter Recommendations and progress can be seen at Appendix A to the report.

ORDERED that:

1. the progress to date against the recommendations in the Annual Audit Letter be noted.

ANNUAL GOVERNANCE STATEMENT AND SUM QUESTIONNAIRE

The Treasurer informed Members that the purpose of the report was to bring forward an initial draft of the 2010/2011 Annual Governance Statement and to provide Members with a copy of the Annual Governance Assurance Questionnaire that had been distributed to Service Unit Managers for completion in relation to the 2010-11 financial year.

As part of the assurance framework in support of the Annual Governance Statement a questionnaire was sent to Service Unit Managers which would result in a signed adequacy of controls statement and obtains assurance, or otherwise, on the effectiveness of key controls.

Members were informed that as required within the agreed AGS timetable an initial draft of the AGS had been prepared for Members consideration, a copy of which was at Appendix A to the report.

ORDERED that;

1. the initial draft of the 2010/2011 Annual Governance Statement for further progression as shown at Appendix A to the report be agreed.
2. the Annual Governance Assurance Questionnaire as shown at Appendix B to the report be noted.

CONTRACT STANDING ORDERS

The Assistant Chief Officer Finance & Commissioning (ACO F+C) informed members that the purpose of the report is to update Members on the changes that have been made to the Authority's Contract Standing Orders.

Members were reminded that they last agreed the Authority's Contract Standing Orders at their meeting of the Audit & Internal Control Panel on 26th March 2009. Since this date there had been significant changes to the structure of the Force following the implementation of Project I on 1st October 2010.

A full review of the Contract Standing Orders was undertaken in October 2010 and a number of changes were made around the implications of the contract with Steria, with amendments to job titles to reflect the new structures.

Members were informed that the updated Contract Standing Orders were attached at Appendix 1 to the report and were being presented to Members for their approval.

The Chair queried whether or not the Treasurer needed to be party to the actual report.

The ACO (F+C) informed Members that the Treasurer needed to be separate to the report so that independent controls are met.

The Chair sought assurance regarding the process for SUM's and others to effect changes to Standing Orders.

The Treasurer and ACO (F+C) assured Members that ORACLE and other internal systems, plus the assurance sought through the SUM's questionnaire satisfied this area control.

ORDERED that;

1. the content of the report be noted.
2. the updated Contract Standing Orders as attached at Appendix 1 to the report be agreed.

STANDING FINANCIAL INSTRUCTIONS

The Treasurer provided a verbal update on an action from the December meeting of this Panel where he and the ACO (F&C) took a joint action to bring forward revised Standing Financial Instructions to the February meeting.

Members were informed that given the significant change that was occurring in the organisation currently, it was vital that one of the key documents that govern the finances of the Force is

revised and updated as soon as possible.

The Treasurer confirmed that he had reviewed the document and made the necessary amendments from an Authority perspective and that the Force were in the process of doing the same.

The ACO (F&C) confirmed that this was the case and advised Members that she expected to bring forward the revised document to the next meeting of the panel.

ORDERED that;

1. the report be noted.

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 CPA Risk Register, Action Plan and developments since August 2010.

Members previously agreed structural changes the Police Authority Risk Register and Action Plan on 10th August 2010. The ownership of the CPA Risk Register had been transferred to the Leadership Panel, however updates and developments will continue to be discussed and agreed at the Joint Risk Management Group, held monthly up until November 2010 and bi-monthly thereafter.

At the Leadership Panel on 14th December 2010, Chairs of the Panels were provided with a description of the benefits of the *4Risk* software system, developed by the Police Authority's internal auditors RSM Tenon. An update of amendments to the CPA Risk Register, outline maintenance and chronological updates to the Risk Register were shown in Appendix A to the report.

Members sought assurance on the risk appetite of the Internal Audit and how this could impact on the Police Authority.

The Head of Corporate Planning & Governance and the Service Improvement Manager informed Members of the methodology adopted by the Force and the Police Authority to manage these processes.

ORDERED that;

1. the routine maintenance and chronological updates to the Risk Register at Appendix A to the report and Action Plan at Appendix B to the report be noted.

AUDIT COMMISSION PROGRESS REPORT

The Audit Commission informed Members that the update report reflected progress on the external audit of Cleveland Police Authority as at January 2011. It formed an important role in keeping Members of the Audit and Internal Control Panel informed on the progress of the audit.

