

## **JOINT AUDIT AND ETHICS COMMITTEE FOR THE LANCASHIRE POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE**

### **Annual Report – April 2017**

#### **Introduction and Background**

The Joint Audit Committee for the Lancashire Police and Crime Commissioner (PCC) and Chief Constable (CC) was established on 1 April 2014 replacing the Interim Combined Audit Committee which had been in place following the abolition of Police Authorities in 2012.

In September 2015, the Joint Management Board (JMB) decided to extend the role of the Joint Audit Committee to include the consideration of ethical responsibilities of the PCC and CC and a new Joint Audit and Ethics Committee (JAEC) was established. It was agreed that the Members of the Joint Audit Committee had the independent perspective and skills required to fulfil the extended remit.

Revised Terms of Reference for the Joint Audit and Ethics Committee were agreed at the JMB meeting on 7 January 2016.

The membership of the Committee is as follows:

Mr Stephen Dobson  
Mr David Jones  
Mr Clive Portman (Chair)  
Ms Karol Sanderson (Vice Chair)  
Mr Russell Weaver

#### **Assurance**

The Committee supports the effective discharge of PCC and CC business through the provision of advice and guidance in accordance with good governance principles; a focus on audit and ethical assurance; effective internal and financial controls and risk management processes.

## Meetings

The Committee met formally four times in 2016/17 on the following dates:

13 June 2016

15 August 2016

12 December 2016

6 March 2017

The JAEC agreed a Workplan for 2016/17 at its meeting on 13 June 2016.

Standing Items for consideration at each meeting of the Committee are:

- Update/Monitoring Reports from Internal and External Audit
- Inspection Reports updates
- Complaints Performance reports
- Dip Sampling of Police Complaints reports
- Ethics Update report

In addition to the Standing Items other matters were also considered:

- The June 2016 meeting considered the JAEC Annual Report for 2015/16; the 2015/16 Internal Audit Annual Report; the JAEC Annual Work Programme for 2016/17; Annual Governance Statements for the PCC and CC for 2015/16; PCC and CC Risk Registers.
- The August 2016 meeting considered the Audit Findings Report from the External Auditors (Grant Thornton); reports on Business Interests and Gifts and Hospitality.
- The December 2016 meeting considered the External Audit Joint Annual Letter for 2015/16 and the PCC and CC Risk Registers.
- The March 2017 meeting considered the Audit Plans for 2017/18 from Internal Audit and 2016/17 from External Audit along with the JAEC Work Programme for 2017/18.

Committee Members also contributed between meetings in the following areas:

- By dip sampling of action taken in dealing with complaints and making recommendations to improve the style of responding to complainants
- By attending and participating in a range of promotion boards for uniformed officers to ensure transparency in the process and promotion decisions made
- By attending a training session in respect of the management and process for dealing with misconduct cases
- By attending the Annual Police Audit Committee seminar organised by external auditors Grant Thornton
- By recently attending a training session in relation to Crime Data Recording (CDR) and the HMIC inspection process in relation to CDR.
- Three Members of the Committee attended a presentation on Stop and Search and two Members of the Committee attended a Stop and Search Monitoring Group meeting, both at Police HQ.

### **Issues to Note from Committee Meetings Held**

#### **13 June 2016**

- The Committee received a presentation on the Constabulary's firearms licensing department. The presentation explained the current structure of the firearms licensing framework and reflected how Lancashire was implementing the eighteen recommendations made in a recent HMIC inspection carried out at national level.
- The Committee resolved that the Annual Report of the work of the Committee in 2015/16 be presented to the PCC and CC at the next JMB meeting.
- The Committee received the draft Annual Governance Statements for the Constabulary and the office of the PCC and concluded that both documents provided evidence of a sound governance regime.
- The Committee discussed the involvement of three Members of the Committee in the process used for Constabulary Promotion Board interviews. There were some specific issues to raise with Human

Resources around the scoring criteria but overall Members were of the view that the process was transparent and fair.

- The Committee received progress updates from Internal and External auditors. The Internal Audit Charter was also presented. Grant Thornton reported that their audit fees for 2016/17 represented a 25% reduction from the previous year fees. Internal Audit provided the Committee with their Annual Report for 2015/16. The report concluded that the overall opinion on the level of assurance obtained through the work of Internal Audit was 'Substantial'. All areas reviewed by Internal Audit resulted in Substantial or Full Assurance with two exceptions; a review of Information Security received Limited Assurance and a review of Evidence Related Property received No Assurance. In both cases, detailed action plans have been developed to address the areas of weakness identified and regular reports of progress in implementing agreed recommendations have been provided to the Committee. Both of these areas will be subject to a follow-up review by Internal Audit.
- The Committee received feedback from a Member who attended the Grant Thornton Annual Police Audit Committee Seminar and agreed the Committee Workplan for 2016/17. A report on the dip sampling of complaints was received and the Committee was updated on the outcomes of recent HMIC inspections.
- In a private part of the agenda the Committee considered two matters referred to the Committee by the Constabulary's Tactical Ethics Board; reviewed the OPCC and CC Risk Registers and received a performance report relating to complaints received by the Constabulary.

