

Notes of a meeting of the Police and Crime Commissioner's Audit Committee held at the Police and Crime Commissioner's Offices, Hoffmanns Way, Chelmsford on Monday 17th June 2013

Meeting commenced at 10.00am

Membership

- ❖ I Robertson (Chair)
- ❖ C Cochrane
- ❖ A Williams

Essex Police

- ❖ S. Kavanagh – Chief Constable
- ❖ D Martin – Chief Finance Officer
- ❖ M Gilmartin – Joint Head of Support Services
- ❖ G Truluck – Head of Business and Change Management
- ❖ J Coyle – Force Risk Advisor

Office of the Police and Crime Commissioner

- ❖ N Alston – The Police and Crime Commissioner (PCC)
- ❖ C Garbett – Acting Chief Executive and Treasurer
- ❖ J Drewett – Operating Manager (minutes)

External Auditors

- ❖ D Hanson – Audit Manager - Ernst and Young

Internal Auditors

- ❖ D Harris – Director - RSM Tenon
- ❖ Present

1. Apologies for Absence

There were no apologies

2. Declarations of Interest

None

3. Minutes

The minutes of the meeting of 17th March 2013 were agreed however, the following matters arose:

- Minutes had been published on the website, as would those in the future within seven days of the meeting
- M Gilmartin is to progress, through the OPCC, arrangements for the Audit Committee to meet with Chris Hughes of College of Policing in September, who will provide guidance in the working of an Audit Committee.
- The Chairman stated he would sign them as a correct record

4. Audit Committee Terms of Reference

Following on from the previous meeting, the Acting Chief Executive and Treasurer introduced the Terms of Reference (TOR) and he explained how they were linked to the PCC Governance Documents, CIPFA Code of Practice and Treasury Handbook. He stated that the purpose of committee was to provide appropriate assurance to the two corporations sole and that the TOR should reflect this purpose.

The following points were discussed by the committee:-

- A programme of work for the Audit Committee is to be developed
- Article 15.4(q) refers to the PCC's complaints process. It was clarified that this referred to the process and not the actual complaints
- There should be clarity between the Audit Committee TOR and those of the Police and Crime Panel
- Article 15.3. As these are still draft TOR at present the quorum is three. It was agreed by the PCC and Chief Constable that the amended article reducing the quorum to two would be effective immediately

Action 8/7 – The Audit Committee quorum is two

Action 9/7 – A programme of work to be developed – C Garbett and D Hanson

5. Internal Audit Progress Report 2012/13 and Annual Report 2013/14

D Harris introduced this item and stated that the Progress Report was to advise the Committee on progress of the Internal Auditors work to date and would highlight any matters affecting year end opinion. He invited any comments from the Committee.

A discussion took place over the frequency and type of reports and the following were discussed:-

- A report should be produced on progress against all red and amber/red categories
- Reassurance that problems are/have been addressed should be provided. Monthly reporting of progress against these categories is undertaken by the Acting Chief Executive and the Internal Auditor
- Where recommendations were not accepted, the Audit Committee must fully understand the reasons why, so that they are in a position to advise the PCC and Chief Constable
- The Progress report is brought to each meeting
- If a report has been in draft for 3 months, the reasons should be reported to the Audit Committee for agreement. The Committee was updated on the current draft reports

The Acting Chief Executive reported that Treasury Management Advisors had been appointed and the preferred strategy for investments was low risk in UK institutions. There was however an opportunity, following advice from the newly appointed advisors, to maximise returns on investment.

6. 2012/13 Draft Outturn Report and Annual Governance Statement

D Martin introduced this item and informed the Committee that the statutory deadline for publication was the 30th June 2013.

The Revenue budget is forecast to have a £1.8m underspend. This is due to many reasons including a number of new budget holders and the overtime overspend not being as large as anticipated.

The Capital budget is forecast to have a £7.8m underspend which is £3.9m less than originally forecast. Again, there are a number of reasons such as the changes to the Athena Programme stage payments.

The Annual Governance Statement (AGS) will adopt a slightly different form this year as it must be split between the PCC and the Chief Constable as corporations sole. There will be a joint AGS this year and next year it is intended to have two separate statements.

The following matters were also noted:

- The draft accounts need to be signed off before the end of the month.
- Useable and unusable reserves are shown in appendix B
- Further detail is required to show internal borrowing and net cash flow

C Cochrane questioned the number of reserves and the need for them. It was explained that the number of reserves had in fact reduced and there was a need to separate capital and revenue.

Action 10/7 – Outturn report to show internal borrowing and net cash flow – D Martin

7. External Audit Progress

D Hanson introduced this item and a paper. She explained that this was the audit plan looking back over the year 2012/13, the main risks were set out and issues identified.

The following matters were highlighted:

Page 1 – Overview. There was a requirement for PCC, Chief Constable and Group accounts. The Chief Constables accounts will be dormant with nothing in them. An opinion will be issued for both sets together with a Value for Money (VfM) conclusion for each.

Page 3 – Financial Audit. The Auditors will rely on controls with regards to payroll and pensions and reliance will be placed on HMIC with regards to their VfM conclusion.

Page 4 – No significant specific Essex risks identified beyond SAP, although as a matter of course all external audits considered the potential for fraud and error.

Page 5 – CIPFA ‘Guidance’ – There is a complicated framework. Some of the regulations have been disapplied for this year, but regard must be paid to them.

There will not be an opinion issued relating to Essex Police Authority.

8. PCC/Force Risk Register

G Truluck introduced the Force Risk Register and gave the Committee an overview. A discussion followed and A Williams asked for assurance that there was a process whereby risk registers at a lower level were kept up to date and that if a similar risk appeared on a number of different registers that this would be picked up.

N Alston stated that Essex Police must be up to date with risk and ensure that all risks were identified and mitigated across the organisation.

J Coyle provided reassurance that positive changes have taken place in force with regard to risk and the way it is managed. The Deputy Chief Constable has reviewed the risk process and is improving quality and management.

N Alston stated that the PCC risk register is currently work in progress.

D Harris stated that a work programme would be helpful for the next year.

It was agreed that there would be separate discussion on both the Force Risk Register and the management of specific significant risks between the members of the Audit Committee, Strategic Change Management and the ‘owners’ of the specific risks.

9. Qualifying Disclosures Policy

C Garbett introduced this item. It was a legal requirement for the PCC to have a published policy with regards to qualifying disclosures. The Policy is entitled ‘Reporting Wrongdoing’ and the Committee were invited to comment on it. It was noted that this referred only to the OPCC and its staff. It was also noted that the similar existing policy for Essex Police might need refreshing and that both documents might benefit from an oversight introduction reflecting the PCC and Chief Constable commitment to building integrity.

The committee had no further comment.

10. Date of Next Meeting

The next meeting is to be held on Monday 16th September 2013, 10.00am at Hoffmanns Way, Chelmsford.

11. Any Other Business

There was no other business and the meeting closed at 12.15pm.