



**Lancashire  
Constabulary**  
police and communities together

## **INTERIM COMBINED AUDIT COMMITTEE**

**MONDAY, 25 FEBRUARY 2013 AT 1.30 PM  
AT CABINET ROOM C - COUNTY HALL**

### **MINUTES**

#### **PRESENT**

Mrs Paula Goulding  
Ms Jacqueline Pratt  
Mr Doug Soper  
Mr Keith Williams

#### **IN ATTENDANCE**

Mr I Cosh	Chief Financial Officer, Lancashire Constabulary
DCI N Gregson	Professional Standards Department, Lancashire Constabulary
Mrs L Kitto	Chief Financial Officer, Office of Police and Crime Commissioner
Mrs R Tanner	Audit Manager, Internal Audit
Mr M Thomas	District Auditor, Audit Commission
Mrs G Jones	Audit Manager, Audit Commission
Mr T Ridding	Audit Commission

#### **SECRETARIAT**

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

#### **APPOINTMENT OF CHAIR**

**1 RESOLVED:** That Mr Doug Soper be appointed as Chair of the Committee.

## **APPOINTMENT OF VICE-CHAIR**

- 2     **RESOLVED:** That Mr Keith Williams be appointed as Vice-Chair of the Committee.

## **MEMBERSHIP AND TERMS OF REFERENCE**

Members received a Report on the Membership and Terms of Reference of the Committee.

- 3     **RESOLVED:** That the Membership of the Committee be noted; and that the revised draft Terms of Reference of the Committee dated 25 February 2013 be approved, for formal agreement by the Police and Crime Commissioner and the Chief Constable.

## **APOLOGIES FOR ABSENCE**

No apologies for absence were presented.

## **DISCLOSURE OF MEMBERS INTERESTS**

No declarations of interest were made at the meeting – it was, however, queried whether a new Register of Interests for the Committee needed to be established, and the Commissioner's Policy and Performance Officer undertook to look into that matter.

## **GOVERNANCE ARRANGEMENTS**

The Commissioner's Chief Finance Officer presented a Report to provide an outline of the Governance Framework for the Police and Crime Commissioner and the Chief Constable, including Financial Regulations and Contractual Standing Orders.

The Chief Finance Officer explained that the Governing documents would be reviewed annually, in March of each year, and that the Vice-Chair of the Committee would take part in that review this year. The Internal Audit Team would also look at the governance arrangements. She went on to explain that there had been changes in legal services, human resources, and delegations, and they were areas which, in particular, would be looked at. It was, however, hoped that there would be no major problematic areas.

The Chief Constable's Chief Finance Officer advised the Committee that the Constabulary's Transition Governance Board arrangements were still in place, with monthly monitoring meetings still being held which would highlight any issues. He

added that the aim was to try to make the decision making process not overly bureaucratic.

The Chair commented that the Commissioner's Forward Plan was not able to be located on the Commissioner's website – in response, the Commissioner's Chief Financial Officer advised that the aim was for the Forward Plan to be available by the end of March 2013.

#### **4 RESOLVED:**

- a) That the Report be noted;
- b) That the Committee support the interim joint governance arrangements, and acknowledge the work so far done by Officers of the Police and Crime Commissioner and Chief Constable;
- c) That it be noted that the governance arrangements would be reviewed in March, 2013, by the Extended Good Governance Working Group; and that the Vice-Chair of the Committee would be involved in that review.

#### **DRAFT INTERNAL AUDIT PLAN 2013 / 14**

The Audit Manager presented the draft Internal Audit Plan for 2013/14 for consideration by the Committee. The Audit Manager explained the plan of work to be undertaken by the Joint Internal Audit Service for the Police and Crime Commissioner and the Chief Constable for the coming financial year. The Plan amounted to a total resource of 200 audit days, and the Committee was invited to consider and approve the Internal Audit Plan.

The Audit Manager advised that the Internal Audit Team had made its own assessment of the risks facing the Constabulary and the Office of the Police and Crime Commissioner; and had reviewed the developing risk registers for the Constabulary and the Office of the Police and Crime Commissioner.

The Audit Manager drew the Committees attention to three specific areas for review in 2013/14, namely the new governance arrangements between the Constabulary and the Office of Police and Crime Commissioner; ICT Service Management; and the complaints procedure.

