

Minutes of the Joint Audit Committee 22nd June 2015 held at Surrey Police Headquarters

Attendees:

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

Ian Perkin – Treasurer – Office of the Police and Crime Commissioner
Sarah Gordon - Office of the Police and Crime Commissioner
Sam Meyer – Office of the Police and Crime Commissioner (part)

Lynne Owens – Chief Constable (part)
Paul Bundy – Head of Finance – Surrey Police
Bev Foad – Financial Accounting Manager - Surrey Police
Neil Roberts – ICT – Surrey and Sussex Police (part)

Iain Murray – Grant Thornton
Dan Harris – Baker Tilly

PART ONE
IN PUBLIC

29/15 APOLOGIES (Item 1)

Apologies had been received from PCC Kevin Hurley, CE Alison Bolton, ACO Jane Harwood and CIO Ben Rowntree.

30/15 DECLARATION OF INTEREST (Item 2)

No declarations were made.

31/15 MINUTES OF THE LAST MEETING – 31st March 2015 (Item 3)

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

Members asked whether the issue of Shiraz Mirza's title had been resolved. Ian Perkin (IP) confirmed that Mr Mirza's previous title of Assistant Police and Crime Commissioner had been removed from all public documents and that he was no longer described as such. This change had been made clear to him. He was now

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described as Director of Surrey Partnership Ltd, providing advice to the PCC on matters related to ethnic minorities. The Chairman said that equally important was to ensure that Mr Mirza was described in this manner in meetings and not made out to be an Assistant Commissioner. Ian Perkin confirmed that the PCC was aware of this fact.

Members asked whether an audit of complaints could be included in the internal audit strategy for 2016/17. Dan Harris (DH) said he would look into this and report back at the next meeting.

The Chairman asked whether the Force wanted Members to comment on the updated collaboration cost sharing figures. Paul Bundy (PB) agreed to circulate the figures to Members for comment.

32/15 MATTERS ARISING (Item 4)

The Committee noted the Matters Arising. Members asked whether the methodology applied to risk was the same for Surrey and Sussex. Neil Roberts (NR) explained that each force used a slightly differently methodology that would ultimately produce the same risk rating.

33/15 ANNUAL INTERNAL AUDIT REPORT (Item 5)

Dan Harris (DH) presented the annual internal audit report.

Members expressed their concern about the 'little progress' made on the Follow Up report. The CC explained that due process was followed by the Force, an update of which could be seen later in the agenda (Item 12). She was very happy with the report as it showed that significant progress had been made on significant risks.

DH explained that although the Follow Up had been rated with 'little progress' this was still deemed to be a positive opinion but with some areas that needed to be addressed. A further update would be brought to the Committee in September.

34/15 INTERNAL AUDIT PROTOCOL - SURREY AND SUSSEX (Item 6)

Dan Harris (DH) presented the internal audit protocol that had been drawn up with Sussex. He explained that the protocol had been signed and was being followed.

The Committee noted the report.

Amanda Mills arrived.

35/15 EXTERNAL AUDIT FEE LETTERS (Item 7)

Iain Murray (IM) presented the external audit fee letters for both the PCC and CC. Both fees showed a 25% reduction on the previous year. However, IM explained that in fact audited bodies would still pay the same amount as was paid in the previous financial year. This was due to a change in the charging arrangements, as in previous years the Audit Commission had previously charged clients fees, which were subsequently discounted by the Commission issuing a rebate. The new arrangements

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involve Grant Thornton issuing a reduced bill to clients (25% reduction) but then receiving from the National Audit Office a similar rebate, which previously was paid over to the PCC and Chief Constable. The net cost to the Surrey Police Group therefore remained the same as in the previous year.

Members asked whether there were any changes in areas of work that could influence a different fee. IM explained that there wasn't anything yet and he didn't anticipate a significant difference in the fees.

36/15 PROGRESS REPORT ON PRODUCING THE ANNUAL GOVERNANCE STATEMENTS AND FINANCIAL ACCOUNTS (Item 8)

The Annual Governance Statement and Financial Accounts were tabled at the meeting. Ian Perkin (IP) explained that there were two areas of work still outstanding – the reserves and incorporating into the accounts new rules for accounting for collaboration.

He said that if Members wanted to provide feedback they could do so by e-mail so that the comments could be considered before the accounts were finalised. Bev Foad (BF) said that she would circulate a signed copy of the accounts to Members before the deadline date of the 30th June.

A Member asked how far down the Force the Annual Governance Statement was circulated. Paul Bundy (PB) stated that it was sent to those at senior manager level. The form prompted managers to ask questions rather than just signing it off.

Members asked to see a copy of the form that was sent to managers and also an example of a response that was returned.

37/15 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**

38/15 CONTRACT WAIVERS (Item 9)

Paul Bundy (PB) presented the waiver schedule. He explained that those in blue had been added since the last meeting which included waivers for operational, ICT and other significant pieces of work.

