

AUDIT AND INTERNAL CONTROL PANEL

ACTION

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

PRESENT	Mr Mike McGrory JP (Chair), Councillor Ron Lowes (Vice Chair), Councillor Caroline Barker, Councillor Victor Tumilty, Councillor Mary Lanigan , Councillor Hazel Pearson OBE, Mr Aslam Hanif, Mr Ted Cox JP, Mr Peter Race MBE (ex officio) and Mr Peter Hadfield.
OFFICIALS	Mr John Bage and Mr Paul Kirkham (CE). Mrs Ann Hall, Ms Andrea Crinnion and Sgt Anne Marie Salwey (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), DCC Derek Bonnard, Mr Chris Coombs, Mr Joe McCarthy

DECLARATIONS OF INTERESTS

There were no declarations of interests.

MINUTES OF THE PREVIOUS MEETING HELD 22 January 2008

The minutes were agreed as a true and accurate record.

OUTSTANDING RECOMMENDATIONS

ORDERED that:-

1. the Outstanding Recommendations were noted.

BUSINESS CONTINUITY PLANNING/DISASTER RECOVERY & RISK MANAGEMENT UPDATE

The Head of People & Organisational Development provided Members a progress update on Business Continuity Planning (BCP)/Disaster Recovery (DR) and Risk Management.

The report updated Members on the progress to implement a Service Continuity System within the Force structure and aligning it with the Risk Register. This was linked to the Service Continuity Framework Document developed by the Head of Governance as supported by the Executive.

Members were informed that the delivery of the updated Risk Register and robust BCP/DR plans is a key to enabling the long term sustainable future of the Force. Progress to date is pleasing and with the re-alignment of Risk and BCP/DR already undertaken in Q3 and Q4 of 2009/10. A sound platform for the delivery of these plans will continue to be maintained.

ORDERED that:-

1. the contents of the report and progress to date be noted.

THE ANNUAL GOVERNANCE STATEMENT 2008-2009 – SOURCES OF ASSURANCE

The Executive Accountant informed Members that the report was intended for the Audit and Internal Control Panel to review and comment on the Sources of Assurance as part of the process of establishing the assurance framework in support of the Annual Governance Statement.

Members were informed that as part of the framework for preparing the Annual Governance Statement the "PURE & Annual Governance Statement Group" (PURE & AGS Group) had identified through its work, the Sources of Assurance which underpin the provision of assurance on the adequacy and effectiveness of controls over key risks.

The Executive Accountant informed Members that the report is focused on organisational health and governance issues which if not addressed represent risks to the reputations of the Police Authority and the Force. The report represented the progression of advice in the CIPFA – Rough Guide to the AGS.

ORDERED that:-

1. the Sources of Assurance be agreed.

ANNUAL GOVERNANCE STATEMENT

The Executive Accountant informed Members that Authorities, including Police Authorities, are required to prepare an Annual Governance Statement. Though the statement is published within the Annual Statement of Accounts, it should be considered and agreed as a separate document as it is about all corporate controls and not confined to financial issues. Guidance from CIPFA envisages that the statement is reviewed by a Member group during the year (rather than just at year end) as an integral and indeed critical component of the review process.

Members were informed that the purpose of the report is firstly to update the panel on progress against significant governance issues, and the action points for improvement, identified in the 2007/2008 Statement (approved by the Police Authority Executive on the 5th June 2008). Secondly it sets out an initial

draft of the 2008/2009 AGS.

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

ORDERED that:-

1. the current progress against the significant governance issues and action points for 2008/2009 identified in the 2007/2008 Annual Governance Statement be noted.
2. the current draft of the Annual Governance Statement 2008/2009 be noted.

REVISED CONTRACT STANDING ORDERS

The Executive Accountant informed Members that the review of contract standing orders which commenced early last year has been given greater emphasis by the Transformation of Procurement Project currently being carried out by Redcap on behalf of the Force, and the need to provide a completely new set of Contract standing Orders to facilitate implementation of a step change in procurement practices.

Members were informed that governance arrangements are the subject of an ongoing and sustained review. Work on contract standing orders commenced last year. This included a briefing and consultation session with all members of the Police Authority on the 5th February 2008.

