

AUDIT AND INTERNAL CONTROL PANEL

ACTION

A meeting of the Audit and Internal Control Panel was held on Thursday 3 September 2009 commencing at 10.00 am in the Members Conference Room, Police Headquarters.

PRESENT	Mr Mike McGrory JP (Chair), Mr Peter Hadfield (Vice Chair), Councillor Ron Lowes, Councillor Caroline Barker, Councillor Victor Tumilty, Mr Peter Race MBE (ex officio).
OFFICIALS	Mr Joe McCarthy, Mr John Bage and Mr Norman Wright (CE). Mr Michael Porter, Mr Mike Hopkins, Mr Graham Slaughter, Miss Kate Rowntree (CC), PC Steve Matthews (Fed)
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 Chris Coombs, Councillor Mary Lanigan, Councillor Steve Wallace, Councillor Barry Coppinger, DCC Derek Bonnard, Mrs Ann Hall.

DECLARATIONS OF INTERESTS

There were no declarations of interests.

MINUTES OF THE PREVIOUS MEETING HELD 28 MAY 2009

The minutes were agreed as a true and accurate record.

OUTSTANDING RECOMMENDATIONS

ORDERED that:-

1. the Outstanding Recommendations were noted.

PLAN OF BUSINESS

The Chair requested Members consider taking Agenda Item 7, Strategic Risk Management & Service Continuity Planning into a private session, later in the meeting.

ORDERED that:-

1. the amendment to the agenda be agreed.

POLICE AUTHORITY RISK REGISTER

The Strategy and Performance Manager updated Members on the Police Authority Risk Register which had been revamped to

follow the scoring matrix and the format that had recently been developed for the Force Risk Register.

Members were informed that in future there will be a monthly risk management meeting, which will include the Chief Executive, the Head of Corporate Planning and Performance and the Chair and Vice Chair of the Audit and Internal Control Panel. This forum will develop the risk management process, including the integration of the Force and Authority Risk Registers. It will also oversee the management of strategic risks, including business continuity planning.

Members were pleased to receive the report and commented that the suggested meetings and the integration of Risk Registers would aid efficiency and effectiveness. Members requested further information on the impact the recent loss of a dedicated HR Professional as Head of People and Diversity, due to the post holder leaving the organisation, would have on the organization.

Members were informed that a senior Police Officer has taken over as the Head of People and Diversity and that the current Deputy Head of People and Diversity is a qualified HR Professional. As such the Force do not foresee that there would be any detriment to the organisation by these arrangements.

ORDERED that:-

1. the Police Authority Risk Register as detailed at Appendix 1 to the report be agreed.
2. due to a new scoring matrix being used, the inherent and residual risk scores had been recalculated, be noted.
3. the draft Action Plan as detailed at Appendix 2 to the report be agreed

UPDATE ON VAT AUDIT

The Head of Finance updated Members on the progress of implementing the recommendations identified during the internal audit on VAT. The review identified a number of recommendations to improve the management and control of VAT.

Members requested clarification regarding Recommendation 10 to the report requiring a VAT efficient policy governing the use of its vehicles.

The Head of Finance confirmed that the Force would shortly have such a written document in place.

ORDERED that:-

1. the content of the report be noted.

INTERNAL AUDIT PROGRESS REPORT

The Internal Auditor presented the report to Members in which the report summarised the outcome of work completed to date against that Operational Plan, and informed that Appendix A to the report provided cumulative data in support of internal audit performance.

Members were informed that regular liaison meetings had been held with the Authority and the Force to discuss developments within the organisation and the scoping of individual audits.

The Internal Auditor informed Members that following discussions with the Chief Executive and the ACO Finance and Commissioning it is proposed to transfer 12 days from the planned PFI Action Stations audit to the Procurement Transformation Project (6 days) and the contingency (6 days). The rationale for the change and other potential uses of the contingency were discussed and a further update on the latter brought to the next meeting of the Panel

ORDERED that:-

1. the change to the Internal Audit Plan be agreed.
2. the Internal Audit Progress Report be noted.