Members expressed concern that the waiver schedule didn't include relevant information on why the waiver was issued and what date it was signed off by each individual signatory. They also asked whether it was normal to have such a large amount of waivers

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IP explained that waivers could be justified for reasons set out in Contract Standing Orders. The Force needed to ensure that in requesting waivers officers and staff were bearing in mind the circumstances under which waivers could be requested and making it clear which of those criteria was being cited when a waiver was being submitted.

Members said that better transparency was required. PB said that he and Bev Foad (BF) would review the schedule and ensure that the detail included was relevant and understandable. They would also include a section on the waiver form so that each signatory had to state the date that they signed the waiver. PB also agreed to check how the diary system worked in the contract register to ensure that appropriate members of staff were notified when contracts were nearing their expiry.

39/15 OPCC RISK REGISTER AND ASSURANCE FRAMEWORK (Item 10)

Ian Perkin (IP) presented the report.

Members questioned the assurance framework stating that some of the dates had expired in May 2015. IP said that the report would be updated by the end of June.

40/15 FORCE RISKS – HIGH LEVEL AND SHARED RISKS (Item 11)

Paul Bundy (PB) presented the Force risk report. He explained that there had been no update to the joint risk register. He gave detail of two new risks on the Force's risk register.

Members raised some questions which were addressed by PB and the CC.

41/15 MONITORING OF AUDIT AND INSPECTION RECOMMENDATIONS (Item 12)

Paul Bundy (PB) presented the report. He said that the Force was taking a more proactive approach to recommendations.

Dan Harris (DH) stated that the report listed less than half the number of recommendations than were listed in the internal audit report.

The CC explained that the gap was created by the time lapse between each report being produced and circulated prior to the meeting.

Members asked DH to compare the Force report against the internal audit report to ensure that there weren't any differences.

Sam Meyer arrived.

42/15 ANY OTHER MATTERS TO BE RAISED WITH THE INTERNAL AUDITORS (Item 13)

The Committee had no specific issues to raise.

PART ONE
IN PUBLIC

43/15 COMPLAINTS PROCESS REPORT (Item 14)

Sam Meyer (SM) presented the report. Members asked what the level of proved complaints was against the number of allegations received. SM said that he would be able to provide that information to Members outside of the meeting as it wasn't specifically referred to in the report.

Members asked whether there was a timeframe for the OPCC to respond to complaints. SM explained that the OPCC aimed to send an initial response but in reality it was usually within 24 hours. The time taken to resolve complaints varied due to the nature of each complaint.

CC, Neil Roberts and Sam Meyer departed the meeting.

44/15 TREASURY MANAGEMENT POLICY STATEMENT AND STRATEGY 2015-2018 (Item 15)

Ian Perkin (IP) presented the report. He said that the report reflected some minor changes in legislation and working practices.

IP explained that the PCC had taken the decision to pay off some of the Local Government Pension Scheme deficit (£2.5 million in 2014/15 and £3.5 million in 2015/16) which would save the Force £570,000 per year over the next 20 years in reduced deficit reduction payments that would otherwise have had to be paid.

The Chairman stated that the OPCC/Force took an extremely cautious approach to treasury management and questioned whether this was the right thing to do. He asked for IP and Paul Bundy (PB) to review this approach and look at other possible options. IP explained that they did keep an eye on what others were doing, such as Sussex Police. However, it was public money and the PCC would have to satisfy himself that a less cautious approach to the secure management of public funds could be justified.

45/15 SURREY COUNTY COUNCIL TREASURY MANAGEMENT INTERNAL AUDIT REPORT (Item 16)

The Committee noted the report stating that it was a comprehensive report and acknowledging that the financial controls were working well.

46/15 REPORT ON OPCC PARTNERSHIP WORKING (Item 17)

Ian Perkin (IP) presented the report.

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Members referred to the section on the Community Safety Fund and questioned why the PCC had granted money to a cricket club and rugby club for installation of CCTV. They felt this could not be justified and was an abuse of public money.

IP explained that each applicant had to complete an application form and meet certain criteria for their application to be considered. It was then considered by a panel that was chaired by the Deputy PCC, and consisted of a senior officer from Surrey Police and an independent member who at present was a high court judge. He couldn't give the detail behind each grant that was listed in the report but he could provide that information outside of the meeting. IP also pointed out that the procedure for issuing grants and controlling the grant process had been subject to an internal audit report which the Audit Committee had seen and that which had given satisfactory assurance regarding the arrangements under which the PCC discharged his responsibilities in this area.

Members also expressed concern over the amount that the PCC had granted to domestic abuse services across the county. They suggested that the amount given should have been subject to a proper procurement process.

Members asked that the Deputy PCC attend the next meeting and give an explanation as to what the strategy was for giving out grants and the specific criteria that had to be met by applicants and the arrangements that had been put in place regarding the funding for the East Surrey Domestic Abuse Service.

47/15 BAD DEBT WRITE-OFF REPORT (Item 18)

The Committee noted the report.

48/15 GIFTS AND HOSPITALITY (Item 19)

The Committee noted the report.

49/15 EXCLUSION NOTICE

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PART TWO
IN PRIVATE

50/15 PRIVATE MEETING OF MEMBERS WITH THE AUDITORS (Item 20)

Members of the Committee met with the auditors in private.

The meeting ended at 16:10