

Minutes of the Joint Audit Committee 10th September 2013 held at Surrey Police Headquarters

Attendees:

Paul Rees - Chairman
Andrew Gascoyne – Member
Chris Johnson – Member
Amanda Mills – Member
Vanya Moyer - Member

Alison Bolton – Chief Executive - Office of the Police and Crime Commissioner (Part)
Ian Perkin – Treasurer – Office of the Police and Crime Commissioner
Sarah Thomas – Minute Taker - Office of the Police and Crime Commissioner

Lynne Owens – Chief Constable – Surrey Police (Part)
Jane Harwood – Assistant Chief Officer – Surrey Police
Paul Bundy – Head of Finance – Surrey Police
Bev Foad – Finance – Surrey Police

Paul Grady – Grant Thornton
Iain Murray – Grant Thornton
David Taylor – RSM Tenon

PART ONE
IN PUBLIC

40/13 APOLOGIES (Item 1)

Apologies were received from Police and Crime Commissioner (PCC) Kevin Hurley.

41/13 DECLARATION OF INTEREST (Item 2)

No declarations were made.

42/13 MINUTES OF THE LAST MEETING – 14TH MARCH 2013 (Item 3)

Minute 36/13 – it was noted that the change in risk register description wasn't listed as an action on Matters Arising. The action had been completed.

The minutes were accepted as a true and accurate record.

43/13 MATTERS ARISING (Item 4)

24/13 – David Taylor (DT) had circulated an update to the Members prior to the meeting – he was happy to take views from Members on the audit of Surrey Police IT systems outside the meeting.

25/13 – DT confirmed that RSM Tenon had not carried out an audit of PAYE and neither had their predecessor, Mazars. The Chairman suggested that it should be built in to the 2014/15 audit strategy. He also suggested that the benefits arising under the Surrey Homes Scheme needed to be considered as part of this review.

The Chairman questioned how the Committee should assess value for money (VFM). Ian Perkin (IP) explained that the duty to achieve VFM rests with the PCC and the Chief Constable (CC). The Joint Audit Committee had no duty to assess this as such but they would receive reports from both the internal and external auditors which would allow the Committee to form a judgement on the extent to which VFM was being achieved by both the PCC and Chief Constable. The external auditors in particular have a statutory duty to report on whether the PCC and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, while HMIC also produce VFM profiles annually. Jane Harwood (JH) explained that the Force would look at benefits realisation as part of the business case for each project it undertook.

35/13 – Chris Johnson (CJ) said that he had some comments about contract standing orders and that he would raise them with IP outside the meeting.

44/13 WAIVER TO CONTRACT STANDING ORDERS (Item 13)

IP explained that the PCC had made a decision in July 2013 to waive contract standing orders in order to appoint Oxford Economics to undertake a significant piece of analysis to inform Surrey's input to the Government's review of police funding arrangements.

CJ asked how a new contractor would get in to this market place as it appeared that the request had been tailored to Oxford Economics specifically even though there were other companies out there that could do the same work.

IP explained that Oxford Economics had carried out a similar piece of work in 2009 and they were being called upon again as they already had data specifically relevant to Surrey Police and were now being asked to update this for 2013. They were not regularly being asked to undertake work for either the PCC or Chief Constable but had particular expertise in the area of police funding and were able to provide the necessary expertise to allow the PCC to feed sensible, evidentially based proposals into the Government's current review of the police funding formula within the short time scale required.

It was agreed that, on this basis, it was appropriate to make a direct award of this contract.

45/13 WORK PROGRAMME 2013/14 (Item 14)

IP explained that the work programme had been updated following comments made by the Committee at the previous meeting. Amanda Mills (AM) had some further comments but would feed them to IP outside the meeting.

