



**Lancashire
Constabulary**

police and communities together

**JOINT AUDIT COMMITTEE
MONDAY, 15 SEPTEMBER 2014 AT 1.30 PM
IN THE DUKE OF LANCASTER ROOM (FORMER CABINET ROOM
C), COUNTY HALL, PRESTON**

MINUTES

PRESENT

Mr Clive Portman - (Chair)

Mr Stephen Dobson,
Mr David Jones,
Ms Karol Sanderson,
Mr Russell Weaver,

IN ATTENDANCE

Mr I Cosh	Chief Finance Officer, Lancashire Constabulary
Mrs L Kitto	Chief Finance Officer, Office of Police and Crime Commissioner
Mrs R Lowry	Chief Internal Auditor
Mrs R Tanner	Audit Manager, Internal Audit
Mr M Thomas	Engagement Lead, External Audit
Mr R McGahon	Audit Manager, External Audit

SECRETARIAT

Mr I Dickinson	Standards & Governance Officer, Office of Police and Crime Commissioner
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MINUTES OF THE MEETING HELD ON 16 JUNE 2014

14/18 RESOLVED: That the minutes of the meeting held on 16 June 2014 be approved and signed by the Chairman.

MATTERS ARISING

The Committee received an update on the Constabulary's review of risk management arrangements and relevant documentation.

In noting the progress the Committee recognised the significant risk associated with the absorption of the Disclosure and Vetting teams into one unit and the loss of key personnel and experience. The Committee noted that the associated risk was being managed through the Constabulary's Gold Command process.

In response to a query in relation to staffing, the Constabulary's advised the Committee that the Constabulary had made a decision to stop Police Officer recruitment in 2010. At that time the full extent of austerity was unknown and certainly not expected to be as long and deep.

To manage the reduction in staff resources the Constabulary initially developed a step down model and for a couple of years undertook one-off police officer recruitment at 50 at a time.

In 2014 the Constabulary undertook an open recruitment of 200 police officers in anticipation of a significant reduction in police officers by 2017/18 through a combination of natural attrition and the impact of the austerity measures. Further, the Committee was advised that the Commissioner and the Constabulary were committed to maintaining PCSO levels at 335, and being mindful, that a number of PCSOs had recently been successful in becoming a regular officer. The Constabulary were taking a proactive approach to future recruitment to ensure operational resilience.

In addition to the recruitment process the Constabulary were investing in IT equipment such as body worn video cameras.

Finally, the Chief Finance Officer recognised that staff motivation and morale had been impacted upon and that a wellbeing strategy had been developed to address these issues.

14/19 RESOLVED:- That the report be noted.

EXTERNAL AUDIT – AUDIT FINDINGS REPORT

The Engagement Lead, External Audit, presented the Audit Findings Report for the Police and Crime Commissioner and the Chief Constable for the year ended 31 March 2014 and provided the Committee with an explanation of the changes to the accounting rules in recent years.

Key messages from the audit were reported, and the Committee was advised that it was expected that an unqualified audit opinion on the accounts and arrangements for securing value for money would be given to the Commissioner and the Chief Constable.

The work of the External Auditor's identified one adjustment to the PCC's and Chief Constable's financial statements which the management agreed to make. These adjustments were presentational and did not affect the reported financial performance.

Further, the work of the External Auditor's had not identified any control weaknesses which required to be brought to the Committee's attention.

Details of audit findings; audit findings against significant risks; audit findings against other risks; accounting policies, estimates and judgements, value for money; and fees, non-audit services and independence, were presented.

In response to a query in relation to contracts the Engagement Lead advised the Committee that the current contract, issued through the Audit Commission, was in place until the end of 2016/17 with the possibility of an extension for a further three year period.

However, it was recognised that the Audit Commission would cease to exist prior to 16/17 and management of the Audit Commission contracts would be undertaken by an independent company created by the Local Government Association. It was unclear at this stage whether the new body would be responsible for commissioning or issuing contracts from 2017/18 onwards. In the meantime, the Engagement Lead appreciated that consideration would need to be given within the next 12 months around future contract provision.

The Engagement Lead wished to place on record his thanks to Finance staff and other officers in both the Commissioner's office and the Constabulary for their assistance over the course of the audits; and the Audit Manager commented that responses to requests for information, and the timeliness of those responses, had been very helpful.

14/20 RESOLVED: That the report be noted.

RECEIPT OF DRAFT STATEMENT OF ACCOUNTS 2013/14

The Police and Crime Commissioner's Chief Finance Officer presented the 2013/14 Statement of Accounts for the Police and Crime Commissioner and the Chief Constable, together with a summary of the process of preparation and the main points of the Statements, prior to the 'signing off' of the accounts by the Commissioner and the Chief Constable on 30 September 2014 .

