



**JOINT INDEPENDENT AUDIT COMMITTEE
24 NOVEMBER 2015
11.00am – 1.45pm**

PRESENT:

Members: Mr D Finch (Chairman), Mr J Cawdell, Mr J Gallagher, Mr I Haldenby, Mr D Matthew

Apologies: Mr Clarkson (Mazars)

OPCC Officers: Ms J Flint (Chief Finance Officer), Mr J King (Corporate Administration Officer)

Force Officers: Mrs H Roach (Deputy Chief Constable), Mr A Tomlinson (Force Chief Finance Officer), Mrs G Holder (Deputy Chief Finance Officer)

Also in Attendance: Mr B Welch (Internal Audit – Mazars), Mr A Cordoza and Mr J Machej (External Audit – KPMG)

63/15 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

64/15 MINUTES – 8 SEPTEMBER 2015

The Chief Finance Officer provided an update to Minute 56/15 concerning regional governance arrangements. Members were advised that Police and Crime Commissioners had welcomed the concept of a Regional Assurance Map and that work was progressing to finalise the document by the end of December. This would be presented to the Committee for consideration at the next meeting.

The Chairman referred to Minute 58/15 and confirmed that he had met with the Chief Finance Officer and Force Chief Finance Officer to discuss his 'one-to-one' meetings with Members. The Force Chief Finance Officer had prepared a paper and action plan that would shortly be provided to Members.

Resolved: That the minutes of the meeting held on the 8 September 2015 be taken as read and signed by the Chairman as a correct record.	Responsible Officer: -
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65/15 SUMMARY ACTION LOG

The Summary Action Log was reviewed.

Resolved: That the Summary Action Log be noted.	Responsible Officer: -
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66/15 INTERNAL AUDIT 2015/16: PROGRESS REPORT

Members were advised that work being progressed by Baker Tilly would assist regional Audit Committees in planning how best to utilise resources set aside in the internal audit plan.

Members highlighted an apparent disparity between the overall assurance opinion of 'Satisfactory-Green' for the five audits completed to date, and the number of Priority 2 'Significant-Amber' recommendations made within individual audits. The Internal Auditor stated that the number of Priority 2 recommendations was insufficient to impact on the overall level of assurance.

Concerns were expressed at the number of changes that had been made to the Audit Plan without the prior knowledge of the Committee. It was agreed that in future, approval would be sought from the Chairman regarding any proposed changes and the Committee notified at the next ordinary meeting. In addition, future update reports would identify the timeframe within which recommendations would be completed for individual audits.

Resolved: That <ol style="list-style-type: none"> the Internal Audit Progress Report for 2015-16 be noted; approval be sought from the Chairman regarding any proposed changes to the Internal Audit Plan and the Committee notified at the next ordinary meeting; the wording of the priority 2 recommendation for the Estates Management audit relating to capitalisation of expenditure be reviewed; 	Responsible Officer: - CFO/FCFO/IA CFO/FCFO/IA
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4. the timing of the planned audit of Benefit Realisation Evaluation for March/April 2016 be reviewed; 5. future update reports identify the timeframe within which recommendations are expected to be completed for individual audits.	CFO/FCFO/IA IA
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67/15 INTERNAL AUDIT REPORTS: IMPLEMENTATION PROGRESS

The current status of Internal Audit recommendations was reviewed. Members described a number of management responses as being too vague and simplistic, and not reflecting the level and complexity of activity required to implement recommendations. This was hampering the ability of the Committee to exercise proper oversight and challenge. The Force Chief Finance Officer acknowledged that future updates needed to be more meaningful, including reasons for the delay in implementing recommendations and any associated risks.

It was noted that some recommendations set out in the Internal Audit update were not reflected within the 'Summary of Recommendations'. Following an explanation of the current reporting process, it was agreed that management responses would be included in the Internal Audit update for Priority 1 and 2 recommendations.

