



**Lancashire
Constabulary**
police and communities together

INTERIM COMBINED AUDIT COMMITTEE

**MONDAY, 1 JULY 2013 AT 1.30 PM
AT CABINET ROOM C - COUNTY HALL**

MINUTES

PRESENT

Mrs Paula Goulding
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
Mrs G Jones	Audit Manager, External Audit

SECRETARIAT

Mrs B Wood	Policy & Performance Officer, Office of Police and Crime Commissioner
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APOLOGIES FOR ABSENCE

Apologies were presented on behalf of Ms J Pratt.

DISCLOSURE OF MEMBERS INTERESTS

No declarations of interest were made.

MINUTES OF THE MEETING HELD ON 25 FEBRUARY 2013

Subject to a small number of minor amendments, the minutes were approved.

16 RESOLVED: That the minutes be approved.

MATTERS ARISING

An update was provided on:

- Revised terms of reference – these had been approved by the Police and Crime Commissioner / Chief Constable.
- Interim Governance arrangements – the Committee was advised that the Scheme of Governance Working Group had met to review the interim Scheme of Governance and to consider any changes. In the main, the interim scheme of governance was working well and very few problems had been identified. Some minor changes had however been requested and agreed and these were to be reflected in the Scheme. The Committee was also advised that the Interim Scheme of Governance would require a significant review to take into account any changes that will occur as part of the Stage 2 process relating to staff transfer. The Working Group will therefore be convening sometime in the Autumn to take this piece of work forward.

17 RESOLVED: That the updates be noted.

HER MAJESTY'S INSPECTORATE OF CONSTABULARY INSPECTION REPORT – REVISITING POLICE RELATIONSHIPS (INTEGRITY)

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'.

DCI Gregson reported that the Constabulary was continuing to implement the various measures in response to the HMIC Integrity Review; with governance of the integrity measures being build around a corporate governance framework, reporting to the Strategic People Board, with oversight and independent scrutiny provided through the Joint Audit Committee.

Further recommendations were expected in the Autumn around a "code of ethics"; "code of practice for vetting" and a register of interests for chief officers.

Further information was still awaited in relation to the Home Secretary's statement for plans to transfer resources from Force Professional Standards Departments to the Independent Police Complaints Commission.

DCI Gregson provided an update on the number of gifts and hospitality applications / approvals:

- September 2012 – June 2013 – 198 applications made of which 161 approved and 37 declined – 26 of which were in respect of entertainment / functions.

There had been 198 business interest applications over the last 12 months – these were managed through a business interest register / reputation risk register. In response to a query about the number of applications declined, DCI Gregson commented that it was difficult to report due to a number of ongoing appeals in relation to applications. A significant number of the business interest applications related to property rental, although the market was changing and other types of business interest applications were being presented.

It was reported that terms of reference and representation had been agreed for the Constabulary's Integrity and Standards Board and it was expected that the first meeting would take place shortly. Mr Cosh confirmed that he also sought reassurance, through the Constabulary's quarterly performance review regime, that the officers were processing gifts and hospitality consistently and in a diligent manner.

The Committee was pleased with the progress to date in establishing the new system regarding gifts and hospitality. However the need to periodically reinforce such systems to ensure they are not overlooked was stressed.

Mrs Tanner confirmed that internal audit could do more substantive testing of gifts and hospitality if necessary.

18 RESOLVED: That the update be noted.

HER MAJESTY'S INSPECTORATE OF CONSTABULARY – ACTIVITY UPDATE JULY 2013

Members were presented with a report which provided an overview of Her Majesty's Inspectorate of Constabulary's activity as at July 2013 including:

- Stop and Search
- Valuing the Police 3
- Professional Standards Capacity and Capability
- Child Sexual Exploitation and Child Rape (scoping programme update)
- Strategic Policing Requirement (SPR) (outline approach)
- Crime recording – update
- Serious Organised Crime – thematic review
- National Ballistics Intelligence Service

It was noted that the final report in respect of Valuing the Police 3 was due for publication mid July.

