



**Lancashire
Constabulary**
police and communities together

INTERIM COMBINED AUDIT COMMITTEE

**MONDAY, 2 DECEMBER 2013 AT 1.30 PM
IN THE DUKE OF LANCASTER ROOM (FORMER CABINET ROOM
C), COUNTY HALL, PRESTON**

MINUTES

PRESENT

Mrs Paula Goulding
Mr Doug Soper - (Chair)
Mr Keith Williams

(Mr Clive Portman, the new Chair of the Committee with effect from 1 January 2014, was also in attendance at the meeting as an observer.)

IN ATTENDANCE

Mr I Cosh	Chief Finance Officer, Lancashire Constabulary
DCI N Gregson	Professional Standards Department, Lancashire Constabulary
Mrs L Kitto	Chief Finance Officer, Office of Police and Crime Commissioner
Mrs R Tanner	Audit Manager, Internal Audit
Mr M Thomas	Engagement Lead, External Audit

SECRETARIAT

Mrs B Wood	Policy & Performance Officer, Office of Police and Crime Commissioner
Mr S P Southworth	Administrative Officer, Office of Police and Crime Commissioner

A member of the public was present throughout the meeting.

The Chair introduced Mr Clive Portman, the new Chair of the Committee with effect from 1 January 2014, and offered his best wishes to Mr Portman in his new role.

Mrs Wood advised the Committee that, once a proposed interview date had been agreed, advertisements would shortly be published seeking new Members of the Committee, with the closing date for applications likely to be 10 January 2014.

APOLOGIES FOR ABSENCE

Apologies for absence were presented on behalf of Ms J Pratt.

DISCLOSURE OF MEMBERS INTERESTS

No declarations of interest were made at the meeting.

MINUTES OF THE MEETING HELD ON 16 SEPTEMBER 2013

With regard to – Receipt of Audited Statement of Accounts 2012/2013 – Mr Thomas advised that the reference to 'District Auditor' should, more accurately, read as 'Engagement Lead, External Audit'.

Subject to that minor amendment, the minutes were approved.

38 RESOLVED: That the minutes of the meeting held on 16 September 2013 be approved, subject to the amendment with regard to Receipt of Audited Statement of Accounts 2012/2013 to reflect the revised wording in relation to the reference to the Engagement Lead, External Audit.

MATTERS ARISING

With regard to – Receipt of Audited Statement of Accounts 2012/2013 – Mr Williams queried whether it was actually a 'requirement' for both the Police and Crime Commissioner and the Chief Constable to produce separate Governance Statements, or whether it was only a recommendation, or guidance.

The Engagement Lead, External Audit advised that, normally, this would be based upon CIPFA guidance, but he undertook to double-check this matter on behalf of the Committee. The Police and Crime Commissioner's Chief Finance Officer commented that the preference would be for two separate Statements.

ANNUAL AUDIT LETTER 2012/2013

The External Auditor's Annual Audit Letter for 2012/13 was presented for the Committee's consideration.

(A copy of the Letter is set out at Annex A.)

The Letter summarised for Members the key findings arising from the audit of the 2012/13 accounts; and an assessment of the Police and Crime Commissioner's and Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources.

The audit conclusions were:-

- An unqualified audit opinion on the accounts of the Police and Crime Commissioner and the accounts of the Chief Constable which give a true and fair view of the financial position as at 31 March 2013 and income and expenditure for the year
- Unqualified conclusions in respect of the Police and Crime Commissioner and Chief Constable's arrangements for securing economy, efficiency and effectiveness and its use of resources
- An unqualified opinion on the Police and Crime Commissioner's whole of government accounts submission

The Committee noted that, in the auditor's report on the audit of the financial statements, it was stated that 'we cannot formally conclude the audit and issue an audit certificate until completion of our consideration of a matter reported by the Independent Police Complaints Commission on 25 September 2013'. The Committee also noted that, in the Audit opinion letter, that the Auditor's had stated that they were 'satisfied that the matter in question does not have a material effect on the financial statements or a significant impact on our value for money conclusion'.

39 RESOLVED: That the External Auditor's Annual Audit Letter for 2012/13 be noted.

EXTERNAL AUDIT – POSITION STATEMENT

The Engagement Lead, External Audit, advised the Committee that the timescale for next year's audit would be similar to that in previous years.

The Committee was also advised that some governance and accounting workshops would be held early in the New Year.

The Engagement Lead, External Audit, further advised the Committee of a recent report by CoPaCC, (Compares Police and Crime Commissioners), which looks at how well Police and Crime Commissioners have complied with statutory transparency requirements as they approach the end of their first year in office. The Committee was informed that some further work would be required on this issue, to review the information provided on Commissioners websites, in order to ascertain whether that information complied with regulations, and there would be a report, with recommendations, from Grant Thornton in February 2014.

40 RESOLVED: That the report be noted.

INTERNAL AUDIT MONITORING REPORT UP TO 15 NOVEMBER 2013

The Committee considered the internal audit monitoring report for the period 1 April 2013 to 15 November 2013, which provided a brief summary of internal audit activity during the first seven months of the 2013/14 financial year.