The Statements including Group Accounts were presented as Appendices 'A' and 'B'.

The Chief Finance Officer also advised the Committee that the statements reflected the underspend of £5.3m in Revenue Spending in 2013/14 that had been reported previously to the Commissioner. The reason for the underspend was due mainly to the early achievement of savings from a number of organisational reviews; management of vacancies for police officers and police staff; and a general 'spend less' approach.

Some concern was also expressed that the amount of outstanding debtors had almost doubled over the previous twelve months period, although the Chief Constable's Chief Finance Officer assured the Committee that this was not a risk.

Two Letters of Representation, in connection with the audit of the Financial Statements of the Police and Crime Commissioner and the Chief Constable were presented for approval, which were due to be signed by both Chief Finance Officers, the Commissioner and the Chief Constable, to be sent to the Engagement Lead as part of the formal approval process.

14/21 RESOLVED:- That,

- i. the Police and Crime Commissioner's (PCC) and the Chief Constable's (and Group) Accounts for 2013/14 be noted in advance of the formal signing off by the Police and Crime Commissioner and the Chief Constable respectively at the end of September 2014.
- ii. the Letter of Representation be approved and noted that this will be signed by the Chief Finance Officers and sent to the External Auditor as part of the formal approval process.

INTERNAL AUDIT MONITORING REPORT UP TO 31 AUGUST 2014

In presenting the internal audit monitoring report the Chief Internal Auditor advised the Committee that the current audit manager would be undertaking a specific piece of work for the County Council and as a result the Chief Internal Auditor would be the lead for the internal audit work and delivery of the audit plan.

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.

The Internal Audit Manager further advised that she had discussed the scope of the review of the Basic Command Unit (BCU) operations with the Constabulary's Director of Resources and ACC Bates and was drawing up the Terms of Reference. These in due course would be shared with senior staff within Constabulary and the Office of the Police and Crime Commissioner.

The Committee noted that a greater number of days had been utilised in undertaking the Expenses review than had been estimated at the time the internal audit plan was drawn up. However, the Committee was re-assured that this could be recovered due to less days being utilised than anticipated on other reviews.

Finally, the Internal Audit Manager advised the Committee that regular meetings with the Head of Professional Standards had been re-instigated to discuss on-going investigations and these were proving to be working well.

14/22 RESOLVED: That the Report be noted.

PROCESS FOR THE REPORTING OF FRAUD

The Committee considered a protocol for reporting financial and accounting irregularities.

In approving the protocol the Committee asked for some minor alterations to the wording of the protocol which the Director of Resources agreed to.

14/23 RESOLVED: That, subject to the minor changes identified by the Committee being made, the protocol be approved.

INSPECTION REPORTS

Integrity update

The Committee received an update in relation to national and local developments around the Ethics' Agenda.

In noting the progress on embedding the 'Code of Ethics' into the Constabulary the Internal Audit Manager advised the Committee that she had already met with the Head of the Constabulary's Audit Team in relation to the compliance around system abuse.

Inspection Update

The Committee received an update in relation to HMIC Inspection activity.

It was recognised that currently there was significant oversight by HMIC. This would form the basis for an annual assessment known as PEEL(police efficiency, effectiveness and legitimacy) and would assess how well each force cuts crime, provides value for money and provides a service that was legitimate in the eyes of the public.

In response to a query from the Committee in relation to the implementation of recommendations identified through a HMIC inspection, the Director of Resources advised the Committee that an action plan would be drawn up and progress against the implementation monitored. It was agreed that to assist the Committee future action plans would be presented to the Committee for information.

In relation to a query around the risk categorisation around ICT the Director of Resources advised the Committee that the level of risk had been reduced from 20 to 16 following reflecting the significant investment in ICT and the prioritisation of activity into a coherent and achievable delivery plan The Internal Audit Manager added that there was to be a follow-up audit review in relation to ICT service management due to only receiving a limited assurance previously.

Finally, in relation to the recently approved ICT Strategy the Director of Resources agreed to arrange a meeting between Mr Dobson and the Head of ICT, Superintendent Robertshaw.

14/24 RESOLVED:- That the Integrity and Inspection updates be noted.

URGENT BUSINESS

No matters of Urgent Business were reported.

DATE OF NEXT MEETING

14/25 RESOLVED: That it be noted that the next scheduled meeting of the Committee was due to be held at 1.30pm on Monday 1 December, 2014, in the Duke of Lancaster Room (former Cabinet Room 'C') at County Hall, Preston.

Angela Harrison
INTERIM CHIEF EXECUTIVE