19 RESOLVED: That the report be noted.

ANNUAL GOVERNANCE STATEMENT 2012 / 2013 – CONSTABULARY

Mr Cosh presented the report to the Committee. This was the Constabulary's first individual Annual Governance Statement under the new regime, although a similar process had been adopted as per the previous regime which provided a level of assurance underpinned by good governance principles.

Areas identified as significant issues for the forthcoming year included:

- Financial pressures requiring significant savings and continued restructuring of the organisation;
- Stage 2 Transfer of Staff to be completed by 1 April 2014
- HMIC Inspection Findings – national context regarding the use of the powers

In respect of the process, one member commented that it would be beneficial to include an area relating specifically to value for money and to highlight the conclusion at the beginning of the document.

20 RESOLVED: the Committee noted the Annual Governance Statement for the Constabulary and agreed that the process in place to develop the statement was satisfactory.

ANNUAL GOVERNANCE STATEMENT 2012 / 2013 – POLICE AND CRIME COMMISSIONER

Mrs Kitto presented the report to the Committee. This was the Police and Crime Commissioner's first individual Annual Governance Statement under the new regime. A similar process had been adopted as per the previous regime which included the collation of evidence of schedules and certificate of assurance signed off by the Chief Finance Officer and Deputy Chief Executive. Mrs Kitto reported that there had been a slight amendment to the Statement prior to the Commissioner and Chief Executive signing off the document on 26 June 2013, relating which set out the requirement to undertake a full review of the Scheme of Governance before April 2014 to take account of the Stage 2 process.

Areas identified within the Annual Governance Statement as areas of focus/improvement for the forthcoming year included:

- Stage 2 Transfer of Staff
- Procurement

Members commented that the work undertaken in respect of setting the new governance framework had been impressive. It was reported that the Police and Crime Commissioner's website was user friendly and informative.

Mrs Tanner confirmed that Internal Audit's annual report supported the findings in the Annual Governance Statements for both the Chief Constable and the Police and crime Commissioner.

21 RESOLVED: the Committee noted the Annual Governance Statement for the Police and Crime Commissioner and agreed that the process in place to develop the statement was satisfactory.

RISK MANAGEMENT ARRANGEMENTS – CONSTABULARY

Members were presented with an update on the Constabulary's review of risk management arrangements and relevant documentation.

Mr Cosh reported that the previous arrangements around risk management had been quite time consuming. The review had considered risk based on outcomes, using a more streamlined approach and a number of products had been developed, including a Strategic Forecast, Organisational Risk Register and Residual Risk Register. Senior Management within the Constabulary were confident that through its internal governance arrangements, the organisation would continue to ensure that the identification of risk and implementation of relevant controls were appropriate considered.

Mr Cosh provided an overview of the monitoring and reviewing processes adopted.

In relation to a query about the sustainability of the ICT review, Mr Cosh confirmed that there continued to be significant demand on ICT services and resources. He reported that ICT continued to be a key risk and that a review of the service was drawing to its conclusion. He also confirmed that the option to merge with Cumbria Constabulary around ICT provision had not taken place as it proved to be not compelling financially and extremely technically challenging and that this had been reported to, and agreed by, the former Lancashire Police Authority. Lancashire Constabulary was now moving forward with its own in-house delivery with specialist support from Lancashire County Council, which provided the option to buy in extra capacity / expertise where required. Mr Cosh confirmed he was confident of having a stable "platform" for ICT going forward.

Mrs Tanner reported that internal audit's review of ICT was due to be completed around the end of the year.

In relation to the management and oversight of key risks, it was confirmed that the central Corporate Development Department still had links with the divisions in respect of risk management arrangements and processes and offered guidance and advice as required.

22 RESOLVED: That the Committee welcomed the update and confirmed that the systems of control for risk management processes were in good order and fit for purpose.

