

Minutes of the Joint Audit Committee 14th March 2013 held at Surrey Police Headquarters

Attendees:

Amanda Mills – Temporary Chairman

Andrew Gascoyne - Member

Chris Johnson - Member

Vanya Moyer - Member

Ian Perkin – Treasurer - Office of the Police and Crime Commissioner

Sarah Thomas – Minute Taker - Office of the Police and Crime Commissioner

Clare Davies – Assistant Chief Officer – Surrey Police

Paul Bundy – Head of Finance – Surrey Police

Miles Corner – Head of Financial Accounting – Surrey Police

Lorna Raynes – RSM Tenon

Paul Grady – Grant Thornton

Iain Murray – Grant Thornton

Paul Rees attended Part One of the meeting as an observer

PART ONE
IN PUBLIC

01/13 INTRODUCTIONS

This was the first meeting of the Joint Audit Committee for the Office of the Police and Crime Commissioner (OPCC) and Surrey Police and the necessary introductions were made.

02/13 APOLOGIES

Apologies had been received from Alison Bolton, Chief Executive for the OPCC and Richard Plumb, Lead Auditor for RSM Tenon.

03/13 DECLARATION OF INTEREST

No declarations were made.

04/13 TERMS OF REFERENCE

The Treasurer presented the Terms of Reference for the new Committee which members were asked to comment on.

A discussion commenced and Members made the following amendments:

- 3 – Change to ‘consider and comment’
- 4 – To review quarterly
- 5 – Change ‘fraud’ to ‘anti-fraud’
- 16 – Change ‘at the end of the current contract period’ to ‘at the end of each contract period’
- 18 – Treasurer to clarify this point so that it specifies that all fee proposals put forward by Grant Thornton the external auditors would be reviewed
- 22 – change to ‘review and comment upon the implementation...’
- 24 – It would be best practice to annually review the effectiveness of the Committee

Members enquired as to who approved the appointments of the internal auditors. The Treasurer explained that the OPCC/Force were a member of a consortia formed with five other District Councils and following a tendering process by a number of firms. RSM Tenon was chosen and Richard Plumb of Tenon was accepted as the Chief Internal Auditor. The contract runs for five years with the next renewal arising in April 2017.

Members asked how the Committee would deliver item 22 – Equality Schemes and Human Rights Policies. The Assistant Chief Officer (ACO) explained that the Chief Constable (CC) and Police and Crime Commissioner (PCC) might want to get an independent test of policies and that these could be brought to the Committee. She said that every policy that was written in Force was tested for equality and human rights.

Members recommended that the quorum of members required for a meeting to take place was recorded on the terms of reference. It was agreed that three members would have to be present for the meeting to go ahead.

The amendments would be made and the new version would be circulated to Members for agreement prior to the next meeting.

05/13 INTERNAL AUDIT PROGRESS REPORT

Lorna Raynes (LR), RSM Tenon presented the internal audit progress report.

Members enquired as to how RSM Tenon graded their reports. LR explained that a four tier grading system was used. The number of recommendations raised during an audit was used as a benchmark for grading but the auditor would also use their judgment to determine what the final grading was.

Members referred to a previous audit report that had been undertaken during the time of the Surrey Police Authority – Forensic Medical Examiners (FMEs). They asked whether RSM Tenon was picking this up as it had been deferred in 2012. LR said that she was not aware of this report but would check and give an update at the next meeting.

The Committee noted the progress report.

06/13 INTERNAL AUDIT STRATEGY 2013/14 – 2015/16

Lorna Raynes (LR) presented the internal audit strategy for 2013/14 – 2015/16. She explained that RSM Tenon had met with representatives from the OPCC and Surrey Police to discuss recommendations for the reporting period. This was a flexible strategy and could be changed in year if required. She explained how RSM Tenon arrived at the level of audit in terms of days and also how previous recommendations were addressed during the plan.

Members recommended that audit strategies for previous years and future years should be listed to give the Committee a broad view of what had been audited in the past and what is due to be audited in the future.

The ACO explained that Members would need to be updated on background work. She proposed a series of induction sessions to give Members more detail on certain key issues/projects so that they could effectively test and challenge. Members agreed that it would be useful to gain insight into what was happening in Force.

The Chairman stated that the Committee did not have enough information to be able to approve the audit strategy at this meeting. The Treasurer said that a revised plan would be brought to the next meeting but that RSM Tenon would continue work on the less contentious issues within the plan.