AUDIT COMMISSION PROGRESS REPORT

The Audit Commission presented the report and informed that the report provided a summary to inform the Audit and Internal Control Panel of progress against the 2008/09 audit programme to date and also an update on 2009/10 planning.

Members were informed that the 2008/09 audit plan was agreed with the Audit and Internal Control Panel in March 2008. Two documents had been prepared to explain the audit approach in more detail, the external audit Opinion Plan was presented to the Audit and Internal Control Panel in January 2009 and the Use of Resources report was presented to the Policy and Resources Panel in May 2009.

The Audit Commission informed that their approach to planning had changed for 2009/10 and instead of producing a full audit plan a number of months in advance of starting any work, they now prepare a letter at the beginning of the audit year, with a detailed plan to follow later.

ORDERED that:-

1. the content of the report be noted.

AUDIT COMMISSION ANNUAL GOVERNANCE REPORT

The Audit Commission presented the report to Members and informed that the report summarised the findings from the 2008/09 audit. It included the messages arising from the audit of the Authority's financial statements and the results of the work the Audit Commission had undertaken to assess the Authority's arrangements to secure value for money through the Authority's Use of Resources.

Members were informed that the Authority's financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. Members have final responsibility for these statements. It is important that Members consider the Audit Commission's findings before they adopt the financial statements and the annual governance statement.

Members sought clarification on the 'errors' stated from para's 10 - 13 to the report. In addition, Members raised the issue of an additional £96k pension fund deficit and requested the reasons behind this

Members were informed that the 'errors' are generally outside of the Police Authority's control and due to external influence. The Audit Commission informed Members that the 'errors' were low in terms of concern and do not pose an immediate material effect to the accounts. The pension fund deficit was highlighted because of the difference between estimates and actual investment values. This was due to a number of actual variations including the recent interest rate fluctuations.

As the draft report had been tabled at the meeting, there had been no opportunity for advance study. Further consultation with relevant Officers was necessary. The Panel had been required to consider the report, any adjustments still to be made to the financial statements, the content of the draft letter of representation and the response to the proposed action plan, in order to be able to recommend approval by the Police Authority Executive. Members agreed that the Panel Chair and Vice Chair act on their behalf in this regard, taking account of Members views expressed at the meeting and any subsequent matters raised.

ORDERED that:-

1. subject to any amendments being made by the Chair / Vice Chair of Panel, the content of 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

Paragraph 3 of Part 1 of Schedule 12A to the Act.

STRATEGIC RISK MANAGEMENT & SERVICE CONTINUITY PLANNING

The Head of Corporate Planning and Performance presented the report which updated Members on the Force's approach and progress to date to Strategic Risk Management and Service Continuity Planning.

Members were informed that the programme is 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 2010.

The Panel Chair sought to clarify the methodology for Members to discharge their governance duties as stated in para 3.7 to the report. Members were informed that a monthly meeting will be held to discharge these functions, membership would include Chair and Vice Chair of Panel, Head of Corporate Planning & Performance, and Chief Executive.

ORDERED that:-

1. the content of the report be noted.

CONTRACT STANDING ORDER NO. 4 – EXEMPTION FROM THE NORMAL REQUIREMENT TO TENDER

The Head of Commissioning informed Members that Standing Orders paragraph 4.3c states 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 April to June 2009.

Members were informed that 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 has not been followed.

Each such exemption, as detailed in Appendix A to the report was discussed and Members' questions answered. Those items falling outside of the Police Authority Approved Exemption Reasons, as detailed in Appendix B, were also individually explained and discussed.

ORDERED that:-

1. the exemptions in Appendix A to the report which satisfy the criteria for exemption from the normal requirement to tender set out in Contract Standing Order 4 be noted.
2. those items outside of the Police Authority Exemption Reasons, be noted.