The Police and Crime Commissioner for Lincolnshire

INTERIM INDEPENDENT AUDIT COMMITTEE
27 JUNE 2013
10.00AM – 12.10PM

PRESENT:

Members: Mr A Dezonie (Chairman), Mr J Cooke, Mr F Mann

Apologies: Mrs A Crowe JP, Mr D Finch

OPCC: Mr A Hardwick (Police and Crime Commissioner), Ms J Flint (Chief Finance Officer), Mr J King (Corporate Administration Officer), Miss G Mason (Research and Performance Officer)

Force Officers: Mr A Tomlinson (Force Chief Finance Officer), Miss K Judge (Service Improvement Manager), Mr J Schopp (Risk, Policy and Review Officer)

G4S Officers: Mr S Quint (Principal Management Accountant)

Also in Attendance: Ms S Lane (Internal Auditor – RSM Tenon), Mr T Crawley (Director – KPMG), Mr N Carpino (External Auditor – KPMG)

01/13 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

02/13 MINUTES – 28 MARCH 2013

Resolved:	**Responsible Officer:**
That the minutes of the meeting held on the 28 March 2013 be taken as read and signed by the Chairman as a correct record.	-

03/13. AUDIT COMMITTEE WORK PLAN

The Research and Performance Officer invited members to consider progress with the Committee's Work Plan. It was confirmed that the review of the Force's Anti-Fraud and Corruption policy had been completed and would be received by the Committee in September 2013. It was reported that at the debrief held following HMIC's Valuing the Police - Part 3 Inspection, the HMI had recognised the good progress that had been made by Lincolnshire in meeting the financial challenges faced over the spending review period. However, there remained concerns around the future viability of the Force if faced with further significant budget reductions from 2015/16 onwards. Members queried whether the latest round of cuts announced by the Chancellor of the Exchequer would have an effect. The Chief Finance Officer pointed to comments made by the Chancellor suggesting that policing would face less severe cuts in 2015/16. However, no formal announcement on funding had been received by the Police and Commissioner.

Members queried why the monitoring and review of summary Internal Audit Reports of both the Commissioner and the Force were pending arrangements around Stage 2 transfer. The Chief Finance Officer explained that whilst the Commissioner and the Chief Constable were two distinct corporate entities, the existing reporting arrangements would continue until a final decision had been made concerning the transfer of staff, property, rights and liabilities between them both.

Resolved:	**Responsible Officer:**
1. That progress with the Work Plan be noted.	

04/13. EXTERNAL AUDIT: PROGRESS REPORT AND INTERNAL/EXTERNAL PROTOCOL 2013/14

The Committee received a progress update report and a copy of the Internal and External Audit Protocol 2013/14. Members were advised that there had been no significant audit findings from the interim audit.

Resolved:	**Responsible Officer:**
That	
1. the External Audit Progress Report be noted;	-
2. the Internal and External Audit Protocol 2013/14 be noted.	-

05/13. INTERNAL AUDIT: ANNUAL REPORT AND PROGRESS REPORT

Members were invited to consider the Internal Audit Annual Report for year ending 31 March 2013 and to receive an update on progress with the 2012/13 Internal Audit Plan.

The Committee welcomed the positive audit opinion on the adequacy and effectiveness of the Police and Crime Commissioner's governance, risk management and control arrangements for the 12 months ending 31 March 2013. However, concerns were expressed at what appeared to be a lack of progress with Business Continuity and Benefits Realisation with both receiving Red and Amber/Red opinions respectively. Members were assured by the Research and Performance Officer that significant progress had been made by the Force in terms of Business Continuity, as reflected in the latest iteration of the Risk Register. The Chief Finance Officer expected that an improved opinion would be received by the time of the next meeting in September 2013. However, she acknowledged that if this was not the case then further measures would be needed.

Members were advised that the audit of Benefits Realisation had focussed on the process of developing business cases not on the business cases themselves. It was recognised that there had been flaws in the way some business cases had been previously put together making it difficult to determine whether benefits had been derived or not. However a recent step change in the region's approach to delivering efficiencies had seen the establishment of a Collaboration Efficiency Board overseeing the delivery of savings from various workstreams, which in turn was being used to inform planning assumptions and budget projections.