In response to a query, the Audit Manager advised that the total number of planned audit days (200) was the same as in previous years; but that more days would be spent on operational reviews.

In response to a further query, the Chief Constable's Chief Financial Officer advised that the ICT Review would, most likely, take place later in the year, as a result of the restructure of that department within the Force. It was suggested that it would be preferable to get the new management structure in place, and up and running, prior to the carrying out of the review. The Audit Manager confirmed that there was a team

of specialist ICT auditors within the Internal Audit Team who would undertake this review.

**5 RESOLVED:** That the draft Internal Audit Plan for 2013/14 be approved.

## **GOOD GOVERNANCE - ASSURANCE GATHERING PROCESS**

The Committee considered a Report which provided an introduction to the Annual Governance Statement, and the timetable for the work to be completed.

The Committee was also informed of the proposed membership of the Annual Governance Statement Working Group.

**6 RESOLVED:** That the proposed timetable for completion of the assurance certificates, and production of the Annual Governance Statement, as presented, be approved.

## **RISK MANAGEMENT ARRANGEMENTS**

The Chief Constable's Chief Finance Officer presented a Report to inform the Committee of the current status of the Constabulary's, and Police and Crime Commissioner's, risk management arrangements.

The Committee was informed that Constabulary proposals for revised risk management procedures had been presented to, and agreed by, the Constabulary Management Board in June, 2012, and, since then, the Constabulary had been working to consolidate its existing risk registers into a single corporate risk document. A draft corporate risk register was now in the final stages of development, and it was anticipated that these documents would be available for presentation to the next meeting of the Committee in July, 2013.

The Committee was also informed that a new strategic risk register was to be developed by the Office of the Police and Crime Commissioner and, again, it was anticipated that this documentation could be considered by the Committee at their next meeting in July, 2013. It was proposed to establish the key strategic risks which could prevent the Commissioner achieving his objectives.

The Committee was informed of the suggested timetable for the work.

The Commissioner's Chief Financial Officer advised the Committee that a significant amount of work would need to be done by March, 2014, on the Stage 2 Transfer of Staff which, going forward, presented a major risk.

The Committee acknowledged that it would be for individual managers to manage the day to day business, and recognise the risks to their areas of business.

**7 RESOLVED:** That the update regarding the current status of the Constabulary's, and Police and Crime Commissioner's, risk management

arrangements be noted; and that a further Report be presented to the next meeting of the Combined Audit Committee on the 1<sup>st</sup> July, 2013.

## **HER MAJESTY'S INSPECTORATE OF CONSTABULARY (HMIC) - REVISITING POLICE RELATIONSHIPS: PROGRESS REPORT**

DCI Gregson of the Chief Constable's Professional Standards Department presented a report to update the Committee on recent activity by Her Majesty's Inspectorate of Constabulary (HMIC). The Committee's Terms of Reference allow for the Committee to 'review the findings of any examinations by regulatory agencies'.

Copies of HMIC Revisiting Police Relationships Progress Report; HMIC Revisiting Police Relationships Progress Report – Lancashire; Report to Audit and Standards Committee (15<sup>th</sup> October, 2012) regarding the Constabulary's Gifts and Hospitality Policy; and extracts from the Minutes of the Audit and Standards Committee meetings of the 11<sup>th</sup> June and 15<sup>th</sup> October, 2012, regarding the Constabulary's Gifts and Hospitality Policy, were presented as Appendices to the report.

DCI Gregson advised that the Constabulary had established an Integrity Group, to consider matters relating to gifts, hospitality and secondary employment, and had drawn up their own 'action plan' – the proposal was that the Integrity Group would develop into an Integrity and Standards Board, under the wing of the Assistant Chief Constable (People), and which would report to the Police and Crime Commissioner.

In response to a query, DCI Gregson advised the Committee that the Constabulary had a very robust process in place to determine applications from Officers for secondary employment, which were considered by a Panel on a fortnightly basis. It was reported that a number of applications are still declined, for obvious reasons, and working time directives would be one factor to be considered.