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**

46/13 RSM TENON TRANSFER TO BAKER TILLY (Item 7)

DT explained that RSM Tenon was now part of the Baker Tilly Group. All RSM staff would be transferred to Baker Tilly in October. The transfer was about growth for Baker Tilly not reduction in staff numbers for RSM Tenon. It would be business as usual for all RSM Tenon clients.

IP explained that as Surrey Police was part of a wider consortium for this contract, the consortium would have to take a view on whether it wanted to continue with these arrangements.

47/13 NICHE PROJECT – UPDATE (Item 5)

Superintendent David Leeney (DL), Programme Manager, gave a verbal update on the progress of the Niche project. He said that a regular highlight report was available to the Committee if required.

Sussex Police went live with the crime and intelligence aspect of Niche in May 2013 and it was successful. Final checks had been made in Surrey to ensure that it could deploy the Sussex system – a few change requests were made and had been completed. The technical design was complete with a go live date of November 2013.

Surrey and Sussex were working together on the case and custody aspect of the system with a dual roll out set for February 2014.

A recent report by PA consulting on the Force's preparedness would be shared with the Committee chairman once finalised.

The Chairman asked whether the upcoming changes in the ICT department would have an impact on this project. The CC explained that the current Head of ICT was due to retire in the coming months. Appropriate arrangements for managing the ICT function would be put in place in due course. She also reported that the Force was moving from its current functional model to a geographic model which would mean that

a lot of financial recoding would have to take place. It would have been easier to wait until the new financial year in April 2014 but it had been agreed that it would be more beneficial to implement the changes to fit in with the roll out of Niche. DL agreed that it would be easier to recode Niche prior to the system going live.

48/13 FORCE HIGH LEVEL AND SHARED RISKS (Item 6)

Paul Bundy (PB) presented the report. He explained that some high level risks had been added to the report.

Members raised a number of issues which were addressed within the meeting.

AM asked that future reports include the date the risks were first recorded on the risk register.

The Chairman asked how other risks were addressed that were not listed on the risk register i.e. working with Sussex or the move from functional to geographic model. Alison Bolton (AB) explained that the PCC held regular meetings with the Chief Constable and her senior team. The PCCs of both Surrey and Sussex also held a joint collaboration board meeting with both chief officer teams on a regular basis. The CC explained that the move from functional to geographic model was a minor issue except for the coding issue which was being addressed.

PART ONE **IN PUBLIC**

49/13 EXTERNAL AUDIT GOVERNANCE REPORT (Item 8)

Paul Grady (PG) presented the report which was in draft but up to date at the time of the meeting. The report gave a summary of the work carried out by the external auditors during the 2012/13 audit of accounts. He reported that this was the first year of a unique set of arrangements – one budget across two legal entities. He commended the Finance team for their work on the two sets of accounts especially as no formal guidance had been offered.

The Chairman stated that the accounts were very complicated and hard to understand. He wanted management to note that the accounts should be adjusted to make sure that everything in them was correct. PB said that these were two difficult sets of accounts to complete as the team was adjusting to the new arrangements. There were two unadjusted misstatements in the PCC's accounts and one unadjusted misstatement in the CC's accounts, but PG said that they were satisfied that the impact of these misstatements was not material to the financial statements in totality. PG reported that CIPFA had recognised the hard work carried out by the Finance team and had flagged them up as one of only two police forces that had got their accounts close to the CIPFA guidance.

The Committee asked that the internal auditors pick up the issue of using generic passwords to log in to some IT systems. PB explained that the more complex log-in system had already been introduced.

PG explained that Grant Thornton's audit of the SIREN project was nearly complete. They were due to interview Memex in October and would then present the report to the Audit Committee in November.

The Chairman asked whether the auditors were satisfied that the value of the SIREN project at 31 March when it was stopped was £10million. Iain Murray (IM) explained that it sat as an 'asset under construction' in the accounts at the date it was stopped so it had to be carried at cost. The Chairman requested that the auditors provide a written explanation of why they were happy to carry the cost at £10 million.