It was reported that no key issues had been identified that had implications for the internal control environment as a whole.

A brief summary of each review undertaken was presented which set out the planned and actual days spent on each review, together with a summary of the assurance provided.

In particular, the Internal Audit Manager advised that reviews of three core financial systems had been completed – Accounts Payable; Accounts Receivable; and General Ledger – and the Internal Audit Service had provided substantial assurances over the systems operated.

The Internal Audit Manager further advised that it was the intention to commence the review of the payroll system, treasury management and pensions very soon. In addition, Terms of Reference had recently been agreed for the forthcoming review of ICT Service Management; and it was hoped that Terms of Reference would soon be agreed for the review of the Complaints Procedure which, it was hoped, would commence shortly after Christmas 2013 – the Chair suggested that it would be useful for the Terms of Reference for the review of the Complaints Procedure to be shared with Mr Portman and Mr Williams.

The Internal Audit Manager further advised that fieldwork had been completed, and a draft report issued for management consideration, regarding the new governance arrangements, with substantial assurances able to be provided.

With regard to the review of the financial procedures of the Office of Police and Crime Commissioner, findings had been discussed with the Commissioner's Chief Finance Officer, and substantial assurances were able to be provided.

The Internal Audit Manager also made reference to a small number of duplicate payments that had been identified, relating to three suppliers, who had been contacted by Constabulary staff in order to recover the duplicate payments. The review of data matches was largely complete, and the full findings would be reported to the next meeting of the Committee.

41 RESOLVED: That the Report be noted.

LANCASHIRE POLICE AND CRIME COMMISSIONER – STAGE 2 TRANSFER ARRANGEMENTS

The Police and Crime Commissioner's Chief Finance Officer reminded the Committee that, following the creation of Police and Crime Commissioners, all non-

warranted police staff had transferred from the existing Police Authorities to the new Commissioners, (Stage 1).

Following that transfer, the Commissioner and the Chief Constable had commenced a dialogue as to which police staff would stay in the employment of the Commissioner, and who would transfer to the employment of the Chief Constable at Stage 2. As part of the process, agreement also needed to be reached regarding the movement of property, assets, rights and liabilities, (Stage 2).

The Commissioner was required to submit a schedule of his proposals to the Home Secretary by 16 September 2013, and was proposing a 'model' where the vast majority of staff would transfer to the Chief Constable, but with a recognition of a right of access to those staff, where necessary, and with a small pool of staff retained in order to run the Office of the Police and Crime Commissioner.

The Chief Finance Officer advised that Stage 2 Transfers needed to be completed by the end of March 2014, but a whole raft of issues would need to be determined prior to that date, for example, Standing Orders, Financial Regulations, Scheme of Governance / Consent, and decisions on assets and liabilities. This would help with the work required to ensure the 2014/15 financial statements accurately reflected the new working arrangements. Whilst very little national advice or guidance is available on these issues, a Working Group of the Office of Police and Crime Commissioner and the Chief Constable has been established to work through these issues, and the Working Group would also meet with the External Auditors to discuss and agree an approach for the production of the 2013/14 and 2014/15 financial statements. The Working Group would look to draw upon any available knowledge or guidance from CIPFA, auditors and national groups of Chief Finance Officers.

The Commissioner's Chief Finance Officer undertook to provide an up-date to the next meeting of the Committee.

It was suggested that the Committee may wish a member of the Committee to sit on the Working Group, as this had been useful for the development of the governance framework for the Stage 1 arrangements. The first meeting had been arranged for 10 December 2013 – Mr Williams indicated that he was content to be involved, and was available on that date.

In response to a query, the Chief Constable's Chief Finance Officer advised that the feeling was that Stage 2 was not a big issue for the majority of Constabulary staff, there being more concern surrounding the restructure of the force. He added that, whilst some Commissioners had opted for a shared service agreement with a Local Authority; and others had kept a larger cohort of staff than that proposed in Lancashire, it was thought that the proposal in Lancashire would not be too disruptive a proposal for police staff in Lancashire.

42 RESOLVED:

- a) That the report be noted; and
- b) That Mr Keith Williams be appointed to sit on the Working Group of the Office of Police and Crime Commissioner and the Chief Constable which had been

established to consider all issues arising out of Stage 2 Transfers, as a representative of the Interim Combined Audit Committee.

INSPECTION REPORTS

a) INTEGRITY AND STANDARDS UPDATE

DCI Gregson of the Constabulary's Professional Standards Department presented a report to advise the Committee of national and local developments around the 'police integrity' agenda.

The Committee was informed that Police integrity issues had continued to feature prominently on the national stage, with “Plebgate” and the Hillsborough Inquiries just two notable examples that had kept policing issues at the forefront of public and political interest.

In turn, this interest had continued to fuel the ongoing debate around the police service’s ability to police itself – and manifested by developing proposals to transfer resources to the Independent Police Complaints' Commission to give it the capacity and capability to investigate all “serious and sensitive” allegations. There was also a suggestion that ‘lower level’ complaints and allegations should be dealt with by the Offices of the Police and Crime Commissioners rather than by forces themselves.

