

To: Joint Audit Committee

Date: 31st March 2015

By: Ian Perkin, Treasurer

Title: Joint Audit Committee – Self Assessment

Background:

The Home Office Financial Management Code of Practice states that: 'In setting up the Joint Audit Committee, the Police and Crime Commissioner (PCC) and the Chief Constable should have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on Audit Committees.

Cipfa's view of best practice for Audit Committees in local authorities and the police is that committees should carry out a self-assessment exercise each year and to help with this process Cipfa provides a self-assessment check list to help committees ensure that they are compliant with the Guidance.

A completed Cipfa check list is attached to this report, together with a paper produced by the Chairman which provides a more detailed appraisal of the self-assessment process that Committee members have recently completed.

Recommendation

The Committee is invited to review the attached papers and decide if they are happy with the rating attributed to each issue in the Cipfa Check List and identify if there is any further work, actions or training required as a result of considering the Review of Audit Committee paper.

Contact details:

Name: Ian Perkin
Job Title: Treasurer
Telephone number: 01483 638724
Email address: ian.perkin@surrey.pnn.police.uk

Self-assessment of Good Practice

Good Practice Questions		Yes	Partly	No
Audit Committee Purpose and Governance				
1	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓		
2	Is this role and purpose of the audit committee understood and accepted across the authority?		✓	
3	Does the audit committee provide support to the PCC and Chief Constable in meeting the requirements of good governance?	✓		
4	Are the arrangements to hold the committee to account for its performance operating satisfactorily?		✓	
Functions of the Committee				
5	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			
	<ul style="list-style-type: none"> • Good governance 	✓		

	<ul style="list-style-type: none"> Assurance framework 	✓		
	<ul style="list-style-type: none"> Internal audit 	✓		
	<ul style="list-style-type: none"> External audit 	✓		
	<ul style="list-style-type: none"> Financial reporting 	✓		
	<ul style="list-style-type: none"> Risk management 	✓		
	<ul style="list-style-type: none"> Value for money or best value 	✓		
	<ul style="list-style-type: none"> Counter-fraud and corruption 	✓		
6	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?		✓	
7	Has the audit committee considered the wider area identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓		
8	Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		
9	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		

Membership and Support				
10	Has an effective audit committee structure and composition of the committee been selected? This should include:	✓		
	• Separation of the executive	✓		
	• An appropriate mix of knowledge and skills among the membership		✓	
	• A size of committee that is not unwieldy	✓		
	• Where independent members are used, that they have been appointed using an appropriate process	✓		
11	Does the chair of the committee have appropriate knowledge and skills?	✓		
12	Are arrangements in place to support the committee with briefings and training?	✓		
13	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓		

14	Does the committee have good working relations with key people and organisations including external audit, internal audit and the chief financial officer?	✓		
15	Is adequate secretariat and administrative support to the committee provided?	✓		
Effectiveness of the committee				
16	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		✓	
17	Has the committee evaluated whether and how it is adding value to the organisation?		✓	
18	Does the committee have an action plan to improve any areas of weakness?	✓		

Surrey Police

Review of Audit Committee
effectiveness 2013/14

Review of Audit Committee effectiveness

- Approach to the Review of performance
 - AC Chair meetings with PCC and CC for feedback and views on future direction-see attached
 - Feedback from each of the AC members
 - Meeting of AC members to discuss feedback and way forward.
- External document summarising review to be updated and made public
- This document provides supporting evidence for the above and acts as an aid memoire for the committee and its stakeholders

Feedback from PCC and CC

- The PCC and CC were happy with the support provided by the AC and the arrangements currently in place.
- The following were emphasised:
 - The added value the AC can provide to both organisations
 - The need to be aware of the potential overlap in role with the PCC's oversight of the CC
 - Areas are reviewed at an appropriate time

Agreed actions arising from the review

- Approach
 - Attend Force/OPCC meetings as an observer
 - Reduce items on agenda-see attached
 - Relationship with Sussex-see attached
- Membership and skills-to be considered over the summer
 - Succession planning of AC
 - Balance between Retired vs Working members impacts the members ability to take part in all meetings
 - Watching briefs' for individuals or sub-committees
 - Range of skills –skills framework and comparison with committee members. Known gaps
 - knowledge of the Force; and
 - non-financial skills
- Members
 - Attend Training courses/other events to meet other Police ACs
 - Review attendance of members at AC, other meetings and training events
- Relationships with the others
 - Develop links with Police and Crime Panel
 - Formal Report on work of the Committee to be prepared for 2014/15

Other areas to be kept under review but not to be actioned at present

- Access to the AC meetings for the public -alternatives of web broadcasts and alternative locations
- Approach to the Review
 - Separate meetings with individual committee members
 - 360 feedback from members of AC
 - Feedback from other stakeholders

Current agenda topics and frequency

	Current Agenda	Proposed	
Expenses	4	1	
Risk Register	4		
Changes		4	
Full review		1	Possibly with Force and OPCC
Treasury	1	1	
Self Assessment	1	1	
Responses to IA recommendations	4	2	
Work programme	4	1	
Private meetings with IA and EA	4	1	Also whenever need
IA plan	1	1	
IA progress report	3	1	and by exception
EA plan and fees	2	1	
EA reports and letter	1	1	
Effectiveness of IA EA	1	1	
Fraud and corruption	1	1	
Corporate Governance	1	1	
Sponsorship strategy		1	
Whistle blowing	1	1	
Register of gifts	1	1	
Bad debt write offs		1	
Contract waivers		1	With updates at present
Annual Governance Statement	1	1	
Annual accounts	1	1	
People: Equality, policies, survey results, culture, ethics		1	
Grants to third parties		1	

Other areas to potentially cover

- Review PCC's governance of the Force
- Consider oversight of the OPCC
- Partnerships
- Communications strategy
- VfM
- Performance management
- Review of reports by other inspection organisations
- Monitor current activities of Force and OPCC including:
 - Blue Light arrangements
 - Referendum
 - Sussex collaboration

Sussex

- Collaboration to be reviewed 6 monthly
- Working with Sussex AC
 - Lead force assurance from IA and AC to the other Force
 - Attendance at each others meetings as appropriate
- Review appropriateness of the 45/55 allocation basis
- Differences of opinion between Forces to be reviewed by AC
- AC to review collaboration agreements