In response to a further query, DCI Gregson advised the Committee that, with reference to inappropriate behaviour by officers on social media sites such as Facebook and Twitter, guidance had been issued to staff on the use of social media – the Constabulary's Social Media Policy was, however, due to be rewritten following the issue of some further recent guidance by the Home Office and the Association of Chief Police Officers.

DCI Gregson also advised the Committee of a recent announcement by the Home Secretary of the proposed transfer of significant resources from the Constabulary's Professional Standards Department to the IPCC, and it was suggested that this may be in response to a number of recent high profile cases which had been highlighted in the media.

**8 RESOLVED:** That the report be noted.

## **INTERNAL AUDIT MONITORING REPORT**

The Committee considered the internal audit monitoring report for the period from the 1<sup>st</sup> April, 2012, to the 31<sup>st</sup> January, 2013.

It was reported that Internal Audit was broadly on track to complete reviews prior to the year end. Since the last meeting (of the Police Authority's Audit and Standards Committee) in October, 2012, no significant issues had been identified which would impact on the internal control environment.

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.

**9 RESOLVED:** That the report be noted.

## **APPOINTMENT OF THE COMMISSIONER / CHIEF CONSTABLE'S EXTERNAL AUDITOR - GRANT THORNTON**

The District Auditor presented a report to inform the Committee of the confirmation of the appointment of Grant Thornton UK LLP to audit the accounts of the Police and Crime Commissioner and the Chief Constable for five years from 2012/13.

Copies of letters from Grant Thornton to the Police and Crime Commissioner and the Chief Constable, advising of details of the audit fee; the scope and timing of their work; and details of their Team, were presented as Appendix 'B' to the report.

**10 RESOLVED:** That the report be noted.

## **EXTERNAL AUDIT - AUDITING THE ACCOUNTS 2011 / 12**

The District Auditor presented a report to inform the Committee that the Audit Commission had published its annual report, 'Auditing the Accounts 2011/12', which presented the results of auditors' work at Councils, Fire and Rescue Authorities, Police bodies, other Local Government bodies, Parish Councils and internal drainage boards.

A copy of the Audit Commission's document was presented as Appendix 'A'.

Reference had been made to bodies within Lancashire, although not specifically Lancashire Police Authority. The Authority had been given assurances by District Audit that there were no significant areas of concern.

**11 RESOLVED:** That the report be noted.

## **EXTERNAL AUDIT - STRIKING A BALANCE**

A report was presented to inform the Committee of the findings of the Audit Commission from research undertaken during 2012 on the levels of reserves that Councils hold, and on the decisions Councils make relating to them. The Committee was also informed of some of the key actions taken by the Police and Crime Commissioner in relation to reserves.

- 12 RESOLVED:** That the report be noted; and that it be noted that a considerable amount of work in terms of scrutinising and assessing the level, and adequacy, of reserves is carried out throughout the year.

## **EXTERNAL AUDIT - CONSULTATION ON 2013 / 14 WORK PROGRAMME AND SCALE OF FEES**

The Committee was advised that, in March, 2012, the external auditors had announced significant reductions in audit fees from 2012/13 onwards, following an exercise to outsource the work of its in-house audit practice – the fee reductions were achieved as a combined result of the auditor's bulk purchasing power and internal efficiency savings.

The Committee was also advised that the external auditors had indicated that it did not plan to make any changes to the work programme for 2013/14; and proposed that scale audit fees for most audited bodies were set at the same level as the fees applicable for 2012/13. However, for police bodies, they intended to make a further reduction of 7% to the 2013/14 scale fees for Police and Crime Commissioners. The 2012/13 scale fee included an element for auditors work on financial reporting requirements for the transition from Police Authorities, and the external auditors intended to remove this element for 2013/14.

The proposed individual scale fees for police bodies were presented as Appendix 'A'.

- 13 RESOLVED:** That the report 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.

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

#### **DATES OF NEXT MEETINGS**

**15 RESOLVED:** That it be noted that scheduled meetings of the Committee for the remainder of the year were due to be held at 1.30pm on Monday the 1<sup>st</sup> July, 2013; Monday the 16<sup>th</sup> September, 2013; and Monday the 2<sup>nd</sup> December, 2013, in Cabinet Room 'C' at County Hall, Preston.

**MIRANDA CARRUTHERS-WATT  
CHIEF EXECUTIVE**