

Minutes of the Joint Audit Committee 22nd June 2016 held at Surrey Police Headquarters

Attendees:

Paul Rees - Chairman
Andrew Gascoyne – Member
Chris Johnson – Member

David Munro – Police and Crime Commissioner (part)
Alison Bolton – Chief Executive – Office of the Police and Crime Commissioner
Ian Perkin – Treasurer – Office of the Police and Crime Commissioner
Harriet Doe – Office of the Police and Crime Commissioner

Nick Ephgrave – Chief Constable
Paul Bundy – Head of Finance – Surrey Police
Bev Foad – Financial Accounting Manager - Surrey Police

Marcus Ward – Grant Thornton
Andy ?
Lorna Raynes– Baker Tilly

PART ONE
IN PUBLIC

22/16 APOLOGIES (Item 1)

23/16 DECLARATION OF INTEREST (Item 2)

No declarations were made.

24/16 MINUTES OF THE LAST MEETING – 17th March 2016 (Item 3)

The minutes of the March meeting were accepted as a true and accurate record.

25/16 MATTERS ARISING – 17th March 2016 (Item 4)

Paul Rees (PR) asked whether or not the ERP project had been signed off yet, and the Chief Constable (CC) replied that it was imminent. The CC went on to update around Vetting, and explained that Vetting had now moved to a joint vetting unit, which will be co-located outside of the county. PR asked if Mazars were still doing the

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internal auditing for Sussex Police, and Lorna Raynes (LR) replied that it was still continuing. RP asked if there was any likelihood of change in the future, and Ian Perkin (IP) noted that this was not likely. IP went on to note that both his counterpart in Sussex and Paul Bundy's (PB) counterpart in Sussex were leaving imminently, and so any progress around this would have to wait until they had been replaced.

PR noted the OPCC risks update report from the last meeting, and asked whether there was a quick-time fix for NICHE issues. The CC answered that there is a NICHE Governance Board that meet monthly or on a 6 weekly cycle, and all issues get taken there. There is also a 'club' known as Minerva that is a consortium of Forces who are using Niche. If there is a large scale issue with NICHE then Surrey Police go to Minerva to ask if other Forces are experiencing the same problem. The issue is that Surrey Police is 'small fry' to the mother company. Surrey Police pay roughly £40,000 a year to be a part of Minerva and this allows more leverage when there is a big issue. Chris Johnson (CJ) asked whether this £40,000 was in addition to any maintenance costs that would then be spent on NICHE to fix a serious issue. The CC answered that Surrey Police choose to pay the fee as by being a member of Minerva Surrey Police are entitled to lots of benefits. All Forces using NICHE agreed to Minerva. PR stated that it was quite a lot of money to spend, and asked the CC who the parent company was. The CC noted that he would find out. PCC David Munro (DM) noted that he would like a short report/briefing around the issues with NICHE seen as they are on his risk register.

IP commented that it was suggested at the last meeting that a reporting line be added via the OPCC website to allow ease for external companies to whistle blow. AB noted that she had looked into this. AB had looked in to what other OPCCs do and a line has been added to the OPCC website regarding whistleblowing. RP asked if a record was kept of incoming calls and AB answered that there is a record, and that the link and information relating to whistleblowing was easy to find.

26/16 INTERNAL AUDIT END OF YEAR REPORT (Item 5)

PR began by noting that the draft accounts had already been published; he stated that perhaps in the future it would be beneficial for the JAC to look at the draft accounts before they are made public. PR asked LR if previous work was taken into account for the report, and LR answered that it wasn't; a follow-up of recommendations is completed and if any serious issues are raised they are also followed up. PR highlighted that a report could be issued as a red and could be made public, but then this could be disputed by management. LR noted that Baker Tilly would not want to issue an opinion without the reports. PR answered that the risk is opinions are being made on funding that hasn't been approved internally, and this is in the public domain. LR noted that there is a detailed debrief, and PR asked whether LR was happy that they were accurate. LR answered that the commissioning one is now final and it's the managing victim's one that may have queries. Alison Bolton (AB) commented that this was the one causing difficulties. AB went on to note that it is unfortunate that the OPCC will push back on one but anyone interested will be able to see the debate. PR asked if RSM was happy with the governance statement and stated that it was important that they were happy. Andrew Gascoyne (AG) asked whether there had been a change in methodology as the audit comment is quite different to last year. PR stated that he wanted to ensure that RSM are happy that they are not disclosing the governance statement. LR answered that the methodology has not changed but the