### **15 August 2016**

- The Chief Constable (Steve Finnigan) briefed the Committee on the current issues faced by the Constabulary and the impact on current and future services. Detail was provided on the process being undertaken by the Constabulary in partnership with the Office of the PCC in determining the future strategic direction of the organisation and the operational changes that will be made to deliver policing services in future years. The Committee recorded their thanks to the Chief Constable for the briefing and question and answer session which followed.

- Grant Thornton presented their findings in respect of the PCC, CC and Group Accounts for 2015/16. They reported that no material errors were identified and that unqualified opinions were to be provided for the statements of account and in respect of the Value for Money conclusion for both entities.
- The Committee received reports on Gifts and Hospitality and Business Interests; the OPCC Ethics and Integrity Framework; the OPCC Transparency Policy and the OPCC Ethics Plan.
- The Committee received an Internal Audit Monitoring Report; a report on dip sampling of complaint files; a complaints analysis and an update on recent HMIC Inspections.

### **12 December 2016**

- The Police and Crime Commissioner (Clive Grunshaw) provided a briefing to the Committee on the Police and Crime Plan 2016-2021. He discussed with the Committee the challenges being faced by the Constabulary including the cuts in funding to Public Sector Partners; the potential impact of Police funding formula changes and how the work undertaken by the Police has dramatically changed over recent years. The PCC also referred to the current emphasis being placed upon Early action and Crime Prevention and the recruitment process in relation to a new Chief Constable in June 2017.
- Grant Thornton presented a report updating progress against the 2016/17 Audit Plan along with their Joint Annual Audit Letter for 2015/16.
- Internal Audit presented their Monitoring Report which raised no issues of concern.
- Reports were received in relation to HMIC Inspections; Dip Sampling of Complaints and the Detective Inspector Promotion process which two Members of the Committee observed.
- A report on the procurement of external auditors reported that the PCC and CC had agreed to sign up to using Public Sector Audit Appointments (PSAA) Limited to procure external audit contracts with effect from 2018/19. The Committee supported that decision.
- The Constabulary and PCC Risk Registers were considered in the private part of the agenda.

## **6 March 2017**

- Grant Thornton presented their External Audit Plan for 2016/17 and reported that the audit was 'on track' following the interim work that had been undertaken.
- The Internal Audit Plan for 2017/18 was presented. The Committee felt that some of the proposed areas of work (staff well-being; data quality and detainees with mental health issues) sounded quite challenging and it was agreed that the scoping of these audits was vital to ensuring that appropriate work is undertaken. The Committee welcomed the inclusion of a follow-up review of Evidence Related Property in the 2017/18 Internal Audit Plan.
- The Internal Audit Monitoring Report on the 2016/17 programme of work reported that all work completed to date resulted in Full or Substantial Assurance with the exception of a review of Health and Safety where the need for an overarching Health and Safety Plan was identified. As a result, Limited Assurance was given for this area of work.
- The Committee agreed its workplan for 2017/18.
- Reports were received on dip sampling of complaints; HMIC Inspection activity and the Uniformed Inspector Promotion process where feedback on the process from observation was very positive.
- The Committee also received a complaints analysis and considered two issues raised by the Tactical Ethics Board for the Committee's view on the issues raised.

## **Summary Conclusions**

The Committee is satisfied that the PCC and CC can take substantial assurance in respect of maintaining effective internal control, reporting on financial and other performance and in respect of risk management arrangements. During 2015/16 there was one area where Internal Audit could give only Limited Assurance (Information Security) and one area where Internal Audit could give No Assurance (Evidence Related Property). In each of these areas action plans to address identified weaknesses have been drawn up and Internal Audit are

satisfied with the progress being made but each area will be subject to a formal follow up review in 2016/17 to ensure that actions have been implemented as agreed. Detailed findings from the follow up reviews will be included in the IA 2016/17 Annual Report to the Committee in June 2017. A follow up review of the 2016/17 IA work on Health and Safety will be undertaken by IA in 2017/18.

In my view, the Committee has responded well in relation to its new responsibility to consider ethical arrangements for both the CC and PCC and the wider role and involvement of the Committee (as set out earlier in this report) has been of benefit to individual Members of the Committee and hopefully also to the effectiveness of arrangements in place for both the CC and PCC.

**Clive Portman**

**Joint Audit and Ethics Committee Chair**

**April 2017**