RISK MANAGEMENT ARRANGEMENTS – OFFICE OF THE POLICE AND CRIME COMMISSIONER

Mrs Kitto provided an update on the current status of the Police and Crime Commissioner's risk management arrangements. Draft framework documents and strategic risk register were presented for comment in line with the Committee's terms of reference. She confirmed that the proposed arrangements reflected the new regime and provided a more simplistic and streamlined approach to risk management.

A copy of the proposed Corporate Risk Management Strategy / Policy Statement and Strategic Risk Register were presented.

Members considered that the revised arrangements appeared robust and fit for purpose given the new regime. The key risk identified appeared to reflect the areas of greatest risk to the organisation although it was suggested that, whilst the risks were not presented in "rank" order, realigning them in this way would be helpful.

Mrs Tanner confirmed that internal audit had also considered the new arrangements and had found they were fit for purpose.

23 RESOLVED: That the Committee welcomed the update and confirmed that the systems of control for risk management processes were fit for purpose and in good order.

APPOINTMENT OF PERMANENT CHAIR OF THE JOINT AUDIT COMMITTEE

Mrs Kitto confirmed that the appointment process was underway. An application pack was available on the Constabulary's website with a direct link from the OPCC's website. The closing date was 12 July.

Mrs Kitto also confirmed that it was intended to run the recruitment process for the remaining members of the Joint Audit Committee in September. This process would involve the newly appointed Chair of the Audit Committee.

24 RESOLVED: That the update be noted.

INTERNAL AUDIT ANNUAL REPORT 2012 / 13

The Annual Internal Audit Report for the period 1 April 2012 to 31 March 2013 was presented to the Committee for consideration.

The Committee noted that the overall opinion indicated that Internal Audit was able to provide substantial assurance over the internal control environment for 2012/13.

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 assurances provided.

Members noted that a number of areas of work were completed on or just after the end of the financial year. These reports had not been finalised, although draft reports had been issued and an opinion included in the summary of the findings.

In particular, the Committee was informed that based on the results of the audit of procurement arrangements, only limited assurance had been given on the systems and controls in place to manage the tendering and award of contracts. Although examples of good practice had been identified, the review highlighted a number of weaknesses in the controls operated by the Constabulary. Recommendations had been agreed with management to address the issues raised.

In respect of work undertaken to ascertain progress in implementing agreed recommendations resulting from the 2011 / 12 operational reviews, the Audit Manager confirmed that significant progress had been made by the constabulary in addressing the issues raised around business continuity management and ICT disaster recovery.

25 RESOLVED:- That the report be noted.

INTERNAL AUDIT MONITORING REPORT FROM 1 APRIL 2013

The Committee considered a monitoring report for the period 1 April 2013 to 31 May 2013. Limited work had been undertaken in the first two months. Fieldwork had commenced on a review of the financial procedures operated within the Office of the Police and Crime Commissioner including the effectiveness of arrangements for the Scheme of Governance.

Work was also continuing in the investigation of the data matches identified by the Audit Commission and also in reviewing the arrangements for processing purchase card payments.

26 RESOLVED: That the report be noted.

EXTERNAL AUDIT – AUDIT PLAN

The External Audit Assurance Manager presented the Audit Plan for the Police and Crime Commissioner and the Chief Constable for the period 1 April 2012 to 31 March 2013. It was reported that the significant risks identified in the report were generic risks relevant to any local government body and related to significant non-routine transactions and judgmental matters. The report also referred to "other risks" which had been identified by the external auditors.

It was reported that the 2012 / 13 Value for Money conclusion / key messages would be reported in the Audit Findings report and in the Annual Audit Letter.

It was noted that the total fee for the external audit work equated to £73,000 (£48,000 Office of the Police and Crime commissioner / £25,000 Chief Constable).

27 RESOLVED: that the plan and associated fees be agreed.

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.

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

DATE OF NEXT MEETINGS

29 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 16 September 2013; and Monday, 2 December, 2013, in Cabinet Room 'C' at County Hall, Preston.

SIGNED:

Chairman

DATE: 16 SEPTEMBER 2013