

To: Joint Audit Committee
Date: 16th December 2015
By: Ian Perkin, Treasurer
Title: Notes of Informal Meeting – 23rd September 2015

Purpose of Report/Issue:

An informal meeting of the Committee was held on 23rd September and the notes of that meeting are enclosed.

Recommendation

The notes are presented to the Committee for information.

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Notes from Informal Meeting of the Joint Audit Committee – 23rd September

Attendees:

Members: Paul Rees and Andrew Gascoyne

PCC Kevin Hurley, Deputy PCC Jeff Harris, Ian Perkin (OPCC Treasurer), Alison Bolton (OPCC Chief Executive), Sarah Gordon (OPCC Office), CC Lynne Owens, Paul Bundy (CC CFO), Bev Foad (CC Finance), Gareth Byrd (Joint IT) (part), Iain Murray (Grant Thornton), Marcus Ward (Grant Thornton) and Daniel Harris (Baker Tilly).

An informal meeting of the Joint Audit Committee took place on 23rd September due to the formal meeting unable to proceed because it was not quorate. A summary of issues raised by the Committee are listed below:

External Annual Audit Findings Report

The report showed that there were nine adjustments made to the PCC accounts but only one in the CC's accounts. Members questioned whether there were any underlying reasons for this. They were reassured that the only reason for this was because the PCC accounts were a more complex set of accounts.

Members also questioned that there had been two payroll issues raised, one for last year and another for this year – they asked whether the auditors had any other concerns or whether they were both one off issues. Assurance was given by the auditors that they were one off issues and they had no further concerns.

Members questioned the decline in staff satisfaction during 2014/15. The CC said that this was inaccurate as the last staff survey wave had seen an uplift against the previous wave. Results from the latest survey may not have been considered in time for this report. The CC said that she would have that information submitted to Grant Thornton for necessary amendments to be made before the final report was issued.

Members observed that reserves were important but were not audited very much. The auditors said that the maintenance of reserves was a decision for management. The Medium Term Financial Plan looked ahead at how the General Reserve might be utilised to support longer term financial planning. The Head of Finance explained that the reserves strategy was reviewed each year and were taken to the PCC for approval.

The two Members who were present said they would have recommended the accounts to be signed off had a formal Joint Audit Committee taken place.

Committee on Standards in Public Life Report

Members were happy with the comments that had been submitted prior to the meeting by an absent Member. It was agreed that Members who had

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attended Force meetings had found them useful. Further dates would be circulated to Members who were yet to attend Force meetings.

Collaboration Update

The Head of Finance gave an update explaining that the Force was currently embarking on a procurement exercise with Sussex and Thames Valley for the ERP (Enterprise Resource Planning) project. This would create one HR system for all three Forces. Assistant Chief Officer (ACO) Jane Harwood was the SRO for this project and was providing regular briefing updates to the OPCC.

Members asked whether the Force would need to raise more money through future precept. The CC explained that presentations had been made to the PCC on 14th September about plans to reconfigure how the Force delivered core policing services. There was a difference between Surrey and other Forces on the level of demand it currently dealt with. The target was to reduce demand on non-core business and to put pressure on partners to take more responsibility. There had been a shift in the demand on crime including increases in public protection, serious sexual offences and domestic abuse, some being historical complex cases. The Force would be reconfigured to focus more on threat, risk and harm and less on volume crime investigations. The PCC had agreed three parts of the work and the Force would seek further approval from him when the project work was completed in October.

The Chief Constable updated on the current CSE profile in the county.

The PCC said that he kept members of the public informed about the funding issues during his crime summits which were currently being held around the county.

ICT Business Continuity and Disaster Recovery Plans

Members were informed that the documents would be reviewed on a regular basis and updated accordingly.

Members said that Baker Tilly would need to review the documents and state whether they dealt with the issues raised on the risk register and previous audit reports. The Head of Finance said that the Follow Up report should pick that up. Members said it would be beneficial to carry out the follow up relatively quickly and then have a future audit internal audit planned if necessary.

It was noted that the OPCC was kept updated on these plans.

Report on OPCC Grant Funding

Members received a briefing from the Deputy PCC on grant funding awarded by the OPCC following concerns that were raised by Members at the previous meeting. The Deputy PCC explained that the Community Safety Fund had been transferred to PCC's when they came into office in November 2012. The criteria that had to be met by those applying for funding was whether they would be enhancing community safety and whether they could meet any of

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the six People's Priorities. An internal audit report carried out last year had found no high risks and all other recommendations had been addressed. The PCC funded approximately 80% of applications and wouldn't fund any groups that were in debt. Checks and balances were made before funding was awarded and evaluation was carried out after funds were awarded. The Deputy PCC met with some applicants to learn more about their work and the reasons for their applications.

Members were content with the comprehensive criteria that had to be met and asked whether this information was publicly available. The Deputy PCC explained that all information on how to apply was on the PCC's website. Awareness of the fund was mainly through word of mouth but also through community meetings that were attended by the PCC and Deputy PCC. Those who were unsuccessful were given feedback as to why their application hadn't been agreed.

The Chief Executive explained that the PCC had received a fund from the Ministry of Justice in October 2014, that was used to grant awards for building capability and capacity of victims services. A grant process rather than a commissioning process was used as there was a short timescale to spend the money and the PCC didn't want to destabilise referral routes that were already in place.

Preventing Cyber Crime in Surrey

The Deputy PCC gave an update on the work the OPCC was undertaking to help prevent cyber enabled crime across the county. He explained that an online Cyber Safe Network had been created which was a one stop shop of information to help in the prevention of cyber crime. The network was aimed at practitioners and professionals. There was also a group, Surrey Cyber Safety Group, which was made up of partner agencies and chaired by the Deputy PCC that worked together to progress work.

Members questioned the security of the site and whether Surrey Police would be vulnerable to hacking because of it. They also asked how the content of the site was audited.

The Deputy PCC explained that the site was just a reference point and it was managed by the OPCC. The CC suggested that the Force's Information Security Team would be able to check the security of the site.

Monitoring of Audit and Inspection Recommendations

Members raised the issue of the ICT recommendations updates being out of date. The CC assured the Members that these would be updated regularly.

Members noted a number of 'not accepted' comments in the report. The Chairman said that it should be the decision of the Committee members as to when recommendations could be removed from the report, taking account of whether the internal auditors would be happy for them to be removed. The internal auditors explained that a draft follow up report was due to be brought to the next meeting and that some of the recommendations may have been

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considered as part of that report. The recommendation should be amended to something that both sides were happy with.

OPCC Risks Update Report

The Treasurer explained that a risk had been added to the register which related to the new funding formula. The Force may suffer a local detriment due to the way the new formula had been structured. Notification would be received by the end of November/beginning of December.

Force and Joint Risk – Update Report

The Members received an update on the Force and joint risks. There were two significant risks which were outlined in more detail in the report.

Contract Waivers

The Head of Finance circulated the new waiver template which included a clearer audit trail. Members asked whether there were occasions when waivers were used when a procurement process should have been used. The Head of Finance said it was possible and that he would be able to find out more details outside the meeting.

Any other matters to be raised with the internal auditors

Members asked whether any work was in progress to align risk management processes with Sussex. The Head of Finance suggested that this could form part of the ERP work. He said that they weren't too dissimilar at present but could be more aligned.

Members questioned whether the OPCC had the expertise to oversee the cyber safe project and ERP project as per recommendations that had come out of the SIREN report. They also asked whether the appropriate expertise were being used to oversee the ERP project which had a significant spend associated with it.