

## The Police and Crime Commissioner for Lincolnshire



### JOINT INDEPENDENT AUDIT COMMITTEE

15 April 2015

10.10am – 12.30pm

#### PRESENT:

**Members:** Mr D Finch (Chairman), Mr J Cawdell, Mr J Gallagher, Mr I Haldenby (items 1 to 7 only)

**Apologies:** Mrs H Brookes (External Audit – KPMG)

**OPCC:** Ms J Flint (Chief Finance Officer), Miss V Mason (Research and Performance Officer)

**Force Officers:** Mrs H Roach (Deputy Chief Constable), Mr A Tomlinson (Force Chief Finance Officer), Mrs M Freeman, (PA to Chief Constable - Minutes)

**Also in Attendance:** Mr M Jones (Internal Audit – Baker Tilly), Mrs S Sunderland (External Audit – KPMG)

#### 01/15 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

#### 02/15 MINUTES – 27 NOVEMBER 2014

It was noted that the Minutes omitted to include reference to the attendance of Elizabeth Humphrey from CIPFA to observe the Committee. Members further requested that the Minutes clarify that Mr J Evans stood down as a member of the Committee due to business reasons.

#### Resolved:

That the minutes of the meeting held on the 27 November 2014 be taken as read and signed by the Chairman as a correct record subject to:

- the attendance being amended to include Elizabeth Humphrey from CIPFA;

#### Responsible Officer:

CAO

<ul style="list-style-type: none"> <li>Minute 55/14 Resolution (2) being amended to reflect that Mr J Evans stood down as a member of the Committee due to business reasons.</li> </ul>	
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### 03/15 SUMMARY ACTION LOG

<b>Resolved:</b>  That the Summary Action Log be noted.	<b>Responsible Officer:</b>  -
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### 04/15 INTERNAL AUDIT PROGRESS REPORT

Members noted that two reports had not yet been issued: the Collaboration Reports in relation to Efficiency Savings Plans and Innovation Fund. Mr Jones (Internal Audit – Baker Tilly) said that these would be issued in draft by the end of following week (24 April 2015). Mr Jones added that there appeared to be no adverse issues identified within the draft reports, and that the Annual Report, which would be presented to the Committee at the June meeting, was likely to be positive.

The Committee noted that there appeared to be a theme of inconsistencies in respect of maintaining audit trails, particularly in relation to finance systems and processes. The Chief Finance Officer (CFO) explained that this issue had been identified, and it was likely to be because a new IT system had been introduced during the previous financial year and the old processes continued to be used; these were not compatible with the new system. As a result plans were in place to carry out end to end business process reviews on the t-Police system and processes. The CFO agreed to present an update on this at the September JIAC meeting.

<b>Resolved:</b>  That <ol style="list-style-type: none"> <li>the Internal Audit Progress Report for 2014-15 be noted;</li> <li>the Committee be provided with an update on progress in respect of the end to end financial business process reviews at the September meeting.</li> </ol>	<b>Responsible Officer:</b>  - CFO
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### 05/15 INTERNAL AUDIT STRATEGY 2015/16

Members reviewed the Internal Audit Strategy for 2015/16, and noted that there appeared to be an appropriate spread of areas for review.

The Committee suggested that the Medium Term Financial Plan (MTFP) might be audited following the General Election in May 2015, as it had not been reviewed since 2012/13.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That	
1. the Internal Audit Strategy for 2015/16 be approved and discussed with the future internal audit provider;	CFO/FCFO
2. consideration be given to an audit of the MTFP following the General Election in May 2015.	CFO

## **06/15 INTERNAL AUDIT REPORTS – IMPLEMENTATION PROGRESS**

The Deputy Chief Constable (DCC) presented the report and gave a brief update on current status.

The Committee noted that although the POCA review recommendation was still showing as red on the report, the action had been completed.

The DCC advised that the Force's Risk Management Board was due to meet the following day (16 April 2015) when they would discuss the HMIC VfM data returns. The need for a consistent approach across all of the departmental risk registers would be reiterated and all of the Senior Management Teams' Risk Registers were to be reviewed against the Force Risk Register. The implementation date for the recommendation was September 2015, and the DCC assured the Committee that the work was well on track to have been completed by that deadline.

The Committee queried whether there was a monthly assurance process for the day to day routine procedures run in the Finance Department. The CFO advised that compliance with internal controls would be picked up as part of the internal audit. The Chair agreed and added that it was also a management responsibility to ensure that systems and processes were in place and being followed. This should provide the evidence that checks had been carried out and that appropriate levels of sign off were in place.

The CFO advised that training was being arranged for managers, particularly around the Scheme of Delegation, including Financial, Contract and Procurement Regulations. A plan was being developed to ensure that once this training had been delivered the force would have assurances that the appropriate staff could attest that they were cognisant of the policies. The training would become part of the induction and promotion process, and would ensure that managers had the appropriate levels of awareness of such policies, together with the assurance process. This was noted by the Committee.

The Committee noted that the implementation date for the two ICT Change Management actions was 31 March 2015, but the action sheet had not been updated. The DCC said that she would check that the action had been carried out as per the recommendation and would update Members.