Resolved:	Responsible Officer:
That	
1. the Internal Audit Reports – Implementation Progress be noted;	-
2. the date for publication of revised finance procedures on the Force intranet be determined and the management response updated;	FCFO
3. the format of the 'Summary of Recommendations' matrix be amended to provide an additional column showing the original implementation date;	FCFO
4. management responses accurately reflect the level and complexity of activity required for recommendations to be implemented;	FCFO
5. management responses include explanations for the delay in implementing recommendations and identify any associated risks;	FCFO
6. management responses be included in the Internal Audit update for Priority 1 and 2 recommendations;	IA
7. An informal briefing session on t-Police be arranged for Members (March 2016).	DCFO

68/15 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

The Chief Finance Officer highlighted the significant governance issues that had occurred during the period under review.

Resolved:	Responsible Officer:
That the significant governance issues (26 August to 13 November 2015) be noted.	-

69/15 EXTERNAL AUDIT: ANNUAL AUDIT LETTER AND GUIDANCE ON APPOINTING EXTERNAL AUDITORS

The Committee received the External Audit Letter for 2014/15 and noted that unqualified opinions had been issued in respect of the Police and Crime Commissioner and Chief Constable's financial statements and their arrangements for securing value for money.

The Chief Finance Officer advised that agreement on the fee for External Audit had yet to be reached. Further discussions were due to be held at the conclusion of the meeting.

The Committee noted that guidance had also been provided around the appointment of external auditors from the 2018/19 financial year onwards. Members requested a briefing paper be prepared for the next Committee meeting.

Resolved:	Responsible Officer:
That: 1. the Annual Audit Letter be noted; 2. guidance on Appointing External Auditors be noted; 3. a briefing paper on the appointment of External Auditors from the 2018/19 financial year onwards be prepared for the next meeting in March 2016.	- - CFO/FCFO

70/15 REVIEW/TAKE STOCK OF ACCOUNTS PROCESS AND PREPARATION FOR 2015/16

The Deputy Chief Finance Officer presented a review of the closure of accounts process for 2014/15 and the preparation for the closure of accounts from 2015/16 onwards.

Resolved:	Responsible Officer:
That the review of the closure of accounts process for 2014/15 and the preparation for 2015/16 onwards be noted.	-

71/15 HMIC INSPECTIONS

Members queried the development of workforce contingency plans should further savings be required for 2015/16 and beyond. In response to the Committee's concerns, the Force Chief Finance Officer confirmed that contingency plans had been prepared during the summer and were continuing to be developed in response to internal and external factors. This was being overseen by the Police and Crime Strategic Board.

The Chairman highlighted the increasing scrutiny by HMIC around previous recommendations and queried how the Committee could also gain assurance that recommendations were being implemented. The Deputy Chief Constable suggested that detailed reporting presented to the Force PEEL Board could also be received by the Committee.

Resolved:	Responsible Officer:
That: <ol style="list-style-type: none"> 1. the report be noted; 2. future updates include the status of recommendations made by HMIC, by exception, within the Highlight Report. 	- DCC

72/15 FINANCE REVIEW – PROGRESS UPDATE

The Force Chief Finance Officer updated the Committee on progress made with the Review of Financial Management. He confirmed that a copy of the finalised report would be presented at the next meeting of the Committee.

Members were disappointed at the delay in receiving the report and expressed some frustration at the lack of pace in finalising the document. The Chairman requested that a copy of the draft report be provided to Members when available. The Chief Finance Officer confirmed that the draft report would be ready by the end of January 2016.

Resolved: That: <ol style="list-style-type: none"> 1. the progress made to date be noted; 2. copies of the draft Finance Review report be provided to members of the JIAC. 	Responsible Officer: - DCFO
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73/15 PAYROLL REVIEW REPORT UPDATE

The Chairman was unclear from updates provided within the Payroll Review report whether all of the recommendations had been implemented. The Committee was assured that this would be followed-up by the Internal Audit recommendations tracker and in future audit plans.

It was confirmed that organisational learning from the review would be captured and documented as part of the project.