Resolved:	**Responsible Officer:**
That	
1. the Internal Audit Annual Report at Appendix A be approved;	-
2. the Internal Audit Progress Report for 2012/2013 at Appendix B be noted.	-

06/13. FINANCIAL STATEMENTS 2012/13

The Committee was invited to consider the 2012/13 Financial Statements which had been prepared subject to audit. The Chief Finance Officer explained that the accounts would be certified by the Chief Finance Officers of both the Police and Crime Commissioner and the Chief Constable prior to being published on their respective websites. Members were advised that the creation of the Commissioner and Chief Constable as separate entities had led to the requirement for group accounts to be produced for 2012/13. The proposed methodology, described at the last meeting of the Committee, had led to the production of consolidated figures for the group accounts and to the identification and separation of elements reported in the Chief Constable accounts. It was

emphasised that this would be an interim arrangement until the Stage 2 transfer created a more fundamental separation of responsibilities.

Both the Chairman and the Commissioner welcomed the Financial Statements and accompanying report, which were described as comprehensive and transparent.

Resolved:	**Responsible Officer:**
1. That the unaudited Financial Statements for 2012/13 be reviewed by External Auditors KPMG.	External Audit

07/13. CODE OF CORPORATE GOVERNANCE

The Committee was invited to consider and note the Police and Crime Commissioner's Code of Corporate Governance.

It was highlighted that under point 3.1.2 of the Code, the Police and Crime Commissioner had charged the Committee with scrutinising his decisions in accordance with the Committee's terms of reference. However, the terms of reference suggested that only decisions referred to the Committee could be scrutinised. The Chief Finance Officer agreed to review the wording in preparation for when the substantive Committee was appointed later in the year.

The Chief Finance Officer advised that as a separate entity, the Force should have its own Code of Corporate Governance. It was confirmed that a draft Code would be prepared for the September 2013 meeting.

Resolved:	**Responsible Officer:**
That	
1. the Code of Corporate Governance be noted;	-
2. the wording of point 3.1.2 of the Code be reviewed;	CFO/RPO
3. the Force Code of Corporate Governance be presented to the September 2013 meeting.	Interim FCFO

08/13. EXTERNAL AUDIT INQUIRIES OF MANAGEMENT

The Chief Finance Officer invited the Committee to consider the proposed response to inquiries made by the External Auditor as part of the audit of the Financial Statements.

Resolved:	Responsible Officer:
1. That the proposed response to the External Auditor's "Inquiries of Management" be noted.	-

09/13. INTERNAL AUDIT REPORTS – IMPLEMENTATION PROGRESS

The Committee received a briefing on progress made with the implementation of the recommendations from Internal Audit reports.

Resolved:	Responsible Officer:
1. That the progress made in implementing recommendations contained in Internal Audit reports be noted.	-

[The Chairman adjourned the meeting at 11.35am. The meeting was reconvened at 11.40am]

10/13. PCC RISK REGISTER AND ASSURANCE FRAMEWORK

The Research and Performance Officer invited the Committee to consider the latest iteration of the Police and Crime Commissioner's Risk Register and Assurance Framework.

Members suggested that Risk C01 might have to be tolerated as Lincolnshire's case for a fairer share of national funding was likely to fall on "deaf ears". Whilst acknowledging that funding constraints were challenging the Police and Crime Commissioner was determined to continue the work started by the former Police Authority in lobbying for a fairer share of government funding. The Chief Finance Officer suggested that if drivers for demand and cost were better understood a more equitable police allocation funding model could be developed. She assured the Committee that Lincolnshire would continue to be closely involved in the review of the national funding formula.

In highlighting risk C08 concerning the delivery of value for money in regional collaboration, Members suggested that the direction of travel indicator be reviewed in light of the benefits that were beginning to emerge.

Members noted that there appeared to be an inconsistency in the use of direction of travel indicators within the Assurance Framework. The Research and Performance Officer undertook to review their use.

Resolved:	Responsible Officer:
That	
1. the PCCs Risk Register and assurance Framework be noted;	-
2. consideration be given to changing the direction of travel indicator for risk C08 from static to reducing risk;	RPO
3. the use of direction of travel indicators within the Assurance Framework be considered.	RPO

EXCLUSION OF PRESS AND PUBLIC

11/13. LINCOLNSHIRE POLICE RISK REGISTER

The Chairman welcomed James Schopp, Risk, Policy and Review Officer to his first Committee meeting. The Service Improvement Manager updated members on developments within the Force's risk management processes and the Force Risk Register.

Resolved:	Responsible Officer:
1. That the report be noted.	-

12/13 CHAIRMAN'S ANNOUNCEMENT

The Chairman was disappointed to note the absence of a Chief Police Officer at the meeting. He reminded members that the Committee had been set up to jointly support the Police and Crime Commissioner and the Chief Constable. He was keen to ensure that there was Chief Officer representation at the next meeting in September 2013. The Police and Crime Commissioner undertook to raise the issue with the Chief Constable.

CHAIRMAN