The Chairman asked how the auditors could be sure that nothing could arise of the SIREN review that would impact on the accounts in 2013/14. PG explained that the SIREN review did not relate to the financial statements but to the value for money statement. The purpose was to review the governance arrangements in place and he could not see there being impact on the accounts.

The Chairman highlighted that if a fraud had been identified as part of this review then this would impact on the disclosures in the accounts, but not necessarily on the figures themselves. PG said that he was confident that Grant Thornton had carried out sufficient work to be able to give assurance that there was no undetected fraud that would lead to a misstatement in the accounts.

50/13 ANNUAL GOVERNANCE AND FINANCIAL STATEMENTS 2012/13 (Item 9)

The Chairman said that he had some questions about the pensions section of the accounts but that he would raise these with IP and PB outside the meeting.

The Committee made a formal recommendation that the accounts be signed off by the PCC and CC subject to any changes being made following the further discussions between the Chairman and IP and PB.

51/13 POLICE AND CRIME COMMISSIONER EXPENSES (Item 10a)

The Committee noted the PCC's expenses for May – July 2013. The Chairman recommended that a value for money comment was made at the bottom of the page rather than assessing the value for money of each expense. AM asked why there were differences in mileage to the same venue. It was explained that the differences were due to the fact that the PCC did not always travel to the venue from the same place e.g. he could be travelling from home, HQ or a previous meeting. AM asked for this detail to be included on future spread sheets.

52/13 CHIEF CONSTABLE EXPENSES (Item 10b)

The Committee noted that the CC had made no expense claims since the previous meeting.

53/13 INTERNAL AUDIT PROGRESS REPORT (Item 11)

The Committee noted the report which gave an outline of the work due to be carried out by the internal auditors during 2013/14.

54/13 WHISTLE-BLOWING POLICY STATEMENT AND PROCEDURES (Item 12)

AB explained that this was a high-level report. It had been produced when the Police Authority were here and has since been updated since the arrival of the PCC. Surrey Police were due to make a separate report about their whistle-blowing processes in part two of the meeting due to the sensitivities of the information.

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PART TWO
IN PRIVATE

55/13 WHISTLE- BLOWING FORCE PROCESSES AND PROCEDURES (Item 15)

The Committee received a report on the internal anonymous reporting system. They noted the report but suggested that they were expecting a more comprehensive report on all aspects for whistle-blowing.

CJ said that there was nothing on the PCC or Surrey Police website about whistle-blowing. He asked how an external report of whistle-blowing would make it into the system. JH said she would look into this outside the meeting. She was also asked to find out how a new member of staff was given information on whistle-blowing and whether it was explained in a new starter information pack.

It was agreed that a more comprehensive report would be brought to the next meeting for the Committee to give their assurance of the arrangements in place.

DT said that he could include this area in the next audit programme and check what other forces were doing in relation to whistle-blowing.

56/13 ANY OTHER MATTERS TO BE RAISED BY THE INTERNAL AUDITORS (Item 16)

DT had no other matters to raise with the Committee.

57/13 MONITORING OF AUDIT AND INSPECTION RECOMMENDATIONS (Item 17)

PB presented the report. He suggested that for future reports he would put all completed recommendations in an appendix so that the Committee could focus on the ones that needed addressing. The internal auditors could then comment on any follow up work carried out.

The Committee asked to see a copy of the consultancy guide and also a list of which consultants had been hired in the past. They also asked if they could have an occasional update on force projects. It was suggested that the wording of the report be checked to ensure it was still up to date e.g. Police Authority changed to PCC and update name changes of boards/meetings.

58/13 OPCC RISK REGISTER AND ASSURANCE FRAMEWORK (Item 18)

The Committee received the risk report. They raised a number of queries, all of which were clarified within the meeting.

59/13 PRIVATE MEETING OF MEMBERS WITH THE AUDITORS (Item 9)

Members of the Committee met with the auditors in private.

The meeting ended at 5.10pm