Resolved: That: <ol style="list-style-type: none"> 1. the update be noted; 2. Members receive notification of which recommendations in the Payroll Review report have been implemented. 	Responsible Officer: - FCFO
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74/15 REVIEW OF ACCOUNTING POLICIES

The Chairman noted that track changes had not been made to the revised accounting policies. The Force Chief Finance Officer advised that no substantial changes had been made and that key changes were highlighted in the covering report.

Members noted that External Audit would set its own materiality threshold for audit purposes, which was likely to be higher than the threshold set for the Police and Crime Commissioner and the Force.

Resolved: That: <ol style="list-style-type: none"> 1. the accounting policies for 2015/16 set out at Appendices 1 and 2 be noted; 	Responsible Officer: -
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2. the proposed accounting methodology for the 2015/16 accounts as described in Section 3 be noted;	-
3. the updates on the statutory environment and assumptions as described in Section 4 be noted;	-
4. the Committee be notified of the materiality threshold for External Audit.	FCFO

75/15 PCC RISK REGISTER

The Committee reviewed risk management processes with reference to the PCC Risk Register. Members queried how realistic some of the overall target risk scores were and the likelihood that they would ever be achieved. The Chief Finance Officer explained that risks were actively monitored; if a view was reached that the target risk score was not achievable then the level of risk appetite or the objectives would need to be reviewed.

Resolved: That:	Responsible Officer:
1. the PCC Risk Register be noted;	-
2. the wording of the recommendation within the covering report be amended to read ' <i>to note</i> ' and not to ' <i>review and monitor</i> '.	RPO

76/15 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP

The Committee reviewed the Assurance Map, showing sources of assurance that strategic risks were being effectively managed.

Members emphasised the importance of ensuring that contingency plans within the Medium Term Financial Plan were visible within the Assurance framework as mitigation against potential reductions in funding and other challenges.

Resolved: That:	Responsible Officer:
1. the PCC Risk Register be noted;	-
2. contingency plans within the MTFP be made visible within the Assurance Map;	RPO
3. the recent internal audit reports be reflected within Risk 007 – failure to manage finances effectively;	RPO
4. Fraud Risk Assessment work being co-ordinated by Mazars detailed under Risk 023 be moved from the 1 st	RPO

to the 3 rd line of defence.	
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77/15 AUDIT COMMITTEE FORWARD PLAN

The Committee reviewed the Forward Plan.

Resolved: <ol style="list-style-type: none"> That the Forward Plan be updated to include: <ul style="list-style-type: none"> the appointment of External Auditors; PCC elections in May 2016; proposed Annual Members meeting with the PCC and Chief Constable. That the requirement to '<i>Review and monitor Professional Standards arrangements</i>' be removed from the Forward Plan and the arrangements for securing assurance around Professional Standards be reflected in the Annual Governance Statement. 	Responsible Officer: RPO RPO CFO
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78/15 AUDIT COMMITTEE GOVERNANCE

Resolved: That: <ol style="list-style-type: none"> the Terms of Reference for the JIAC be amended to include attendance of the Deputy Chief Finance Officer as SPOC for the Committee; the Member Code of Conduct be noted. 	Responsible Officer: CAO -
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EXCLUSION OF THE PRESS AND PUBLIC

[The meeting was adjourned by the Chairman at 1.16pm and reconvened at 1.23pm]

79/15 LINCOLNSHIRE POLICE RISK REGISTER

The Committee reviewed risk management processes with reference to the Lincolnshire Police Risk Register.

Resolved: That: <ol style="list-style-type: none"> 1. the Lincolnshire Police Force Risk Register be noted; 2. the Risk Register be updated to include Target Risk Scores where these have not been included. 	Responsible Officer: - RPRO
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80/15 FEEDBACK ON MEETING

The Chair invited Members and officers to provide feedback on the meeting. All confirmed that the focus of the meeting had been appropriate and reporting sufficient for the Committee to fulfil its role.

Resolved: That feedback be noted.	Responsible Officer: -
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CHAIRMAN