

**Grant Thornton Annual Conference**

**Date:** 12<sup>th</sup> April 2016

**Venue:** Grant Thornton Offices, Birmingham

I attended the above event on behalf of the Joint Audit & Ethics Committee for Lancashire. The event was well attended, but not all Policing areas were represented.

The main learning from the day was in respect of

- a) Assessing and benchmarking our effectiveness as a committee and
- b) Determining any pitfalls, emerging issues and blindspots for Audit Committees

The event had an external speaker, Mr David Lloyd, the PCC from Hertfordshire. The talk described the Hertfordshire approach to the Committee's work and in particular the role of its chairman. The latter proved to be very controversial and was subjected to a great deal of sceptical questioning by delegates, in that Mr Lloyd has employed the Chairman of the Audit Committee as one of his staff and that individual is an active member of various boards that involve the Chief Constable and the PCC in decision making forums.

Mr Lloyd's view is that the chairman is there to highlight risk to the Chief Constable and the PCC and he believes that role is best exercised within the decision making forum, at the time decisions are taken. In that way, a risky decision will be highlighted there and then, allowing the risks to be considered prior to a decision being made, rather than a committee raising it at a later date.

The delegates believed that the chairman's role is compromised in that there is a clear conflict of interest in chairing a committee whose role is to oversee and where necessary challenge decisions, policies and procedures, when the chair was actively involved in making them.

The Conference discussed the points that can be used to assess effective governance by Audit Committees and it was reassuring that in Lancashire the model and working practices appear to be firmly in line with good practice identified by Grant Thornton across the field.

**A number of key points were highlighted as essential for good practice, in particular:**

- The appointment of members both in terms of committee size/numbers and relevant skills needs to be appropriate. In Lancashire, the skill base has been carefully considered via selection and the committee size is appropriate against benchmark numbers.
- The terms of reference needs to be clear to all and the boundaries between governance and management need to be clearly understood
- The length of meetings, frequency and level of detail need to be appropriate
- Training needs to be made available and undertaken by committee members
- A good level of involvement, access and contact between committee (or more usually its Chair) and PCC and Chief Officer(s) needs to exist, with easy and open lines of communication.

It was apparent that the Lancashire Committee was very much in line with all the points raised at the conference as good practice.

Lancashire was one of only two Police areas represented that had an involvement in Ethics. In most forces there was a complete lack of understanding of what the role of an ethics committee was. In some forces there was a separate ethics committee but no understanding of its role, activities nor was there any meaningful contact with it. In one policing area, Cheshire, there was a joint audit and ethics committee as there is here in Lancashire. Cheshire is however about to revert to separate audit and ethics committees when it has recruited members for the latter committee. On further exploration of the reasons for this it appears that the issues revolve around personality and the way in which the current committee approach the role rather than any fundamental or structural conflicts of interest. The Cheshire approach differs substantially from Lancashire and it is reasonable to conclude that there is nothing in the Cheshire decision that requires any discussion or further debate in relation to the Lancashire approach.

Emerging issues or significant blindspots brought two main issues to the fore:

1. Devolution:

The Government is continuing on a path towards greater regional devolution and the impact of this is not fully understood. The freedom to redefine public service delivery and blur boundaries between public sector bodies has considerable potential to change and in doing so it will alter the governance challenges and possibly structures. For example, devolution allows for pooling of budgets, transfer or sharing of responsibilities between health, fire and police roles. All of these issues alter the risk profile and increase ambiguity in its oversight. This is an area where Grant Thornton will continue to monitor developments and update committees

2. Police and Crime Panels

The role of the Police and Crime Panels (PCP) is designed to strengthen public accountability in respect of the Chief Constable and the PCC. It is also there to raise questions regarding concerns of the public that follow from decisions taken by these two roles. However, despite its overlapping areas of interest with the Audit Committee, none of the areas represented could point to any meaningful contact or even knowledge of the activities of the PCPs

This is an area that Grant Thornton will research further.

The event is certainly worth attending to keep abreast of good practice, emerging issues and self assessment.

Russ Weaver