Members were informed that the progress report also commented on future year audit arrangements in light of the announcement to abolish the Audit Commission. There remained much uncertainty in this area as arrangements continue to develop. The Audit Commission informed Members that it will report to Members verbally with any relevant updated information.

The report also informed the Panel of other matters of interest, including promoting the national work undertaken by the Audit Commission, and focusing in on its potential value to the Authority.

The Chair sought clarity as to whether the report was a draft or final report.

The Audit Commission confirmed that the report was final.

The Chair sought greater clarity to the reference regarding counter fraud and whistleblowing.

The Treasurer assured Members that a Counter Fraud Plan was in place and that he was currently working with the Head of Professional Standards on these matters. Members were further assured that there was an outstanding action in the Internal Auditors Action Plan.

ORDERED that;

1. the report be noted.

2010/11 OPINION AUDIT – CHANGES YOU CAN EXPECT TO SEE

Members were informed that as the appointed auditor, the audit of the financial statements are governed by International Standards on Auditing (ISAs). These standards prescribe the basic principles and essential procedures, with the related guidance, which govern the auditors professional conduct as our auditor.

As with all guidance and frameworks, auditing standards are revised and updated, often in a piecemeal fashion. However, in 2009 the auditing professional body, The International Auditing and Assurance Standards Board (IAASB), completed a comprehensive project to improve the clarity of all the ISAs. This is known as the Clarity Project.

Members were informed that one of the main objectives of the Clarity Project was to promote greater consistency of application between auditors. This had been done by reducing the ambiguity within existing ISAs and improving their overall readability and understandability.

ORDERED that;

1. the report be noted.

INTERNAL AUDIT PROGRESS REPORT

The Internal Auditor informed Members that the periodic internal audit plan for 2010/11 was approved by the Audit and Internal Control Panel on 03 June 2010. The report presented at the meeting today summarised the outcome of work completed to date against that plan.

Members were informed that Appendix A to the report outlined the detailed internal audit plan approved by the Panel, whilst Appendices B and C provided cumulative data in support of internal audit performance.

A draft plan would be prepared and a further discussion held with the Chair and Vice Chair of the Audit Panel prior to a presentation to the Panel at the April 2011 meeting.

ORDERED that;

1. the 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 2 and 7 of Part 1 of Schedule 12A to the Act.

STRATEGIC RISK MANAGEMENT & SERVICE CONTINUITY PLANNING

The Head of Corporate Planning & Governance informed Members that the purpose of the report was to provide Members with an update on progress in implementing both risk management and service continuity planning in the Force and to increase awareness of the strategic risks facing the Force.

Members were informed that the programme was progressing on a systematic basis with the intention of developing robust risk management and service continuity plans and embedding a risk management culture by March 2011.

ORDERED that;

1. the report be noted.

CONTRACT STANDING ORDER NO.9 – EXEMPTION FROM THE NORMAL REQUIREMENT TO TENDER (OCTOBER TO DECEMBER 2010)

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 appears that the normal requirement to tender had not been followed.

ORDERED that;

1. the exemption in Appendix A to the report be noted.

CONFIDENTIAL REPORT

The Audit Commission presented the report to Members. Members were appraised of the background information which led to the review and subsequent report to the Police Authority.

The Audit Commission confirmed that they were satisfied that all the issues detailed within the report were now concluded.

The Audit Commission advised that they were satisfied that the Police Authority had expended its monies and followed the Value for Money processes, and as such they had no concerns regarding lawfulness or legality.

A Member questioned if there had been any reductions in savings to the Police Authority.

The Treasurer informed Members that he had provided the figures to the Police Authority, to permit them to make their final decision and that the figures did show a saving to the Police Authority and that this provided evidence of good value for money.

The Treasurer confirmed that one specific issue pertaining to an overpayment was the result of a process some years ago and that the Audit Commission had rightly brought to his attention and that this had now been rectified.

The Audit Commission confirmed to Members, that the final decision was made by the Police Authority and that the Audit Commission had no challenge to their decision.

The Chair of the Police Authority informed Members that all recommendations with-in the Audit Commissions report had been adopted by the Police Authority.

He welcomed the advice provided by the Audit Commission and confirmed that the Police Authority had met the Audit Commission's requirements, to come to a lawful conclusion and ultimately a decision, that proved to be Value for Money.

The Chair of the Police Authority thanked the Audit Commission for their assistance in this matter.

The Panel Chair sought assurance that all actions pertaining to this matter were now dealt with.

The Treasurer confirmed that this process was now concluded.

ORDERED that;

1. The report be noted.