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wording has been revised and the graphic has been changed. DM highlighted that under 1.3 – the amber/red opinions on grants – DM has flagged the issue of grants and work is ongoing at the moment to put a more regulated system in place. The work was initiated not because of the report, but due to the fact that DM wants grant money to be properly controlled. AB noted that the more critical report where the OPCC are pushing back is the referral mechanism. PR commented that he was happy if issues were being addressed but he wants to ensure that RSM are happy. AB noted that the OPCC would take this up with RSM separately.

27/16 PROGRESS REPORT ON ANNUAL GOVERNANCE STATEMENTS AND FINANCIAL ACCOUNTS FOR 15/16 (Item 7)

PR asked whether there should be some comment within the report making it clear that DM was signing off but that the report was identical to the one signed by the previous PCC. AB noted that this was mentioned within the report; there was reference to it in the governance statement. DM noted that he was happy with this. Bev Foad (BF) commented that she would appreciate any comments earlier rather than later. CJ asked whether there were any initiatives to make the report more 'friendly'. Paul Bundy (PB) commented that they had used the narrative section a bit more. BF noted that there was probably more they could do to make it more 'user friendly'. PB said that they had made it as low cost as possible, but that if the JAC were happy for them to spend more money they would. PR commented that even accountants find the report hard work.

28/16 ANNUAL TREASURY GOVERNANCE REPORT (Item 8)

IP began by highlighting that there was a slight change in the investment strategy. The maximum term had been increased to 2 years. 3 new investment categories were being introduced: corporate bonds, covered bonds and pool investment property funds. AG asked who manages the investment categories, and IP answered that Surrey Police have a Service Level Agreement in place with Surrey County Council, and it is all handled by their team. IP explained that pool investment property funds are where property is purchased and managed. CJ asked whether Surrey Police's priorities have to be aligned, and IP answered that they do. IP commented that risk was shared proportionately – as with the Icelandic Bank investment; the Council took 80% of the loss. IP explained that the arrangement was a fairly cheap one, and that other opportunities have been looked into, but Surrey County Council haven't moved due to fees. PR commented that point 4.3 notes that the Council are taking a very cautious approach since the Icelandic Bank investment and that he would be interested to know what another organisation would do with a similar portfolio of money. DM explained that this hadn't 'crossed his radar' and thought it would be worth having a conversation around this.

29/16 BAD DEBT WRITE-OFF REPORT (Item 10)

CJ asked how many police systems are in development in terms of capital right-off. The CC answered that the new CIO has an objective to rationalise applications across Surrey and Sussex Police - fewer and fewer is the overall answer. The CC went on to note that Surrey Police had its 'fingers burnt' with Siren. PR noted that it would be good to have confirmation from the CIO, and that it would be good for him to attend a meeting soon. CJ asked how many people were affected and why the debt wasn't recovered sooner. PB answered that it was an error by the payroll team. Initially the plan was to recover all of the debt, but Surrey Police were challenged on this. The error was internal and was found internally. A process is now in place to stop the mistake happening again. PR commented that the amount is immaterial but if there are large provisions needed, that is what the JAC need to understand. BF asked for approval, and PR confirmed that the JAC approve.

30/16 Exclusion Note (Item 11)

The Committee noted the report.

Under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under paragraph 7 of Part 1 of Schedule 12A of the Act.