<b>Resolved:</b>	<b>Responsible Officer:</b>
<p>That</p> <ol style="list-style-type: none"> <li>1. Internal Audit Reports – Implementation Progress be noted;</li> <li>2. the DCC update Members on whether two ICT Change Management actions had been completed.</li> </ol>	<p>-</p> <p>DCC</p>

[The Internal Auditor left the meeting whilst item 07/15 was discussed]

### **07/15 INTERNAL AUDIT TENDER – ORAL UPDATE**

The CFO gave an update on the Internal Audit tender process. She and Mr Gallagher had attended a meeting at Derbyshire Police HQ at the end of March to review the four shortlisted providers. The results had been communicated to the tenderers. Mr Gallagher confirmed that he believed that the procurement had been conducted in accordance with the rules, and the process had been good. He emphasised the importance of time spent on weightings and specifications at the beginning of the process.

The CFO confirmed that the period of standstill would end on Monday 20 April 2015. Following this, the Police and Crime Commissioner (PCC) for Nottinghamshire would put in place the appropriate framework and the other East Midlands forces would draw down on that and enter into a contract with the successful tenderer. It was hoped that the contract would be in place by the end of April 2015.

The current auditors would continue to present their final opinion to the June meeting of the Committee, and the new tenderers would be invited to attend that meeting.

Members discussed the need to ensure that the Auditors were fully briefed on the Strategic Partnership. It was further suggested that they attend a meeting with Members prior to the next Committee meeting in June 2015. The CFO advised that there would be a number of opportunities for engaging with the Auditors prior to the June meeting.

[Mr Haldenby left the meeting]

<b>Resolved:</b>	<b>Responsible Officer:</b>
<p>That the new Internal Auditors be invited to attend a meeting with Members prior to the next JIAC meeting.</p>	<p>CAO</p>

[The Internal Auditor returned to the meeting]

## **08/15 CODES OF CORPORATE GOVERNANCE**

The Committee noted the Codes of Corporate Governance for both the PCC and the Chief Constable. Both Codes of Governance had been reviewed but remained unchanged as they were still considered fit for purpose.

<b>Resolved:</b>  That the Codes of Corporate Governance for both the PCC and Chief Constable be noted.	<b>Responsible Officer:</b>  -
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## **09/15 REVIEW COMPLIANCE WITH GOVERNANCE ARRANGEMENTS**

Members received a status update in respect of each of the significant governance issues highlighted within the report for the period December 2014 to March 2015.

<b>Resolved:</b>  That the significant governance issues (December 2014 to March 2015) be noted.	<b>Responsible Officer:</b>  -
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## **10/15 REVIEW AND UPDATE SCHEME OF ARRANGEMENTS FOR THE DISCHARGE OF FUNCTIONS**

The Force Chief Finance Officer (FCFO) advised that, following a desktop review, Financial Regulations had been updated with some minor narrative changes. He added that the forthcoming business process reviews would include further consideration of the regulations. As a result, the regulations would be brought back to the Committee later in the year with any proposed changes.

The CFO suggested that an annual review of the regulations in April each year may not be appropriate because of the workload around the preparation of budgets etc. The Chairman agreed and requested that the review be moved to September on the Forward Plan.

<b>Resolved:</b>  That the review of the Scheme of Arrangements for the Discharge of Functions be moved to September in the Forward Plan.	<b>Responsible Officer:</b>  RPO
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## 11/15 VALUE FOR MONEY PLAN

Members considered the arrangements to secure value for money contained within the Value for Money Plan 2015/16. The FCFO explained that one of the roles of the newly instigated PEEL Board, chaired by the DCC, was to consider the Value for Money Plan on a six-weekly basis. This would be the starting point of the reports to the Committee.

Members asked what input police officers and staff had to the Value for Money plan and the DCC advised that the force had set up a "Make a Difference" Scheme, where staff were encouraged to submit ideas about how the force could save money and make efficiencies.

The CFO felt it would be useful to brief Members on the work that the force was doing in relation to value for money, and it was agreed that this would form part of the September training session for the Committee.

Members asked what plans for savings the force was making to balance the books in 2016/17 and beyond. The CFO said that both the PCC and the Chief Constable had agreed that their approach was built around securing further funding primarily from central government. The CFO offered to circulate information to Members. If necessary, it could be discussed further at the September Committee meeting.

The External Auditor added that this was an area that they were focussing on in their audits, in particular, what was underpinning the budget.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That	
1. Members receive a briefing on the work that the force is doing in relation to value for money as part of their September training session;	CFO
2. Members be circulated with a copy of the report by the PCC in relation the strategy for future finances (Budget report and Financial Strategy report) and that there be a discussion at the September JIAC meeting if necessary.	RPO

## 12/15 EXTERNAL AUDIT PLAN 2014/2015

The Committee reviewed and noted the External Audit Plan 2014/15.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That the report be noted.	-

### 13/15 EXTERNAL AUDIT PROGRESS UPDATE

The Committee noted that the planning process had been completed and the approach and timings for the audits had been agreed. Interim work was taking place during the month with a focus on the financial statements.

