

**POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE  
INDEPENDENT AUDIT COMMITTEE  
28 MARCH 2013**

SUBJECT		AUDIT COMMITTEE SELF ASSESSMENT
REPORT BY	CHIEF EXECUTIVE & CHIEF FINANCE OFFICER	
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SUMMARY AND PURPOSE OF REPORT To consider an initial assessment of the effectiveness of the Independent Audit Committee in order to identify any necessary actions.		
RECOMMENDATION	That:  1. the Committee consider and confirm the initial assessment of the effectiveness of the Audit Committee  2. Actions are agreed to enable the Committee to further strengthen its arrangements if required.	

## **A. SUPPORTING INFORMATION**

- 1.1 The Financial Management Code of Practice states that: 'In setting up the Audit Committee, the Police and Crime Commissioner (PCC) and the Chief Constable should have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on Audit Committees<sup>1</sup>'. In 2006 CIPFA published a practical guidance toolkit that included a self assessment checklist.
- 1.2 In addition, the Accounts and Audit (England) Regulations 2011 require the relevant body (the Police and Crime Commissioner/Chief Constable) to conduct a review at least once a year of the effectiveness of its system of internal control<sup>2</sup>. Best practice recommends that this includes the effectiveness of the Audit Committee itself. Reviews are normally carried out around the end of the financial year in order to inform the annual governance statement which must be published alongside the statement of accounts.
- 1.3 An initial self assessment based on the CIPFA toolkit has been carried out and is attached at **Appendix A**.
- 1.4 An area where action may be required is in respect of potential induction training and development, which will be addressed as part of the process to co-opt additional members of the interim Committee and the recruitment of members to the substantive Audit Committee.

<sup>1</sup> Audit Committees: Practical Guidance for Local Authorities, CIPFA, 2005

<sup>2</sup> Section 4 (2)

- 1.5 The Committee is invited to review the initial assessment and agree actions as required.

## **B. FINANCIAL CONSIDERATIONS**

There are no additional costs associated with the self assessment.

## **C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS**

Home Office publication - Financial Management Code of Practice for the Police Service of England and Wales (2012), presented to Parliament pursuant to Section 39A (5) of the Police Act 1996 and Section 17 (6) of the Police Reform and Social Responsibility Act 2011. Available at <http://www.official-documents.gov.uk/document/other/9780108511332/9780108511332.pdf>

The Accounts and Audit (England) Regulations 2011. Available at <http://www.legislation.gov.uk/ukxi/2011/817/contents/made>

## **D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES** (including any impact or issues relating to Children and Young People.)

None.

## **E. REVIEW ARRANGEMENTS**

The Annual Governance Statement will be published in June 2013. This includes information about mechanisms for ensuring robust internal controls.

## **F. RISK MANAGEMENT**

Non compliance with statutory legislation and guidance is a risk that is mitigated by robust corporate governance and effective systems of internal control.

## **G. PUBLIC ACCESS TO INFORMATION**

Information in this report along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation.

## CIPFA Self-assessment Checklist

### Measuring the Effectiveness of the Audit Committee

Issue	Yes	No	N/A	Comment
<b>Terms of Reference</b>				
Have the committee's terms of reference been approved?	✓			Discussed by the Committee and formally adopted 15/2/13 (subject to cross check with CIPFA Police Governance Guidance Note)
Do the terms of reference follow the CIPFA model?	✓			Yes. Reviewed at the Committee meeting on 13/2/13
<b>Internal Audit Process</b>				
Does the committee approve the strategic audit approach and the annual programme?	✓			This is included in the terms of reference and the Committee work plan. The current plan will be considered at the March 2013 meeting.
Is the work of internal audit reviewed regularly?	✓			Quarterly. Included in work plan.
Are summaries of quality questionnaires from managers reviewed?		✓		Currently, managers are not required to complete quality questionnaires after the reviews. However, this can be introduced if required.
Is the annual report, from the head of audit, presented to the committee?	✓			Yes, this is scheduled for the June 2013 meeting of the Committee.

Issue	Yes	No	N/A	Comment
<b>External Audit Process</b>				
Are reports on the work of external audit and other inspection agencies presented to the committee?	✓			This is included in the terms of reference and in the Committee's work plan.
Does the committee input into the external audit programme?	✓			This is included in the terms of reference and work plan. The External Audit Plan (relating to the 2012/13 accounts) will be considered at the March 2013 meeting.
Does the committee ensure that officers are acting on and monitoring action taken to implement recommendations?	✓			This is included in the terms of reference and work plan.
Does the committee take a role in overseeing: <ul style="list-style-type: none"> <li>• risk management strategies</li> <li>• internal control statements</li> <li>• anti-fraud arrangements</li> <li>• confidential reporting strategies?</li> </ul>	✓			This is included in the terms of reference, work plan and via the Committee's consideration of the Annual Governance Statements.
<b>Membership</b>				
Has the membership of the committee been formally agreed and a quorum set?	✓			Membership of between three and five and a quorum of three, confirmed on terms of reference (reviewed by Committee at the March 2013 meeting).
Is the chair free of executive or scrutiny functions?	✓			All members of the Committee, including the Chairman, are independent of the executive function.

Issue	Yes	No	N/A	Comment
Are members sufficiently independent of the PCC and Chief Constable?	✓			Yes, Members have sufficient independence to ensure their roles on the Audit Committee are not compromised.
Have all members' skills and experiences been assessed and training given for identified gaps?	✓			This is a piece of work that is included on the Committee work plan. 'Effective Audit Committee' training has been provided in December 2012. Training gaps will be identified as appropriate.
Can the committee access the information it requires to carry out its role effectively?	✓			The Chief Executive and Chief Finance Officer will ensure that reports submitted for review include the appropriate amount and type information required for the Committee to carry out its role effectively.
<b>Meetings</b>				
Does the committee meet regularly?	✓			Meetings are scheduled quarterly but this will be kept under review.
Are separate, private meetings held with the external auditor and the internal auditor?	✓			The Office of the Police and Crime Commissioner meet with internal and external auditors on a regular basis.
Are meetings free and open without political influences being displayed?	✓			Meetings are held in the public domain and the agenda is published on the PCC's website. The business of the Committee is conducted in a way that is free from politics.
Are decisions reached promptly?	✓			This will be kept under review. It is too early to assess at this stage (February 2013).

Issue	Yes	No	N/A	Comment
Are agenda papers circulated in advance of meetings to allow adequate preparation by members?	✓			The Committee will receive papers five days in advance of the meeting. Papers will also be published online, via the PCC's website.
Does the committee have the benefit of attendance of appropriate officers at its meetings?	✓			Yes. Appropriate officers attend the Committee in support of particular agenda items.
<b>Training</b>				
Is induction training provided to members?	✓			Yes. Induction training was provided in December 2012. Supplementary Audit training will be arranged as required.
Is more advanced training available as required?	✓			Yes, as required.
<b>Administration</b>				
Do the PCC's and Chief Constable's s151 officer or deputy attend all meetings?	✓			Yes, there is a commitment to ensure this.
Are the key officers available to support the committee?	✓			Key officers attend as required in support of the specific agenda.