PART TWO
IN PRIVATE

31/16 MONITORING OF AUDIT AND INSPECTION RECOMMENDATIONS (Item 12)

PB tabled the report to the group and the progress of the audit inspection recommendations was discussed.

32/16 FORCE RISKS – HIGH LEVEL AND SHARED RISKS – UPDATE REPORT (Item 13)

PB tabled the report and changes to the risk register were discussed.

33/16 OPCC RISKS – UPDATE PAPER (Item 14)

The report was tabled to the group.

34/16 ANY OTHER MATTERS TO BE RAISED WITH THE INTERNAL AUDITORS (item 15)

The item was noted. No matters were raised.

PART ONE
IN PUBLIC

35/16 AUDIT COMMITTEE ANNUAL SELF-ASSESSMENT REVIEW (Item 16)

PR began by highlighting that the JAC welcome views on what they are doing, and want to make their role as supportive as possible. The CC noted that Surrey Police has the JAC, HMIC and Internal auditors, and stated that he would be keen to better align the relationship between the scrutiny areas. PR commented that the governance framework had been discussed in an HMIC meeting the day before, and LR highlighted that it is necessary to see where the gaps are. DM commented that he had found the last hour and a half incredibly useful. PR noted that he would like comments from both the external and internal auditors in relation to the self-assessment review. The CC repeated the thanks that DM had given.

DM and the CC left the meeting.

36/16 EXTERNAL AUDIT FEES (Item 6)

The report was noted.

37/16 SURREY COUNTY COUNCIL TREASURY MANAGEMENT INTERNAL AUDIT REPORT (Item 9)

CJ asked if the JAC could view a copy of the Council's risk register, which is mentioned on Pages 5 and 11 within the report. CJ queried why so many individuals have access to the transactional system. AB commented that it was worth noting that it came out as an effective audit overall.

38/16 REVIEW OF REGISTER OF GIFTS (Item 17)

DM wondered whether the threshold could be raised as the current situation with gifts was absurd. DM stated that he had had the threshold raised to £100 in the Surrey County Council. IP noted that it was a statutory requirement to publish all gifts received by the OPCC. PR stated that he would be interested to know what other OPCCs are doing. CJ asked why non-police staff was not included within the report, and AB noted that if it wasn't clear she could make sure Officers of the OPCC were included. IP commented that Sussex OPCC is subject to the same statutory requirements. AB noted that if gifts are rejected they are also recorded. Vanya Moyer (VM) asked whether the register covers receipt of gifts. AB answered that statutory responsibilities extend to the receipt of gifts. CJ noted that the description of the last item on the risk register, in relation to DM attending the County Show Presidents Lunch was not clear enough. CJ went on to query whether or not Shiraz Mirza, the advisor to the previous PCC, should be on the register as he was employed as a consultant. IP answered that it was put on the register in terms of transparency. CJ queried whether consultants are regarded as police staff, and whether they should abide by the same code as police staff. AB noted that it was slightly different as it was the OPCC register being discussed; the OPCC would tend to err on the side of caution in order to be transparent. PR concluded that the JAC have to be told about gifts

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received. IP noted that Procurement should have the answers to the questions, and that a paper or a briefing could be requested in regards to trying to understand the different categories.

39/16 JOINT AUDIT COMMITTEE UPDATE (Item 18)

PR asked whether the audit would include Surrey Fire and Rescue at some stage, and Marcus Ward (MW) noted that he supposed that Surrey Fire and Rescue would be included if the OPCC becomes its overseer.

PR went on to ask what the view of the region was in relation to the recent HMIC reports. MW answered that HMIC had found that Surrey Police had met their points, and that minor recommendations along with an improvement plan was in place.

AB commented that the work plan had been updated to reflect the review of Audit, Inspection and scrutiny.

40/16 EXCLUSION NOTICE (Item 19)

The Committee noted the report.

Under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under paragraph 7 of Part 1 of Schedule 12A of the Act.

The meeting ended at 16:05