

AUDIT AND INTERNAL CONTROL PANEL

ACTION

A meeting of the Audit and Internal Control Panel was held on Thursday 28 May 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 Victor Tumilty, Councillor Mary Lanigan , Mr Aslam Hanif and Mr Peter Hadfield.
OFFICIALS	Mr John Bage and Mr Paul Kirkham (CE). Mrs Ann Hall and Miss Kate Rowntree (CC). PC Stephen Matthews (Fed)
AUDITORS	Mr Ian Wallace, Ms Susan Turner (RSM Bentley Jennison), Ms Catherine Andrew (Audit Commission)

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Dave McLuckie (ex officio), Mr Peter Race MBE (ex officio), Councillor Caroline Barker and DCC Derek Bonnard.

DECLARATIONS OF INTERESTS

There were no declarations of interests.

MINUTES OF THE PREVIOUS MEETING HELD 26 March 2009

The minutes were agreed as a true and accurate record.

OUTSTANDING RECOMMENDATIONS

ORDERED that:-

1. the Outstanding Recommendations were noted.

THE ANNUAL GOVERNANCE STATEMENT 2008-2009 – SOURCES OF ASSURANCE REPORT

The Executive Accountant informed Members that the report was intended for the Panel to review 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 & Governance Work 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 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.

ORDERED that:

1. the final version of the Sources of Assurance be agreed.

THE ANNUAL GOVERNANCE STATEMENT 2008-2009

The Executive Accountant informed Members that the review of the internal control arrangements now form part of a wider ranging document entitled "Annual Governance Statement" (AGS). The report sought Member review of the second Annual Governance Statement to be produced under these arrangements.

Members were informed that the Audit and Internal Control Panel has the responsibility to review the draft AGS, and to make recommendations to the Police Authority Executive. The report had been drawn up using the CIPFA/SOLACE framework and guidance.

ORDERED that:

1. to amend para 5.2 of the Annual Governance Statement at Appendix A to the report by adding the words 'risk management', be agreed.
2. the Annual Governance Statement at Appendix A to the report be recommended for approval by the Police Authority Executive meeting on the 4th June 2009, be agreed.

THE ANNUAL GOVERNANCE STATEMENT – SERVICE UNIT ASSURANCE QUESTIONNAIRE – SUMMARY OF RESPONSES

The Executive Accountant informed Members that the report was a summary of the responses from the survey of Service Unit Managers, undertaken as part of the process of establishing the assurance framework in support of the Annual Governance Statement.

Members were informed that CIPFA guidance advocated undertaking an annual survey of managers to obtain a signed adequacy of controls statement as part of the work in obtaining assurance on the effectiveness of key controls; this had been the third time this piece of work had been undertaken.

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

The three questions with 'No' responses were discussed in detail and Members also sought further information regarding questions with significant 'Partially Agree' scores. Officers provided further detail and their interpretation of the underlying issues were discussed.

ORDERED that:

- 1 improvements outlined in the report, will be promoted through the Corporate Governance process and Service Unit Business Plans be noted.

THE ANNUAL GOVERNANCE STATEMENT – STATEMENT OF KEY CONTROLS

The Executive Accountant informed Members that the report was intended for the Audit and Internal Control Panel to review and comment on the Statement of Key Controls 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 & AGS Group had collated a Statement of Key Controls, as one the Sources of Assurance which underpinned the provision of assurance on the adequacy and effectiveness of controls over key risks. This is similar in content, and exactly the same format as that considered and agreed by this Panel on 28th May 2008.

The PURE & AGS Group had reviewed the extent to which there is evidence to support compliance with these key controls and show the source of assurance relied upon.

ORDERED that:

- 1 the Statement of Key Controls as set out at Appendix A to the report be agreed.

THE ANNUAL GOVERNANCE STATEMENT 2008-2009 – REVIEW OF INTERNAL CONTROL AND AGS ASSURANCE GATHERING PROCESS

The Executive Accountant informed Members that the report was intended for the Audit and Internal Control Panel to formally record that the document "Review of Internal Control and the Annual Governance Statement Assurance gathering process" had been made available to Members.