The Executive Accountant informed members that given the nature and scale of change Internal Audit has been consulted on a draft of these standing orders. There has been no adverse commentary on that draft. It has been agreed in principle with the Head of Internal Audit that there will be an audit of the application of these new Contract Standing Orders approximately a year after they are implemented.

ORDERED that:-

1. the proposed new Contract Standing Orders as set out at Appendix A of the report be agreed.
2. the Chief Executive, in consultation with the Chair and Vice Chair of the Audit & Internal Control Panel decide the implementation date be agreed.
3. a review of their application be undertaken by the Head of Internal Audit in 2010/2011 be agreed.

AUDIT & INTERNAL CONTROL PANEL SELF ASSESSMENT ACTION PLAN

The Executive Accountant informed Members that as part of the continuous process of development and improvement of the Police Authority the Chief Executive and the Chair of the Panel commissioned a self assessment of the Audit & internal Control Panel.

Members were informed that following two workshop sessions for Members, on the 28th October and 5th November 2008, and 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. This was attached at Appendix A to the report.

The Executive Accountant informed Members that the financial consequences of the action plan are included in the budgets of the Authority and those of the Force. The self assessment process had proven 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.

RISK MANAGEMENT REPORT

The Executive Accountant informed Members 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 is embedded into the culture of the organization; with Members and managers at all levels recognising that risk management is part of their job.

Members were informed that the ability to identify and manage its risks will enhance the Authority's capability to promote the openness and accountability, promote corporate governance and performance improvement. The report is part of an ongoing process within both Force and Authority to embed risk management in every aspect of the business.

ORDERED that:-

1. the Police Authority Risk Register as detailed in Appendix 1. Item PA7, the replacement of police HQ, has been reinstated because expressions of interest in the HQ site are currently being sought be agreed.
2. the Risk Register Analysis - Appendix 2 to the report be noted
3. the draft Action Plan - Appendix 3 to the report be

noted.

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

The Assistant Chief Officer Finance & 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 October to December 2008.

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.

The details of the exemption requests attached at Appendix A to the report not only comply with the methodology approved by Members but represent the Force's ongoing commitment to greater efficiency and effectiveness.

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 were discussed in detail and approved, be noted.

DRAFT AUDIT AND INSPECTION PLAN

The District Auditor verbally updated Members that a report on future work would shortly be sent to Chair of the Audit & Internal Control Panel, the Chief Executive and the Assistant Chief Officer Finance & Commissioning for consideration.

ORDERED that:-

1. the verbal update be noted.

STRATEGY FOR INTERNAL AUDIT – INITIAL PROPOSAL

The Internal Auditor informed Members that the purpose of internal audit is to provide the Authority, through the Audit Panel, with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the organisation's agreed objectives. This opinion forms part of the framework of assurances that the Authority receives and should be used to help inform the annual Statement on Internal Control.

Members were informed that in 2008/2009 the Internal

Auditors undertook a risk maturity thematic review of the Police Authority. For the Police Authority the Internal Auditors used the days allocated to risk management to assist in providing training to Service Unit Managers and Members.

In 2009/10 the Internal Auditors proposed to complete the risk maturity review and provide the Authority with a report highlighting areas of best practice that they will identify and map where the Authority is in relation to risk maturity in comparison with their wider client base.

ORDERED that:-

1. the report be noted.

INTERNAL AUDIT PROGRESS REPORT

Members were informed that the periodic Internal Audit plan for 2008/09 was approved by the Audit & Internal Control Panel on 28 May 2008. The report summarised the outcome of work completed to date against that plan, and at Appendix A to the report provided cumulative data in support of internal audit performance.

The Internal Auditor informed Members that regular liaison meetings were held with the Authority and the Force to discuss developments within the organisation and the scoping of individual audits. A meeting had been held with the Audit Commission and access to files had been provided.

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

SUCCESSION PLAN

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

Members were informed that Succession Planning is a critical activity in business continuity management to ensure the Force have a suitable process by which one or more successors are identified to replace business critical roles. As such the Force's Corporate Risk Register was updated in March 2006 to include Succession Planning & Talent Management and was rated as the Forces highest current risk.

ORDERED that:-

1. the report be noted.