<b>Resolved:</b>  That the progress report be noted.	<b>Responsible Officer:</b>  -
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### 14/15 HMIC UPDATE REPORT

Members noted a highlight report detailing HMIC's inspection activity over the past quarter.

The DCC reported that a team from HMIC had been in the force the previous week for an insight visit. She undertook to circulate a debrief document together with the matrix of recommendations to Members.

<b>Resolved:</b>  That  <ol style="list-style-type: none"><li>1. the HMIC Update Report be noted;</li><li>2. Members receive a copy of the HMIC Insight debrief document, together with the matrix of recommendations.</li></ol>	<b>Responsible Officer:</b>  - DCC
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### 15/15 DRAFTING OF FINANCIAL STATEMENTS

The FCFO advised that there would be some narrative changes to the Financial Statements following an internal review. The Members noted the summary of the formatting changes as outlined in the report, and that the full extent of the changes would be reviewed at the next Committee meeting in June 2015.

<b>Resolved:</b>  That the formatting changes be incorporated into the Financial Statements and be presented to the JIAC at the June meeting.	<b>Responsible Officer:</b>  FCFO
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### 16/15 PENSION ASSUMPTIONS

Members were invited to note the accounting assumptions for estimating pension liabilities in the 2014/15 Statement of Accounts. The FCFO said his view, and that of

the CFO, was that they should be accepted and built into the accounts. The members noted the assumptions.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That the accounting assumptions for estimating pension liabilities in the 2014/15 statement of accounts be noted.	-

## **17/15 POLICE AND CRIME COMMISSIONER'S RISK REGISTER**

The Committee received an update on the PCC's Risk Register from the Research and Performance Officer. The CFO said that there had been a number of risks raised around t-Police/DMS systems which were being addressed. Now that systems and processes were being embedded, work was commencing on benefits realisation. Niche and custody provision were being delivered beyond Lincolnshire.

Members were advised that the internal audit final results would be reviewed in depth at the next Committee meeting.

The Committee reviewed and noted the PCC's Risk Register.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That the PCC's Risk Register be noted.	-

## **18/15 ASSURANCE MAP**

The Committee noted the Assurance Map, although as it was a live document it had been updated since members had received their meeting papers. The Chair said that he was happy to congratulate all concerned on the production of the document, and was equally pleased that it was being used.

Members suggested that further thought be given to the overall assessment columns to ensure absolute clarity about their purpose (i.e. to rate according to the effectiveness of the controls rather than the residual risk rating). The Research and Performance Officer said that the process had been aligned so that the Committee would, in future, be presented with the most up to date version of the Assurance Map for assessment.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That the Assurance Map be noted and assessed at future meetings.	RPO



## **19/15 AUDIT COMMITTEE – SELF ASSESSMENT ACTION PLAN**

Members considered and agreed the Action Plan, which summarised the response from the review that had taken place in February 2015. The Chair proposed that the Action Plan be discussed at the September Committee meeting with a view to discussing the outstanding actions only.

In relation to suggestion number 8, the CFO advised that the Audit Committee Chairs from the East Midlands region had met in the past, however she felt that the group wanted to do more – as a result CFOs were considering how they could coordinate training events across the region. Members felt that there was value in joint events, in particular training, and welcomed the suggestion.

<b>Resolved:</b>  That any outstanding actions arising from the Self-Assessment Action Plan be discussed at the September Committee meeting.	<b>Responsible Officer:</b>  RPO
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## **20/15 FORWARD PLAN**

The Chair thanked the Research and Policy Officer for the reformatted Forward Plan.

Members asked for an update on the recruitment process for an additional Committee member. The Chair reported that interviews had been scheduled for 12 May 2015 and out of 20 applicants 6 had been shortlisted.

The CFO requested that the Payroll Review Report, which had been carried out by Audit Lincolnshire, be added to the June Committee meeting agenda.

The Chair requested that the Forward Plan be updated with the changes agreed earlier in the meeting.

<b>Resolved:</b>  That the Payroll Review Report be added to the June meeting agenda.	<b>Responsible Officer:</b>  CAO
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## **21/15 FEEDBACK ON MEETING**

The Chair invited Members to provide feedback on the meeting. All members confirmed that the focus of the meeting was appropriate and reporting sufficient for the Committee to gain assurances on the work of the PCC / Chief Constable.

## EXCLUSION OF THE PRESS AND PUBLIC

### 22/15 LINCOLNSHIRE POLICE RISK REGISTER

The DCC explained that the Force Risk Management Board was due to meet the following day, and the Risk Register would be reviewed. There had been a change to the reviewing process as there was no longer a Senior Leadership Team. The top five risks would now be presented to the Extended Chief Officer Group, which comprised the Chief Constable, Deputy Chief Constable, Assistant Chief Constable (Local Policing), Assistant Chief Officer (Resources) and the Force Chief Finance Officer together with the three Chief Superintendents. They would review the top five risks on a quarterly basis.

<b>Resolved:</b>  That the Lincolnshire Police Force Risk Register be noted.	<b>Responsible Officer:</b>  -
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**CHAIRMAN**