Whilst firm proposals about these were still awaited, the Police Integrity Programme, under the leadership of the College of Policing, had a number of ongoing initiatives aimed at promoting public confidence in the police service’s ability to deal robustly with misconduct, and brief details were presented in relation to:-

- A draft Code of Ethics – Principles and Standards of Professional Behaviour for police Forces of England and Wales
- A draft National Code of Practice for Vetting
- A register of cases where an officer or member of staff is dismissed for gross misconduct; or where the officer or member of staff has left the police service prior to the conclusion of a gross misconduct investigation
- The publication, by all Forces, of the outcomes of misconduct proceedings
- The development of a College of Policing web-page to provide accessibility and transparency for Chief Officer reward packages, gifts and hospitality and business interests
- Ongoing work to further promote and embed integrity; explore and encourage mentoring and coaching schemes; and to benchmark and provide guidance for Chief Officer appraisals
- The introduction, by eight Forces and the College of Policing, of Ethics Committees

Information about business interests applications and approvals, and gifts and hospitality accepted and rejected, within the Constabulary, by Division, Rank and Category, was presented for the information of the Committee.

It was noted that there had been an increase in the number of approved business interests, with 'property rental' being the most common area.

In response to a query in relation to an apparent significantly large number of gifts and hospitality accepted by Pennine Division, with no offers rejected, DCI Gregson advised that this was due to 18 months of data being included within a 6 months period, as a result of a backlog in inputting of the data.

One member felt that, if an Ethics Committee was to be advisory, rather than decision making, then to maintain some national consistency, it might better operate at a national level.

In response to a query, DCI Gregson advised that the Constabulary did not have a 'register of interests', although there were declarations regarding contracts and procurements and, in response to a specific query on membership of the Freemasons, DCI Gregson indicated that there was a voluntary register of membership of the Freemasons, but this was not a national requirement.

In response to a further query, DCI Gregson advised that public perception of the police was the driving force behind the suggestion of taking complaints away from the police force themselves through an increase in the capacity of the Independent Police Complaints' Commission (IPCC).

Further to that matter, DCI Gregson advised that there were, currently, about 45 members of staff within the Professional Standards Department, but a 'definition' of 'serious and sensitive allegations' would be needed before it could be determined precisely how much resource would need to transfer to the IPCC. The Constabulary's Chief Finance Officer advised that the financial implications arising from the potential top slice of the Commissioner's budgets to fund the enhanced IPCC function presented a potential financial risk and that this would need to be carefully managed as part of the financial strategy.

b) INSPECTION ACTIVITY UPDATE NOVEMBER 2013

The Constabulary's Chief Finance Officer presented a report to advise of inspection activity as at November 2013 on issues such as domestic violence; 21st century child sexual exploitation; girls and young women in the criminal justice system; crime recording; strategic policing requirement; undercover policing; making best use of police time; valuing the police; and police integrity and leadership. He advised that some significant inspections were ongoing, which raised awareness of 'best practice'.

With regard to 'making best use of police time', the Chief Finance Officer advised that there could be a complex narrative around managing police activity that the service had to deal with – the Force dealt now not just with crime, but with wider issues, such as mental health, which placed complex demands on the service at a time when it was facing challenging funding issues.

43 RESOLVED: That the updates be noted.

URGENT BUSINESS

No matters of Urgent Business were reported.

OUTWARD COMMUNICATION

The Committee was asked to consider if:-

- a) There were any key messages arising from the meeting which should be sent to:-
 - i) The press / public
 - ii) Local / regional / national bodies
- b) The Police and Crime Commissioner's / Constabulary's press / public relations teams should be asked to consider whether any consultation / research on any particular matters arising from the meeting should be undertaken.

44 RESOLVED: The Committee agreed that no further action was necessary.

DATE OF NEXT MEETING

45 RESOLVED: That it be noted that the next scheduled meeting of the Committee was due to be held at 1.30pm on Monday 24 February, 2014, in Cabinet Room 'C' at County Hall, Preston.

Further meetings of the Committee had also been scheduled to be held at 1.30pm on Monday 16 June, 2014; Monday 15 September, 2014; and Monday 1 December, 2014, also in Cabinet Room 'C' at County Hall, Preston.

ANY OTHER BUSINESS

The Chief Constable's Chief Finance Officer reminded the Committee that, whilst the Chair would remain in post until 31 December 2013, this would be Mr Soper's final meeting as Chair of the Committee, a post he had held for several years.

The Chief Finance Officer believed that the Chair was leaving a robust audit and standards structure in place, and had been a source of great knowledge and experience during his time in office.

The Chief Finance Officer thanked Mr Soper for all of his efforts on behalf of the former Lancashire Police Authority, the Police and Crime Commissioner and the Chief Constable, and offered his best wishes for the future.

The Chair was presented with a small gift, and a certificate of appreciation, in recognition of his work.

MIRANDA CARRUTHERS-WATT
CHIEF EXECUTIVE