Members asked whether the areas that were in collaboration with Sussex would form part of a joint audit. The Treasurer explained that these areas would be jointly audited. The lead force would arrange the audit (e.g. Surrey was the lead force for Procurement) and then share the report with both the Surrey Joint Audit Committee and the Sussex Joint Audit Committee. Surrey's Joint Audit Committee would receive updates from Sussex on audit timescales and vice versa.

07/13 INTRODUCTORY SESSION FROM GRANT THORNTON

Paul Grady (PG), Engagement Lead for external auditor Grant Thornton gave a verbal presentation about Grant Thornton and how they would be carrying out the external audit of the OPCC and Surrey Police.

Members enquired as to how the transition from auditing one set of accounts to auditing two sets had gone. The Treasurer explained that the view was to take a minimalist approach as it was currently one organisation controlled by the PCC. The Stage Two transfer would be the time when any changes would have to take place but things were continuing on as before.

The Committee noted the introduction from Grant Thornton.

08/13 EXTERNAL AUDIT FEE LETTER

Paul Grady (PG) presented the external fee letter. He explained that both the CC and PCC had received a letter. The fee of £77k was an 18% reduction on the previous Surrey Police Authority fees. There was nothing to suggest, at this stage, that any additional work would need to be carried but if it did then the fee would be revised. The External Audit Plan would be presented at the next meeting.

The Committee noted that content of the letter.

09/13 SCHEME OF CORPORATE GOVERNANCE

The Treasurer presented the report. He explained that the recommendation was that the PCC had asked the Committee to give him the assurances required for him to be able to approve the Scheme of Corporate Governance.

Members asked whether the documents were written to reflect both stages. The Treasurer explained that the documents were not written for Stage Two as there were legal implications around delegation in Stage Two. The documents were fit for the present time and any changes would be brought to the Committee as and when they were made.

Members stated that they would need more time to scrutinise the documents as they contained extensive information. It was agreed that Members would send any comments they had to the Treasurer by the end of March.

10/13 WAIVER TO CONTRACT STANDING ORDERS

The Head of Finance (HoF) explained that the Force had recently undergone transition to a Joint Procurement Service with Sussex Police. During this transition period an omission had taken place in respect of an inherent automatic extension relating to the employee benefits contract. To avoid any risks a waiver was made to Contract Standing Orders and the contract was extended. The HoF reassured the Committee that the contracts register was now more robust.

The Committee noted the report.

11/13 WORK PROGRAMME 2013/14

The Treasurer presented the work programme. He explained that it would be updated following each meeting.

Members said that some items that were on the Terms of Reference were not listed on the work programme. The Treasurer agreed that they would be added to the work programme.

12/13 EXCLUSION NOTICE

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**

13/13 ANY OTHER MATTERS TO BE RAISED BY THE INTERNAL AUDITORS

The Committee was given the opportunity to ask any questions of the auditors in relation to the finalised reports; Key Finance Processes and Follow-up of Previous Internal Audit Recommendations.

Members raised concerns about the high number of recommendations that had not been followed up – 30%. Lorna Raynes (LR) agreed that this was a high number and explained that it was up to the Force how the recommendations were followed up internally. The ACO explained that the housekeeping recommendations were followed up under ordinary processes and were not reported on. The medium/high recommendations were tracked and updated in the report under item 16 on the agenda.

The Committee noted the report.

14/13 OPCC RISK REGISTER AND ASSURANCE FRAMEWORK

The Committee received a report in relation to the OPCC risk register and assurance framework. The Treasurer explained that the risk register was distinct from the Force's risk register.

Members asked for greater clarity around the intention of the assurance framework document. They also asked for more details in some areas of the document. The Treasurer confirmed that this would be updated for the next meeting.

15/13 FORCE HIGH LEVEL AND SHARED RISKS

The ACO gave a brief explanation of the risk management process within the Force. She said that the Committee would need further briefing in this area and agreed to circulate a document which set out the process. She explained that the process was tested and controlled by the Chief Officer Group.

The Committee noted the report.

16/13 MONITORING OF AUDIT & INSPECTION RECOMMENDATIONS

The Committee received a report on the progress of implementation of the recommendations identified as medium or high by the internal auditors.

The Committee noted the report.

17/13 PRIVATE MEETING OF MEMBERS WITH THE AUDITORS

Members of the Committee met with the auditors in private.

The meeting ended at 17:00