Members were reminded that they had been invited to a briefing on 5th May 2008 which comprised of an interactive presentation of the document. Detailed questions and comments were dealt with by Officers. There were no issues arising from that presentation which required reporting to the Audit and Internal Control Panel. In compliance with practice agreed in 2007, a hardcopy of the Assurance document was circulated to Members on 6th May 2008.

ORDERED that:

- 1 the working document "Review of Internal Control and the Annual Governance Statement Assurance gathering process" was circulated to all Members of the Police Authority on 6th May 2009 be noted.

STATEMENT OF ACCOUNTS 2008-9

Members were informed that under the Account and Audit Regulations 2003, local authorities, including police authorities, are required to receive and approve the Statement of Accounts for 2008/09 before the end of June 2009.

The Executive Accountant informed Members that as part of that process they need to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the authority.

The report was to provide Members of the Panel with the required information for them to discharge this role.

Officers responded to Member questions regarding the nature of and depreciation rate for intangible assets, the discretionary element of pension costs, reasons for the changes in staff numbers in various salary bands, bad and doubtful debts and the adequacy of the legal cost provision. It was noted that an analysis of the increase in the cost of members' allowances had been discussed in an earlier Members' briefing on the accounts.

ORDERED that:

- 1 the detailed accounting policies as set out in the Statement of Accounts on pages 13 to 18 inclusive, which the Authority had followed in producing these accounts be noted.
- 2 the analytical review of the accounts contained within the body of the report and specifically within paragraphs 3.4 to 3.9, to provide Members with confidence in the financial statements be noted.

CONTRACT STANDING ORDER NO. 4 (1)– 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 exemptions 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 January to March 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, was discussed and Members' questions answered. Those items falling outside of the Police Authority Approved Exemption Reasons, as detailed in Appendix B, were explained and individually approved.

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 at Appendix B to the report outside of the Police Authority Exemption Reasons were discussed in detail and approved, be noted.

CLEVELAND POLICE AUTHORITY – REVISED CODE OF CORPORATE GOVERNANCE

The Strategy & Performance Manager informed Members that the new style Code of Corporate Governance was accepted by the Police Authority at its meeting in December 2007, becoming effective from 1st January 2008. It was agreed that there would be an annual review of the Code, which would be brought to Members for approval.

Members were informed that since the last update in June 2008 there had been important changes to the working document and therefore there was a need to bring these to the attention of Members, to consolidate changes throughout the courses of the year and seek approval for their inclusion within the Code.

ORDERED that:-

- 1 the proposed amendments to the report be noted.
- 2 the amended Code of Corporate Governance be recommended for approval by the Police Authority Executive be agreed.

CHANGES TO THE ACCOUNTS AND AUDIT REGULATIONS

The Executive Accountant informed Members that Local Authority Accounting is regulated by The Account and Audit Regulations 2003, and the report was to update Members on changes that have been passed to these regulations.

The Police Authority fully comply with The Account and Audit Regulations 2003. The amendments to these regulations had been incorporated into its future statutory reporting in line with the timescales of the regulations.

ORDERED that:-

- 1 the Amendments to the Regulations 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 3 and 7 of Part 1 of Schedule 12A to the Act.

CONTRACT STANDING ORDER NO. 4 (II) – 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 January to March 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.

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.

CORPORATE RISK REGISTER

The Assistant Chief Officer Finance & Commissioning provided Members with an update on the Force's current Corporate Risk Register.

To ensure that the Members are able to discharge their oversight duties, within the new risk management procedures, a copy of the latest Corporate Risk Register was attached at Appendix 1.

ORDERED that:

- 1 the contents of the report be noted.

REPORT OF THE INTERNAL AUDITORS

'The Head of Internal Audit and the Senior Audit Manager presented the following audit reports and responded to Members' questions:

- Progress Report
- Estates Management
- Internal Audit Follow Up Report
- Data Protection
- Inventories

The Head of Internal Audit also presented the Internal Audit Annual Report which was in a new and more detailed format. It was noted that the opinions given in the report provide important assurance in the preparation of the Annual Governance Statement.

The Strategy for Internal Audit 2009/10 - 2013/14 was also presented. It was noted that this contained only minor amendments from the draft version previously discussed by the Panel and the overall strategy and detailed internal audit plan for 2009/10 was agreed.

ORDERED that:

- 1 the contents of the reports be noted.
- 2 the Strategy for Internal Audit 2009/10 - 2013/14 be agreed.