

**Minutes of the Joint Audit Committee 21 March 2017 held at Surrey Police Headquarters**

**Attendees:**

Paul Brown (PBr)  
Andrew Gascoyne (AG)  
Graham Lancaster (GL)  
Paul Rees (PRe) (Chair)  
Paul Roberts (PRo)

David Munro (PCC) – Police and Crime Commissioner for Surrey  
Alison Bolton (AB) – Chief Executive – Office of the Police and Crime Commissioner  
Ian Perkin (IP) – Treasurer – Office of the Police and Crime Commissioner  
Sarah Gordon – Office of the Police and Crime Commissioner

Gavin Stephens (DCC) – Deputy Chief Constable – Surrey Police  
Paul Bundy (PBu) – Head of Finance – Surrey Police  
Bev Foad (BF) – Financial Accounting Manager - Surrey Police  
Andy Rundle (AR) – Head of Strategic Planning – Surrey Police (Part)  
Matthew Green (MG) – Head of Health and Safety – Sussex Police (Part)

Iain Murray (IM) – Grant Thornton (Part)  
Marcus Ward (MW) – Grant Thornton (Part)  
Lorna Raynes (LR) – RSM  
Dan Harris (DH) - RSM

**PART ONE – IN PUBLIC**

**021/17 APOLOGIES (Item 1)**

Apologies were received from JAC member Chris Johnson and Chief Constable Nick Ephgrave.

**022/17 DECLARATION OF INTEREST (Item 2)**

No declarations were made.

**023/17 MINUTES OF THE LAST MEETING – 21<sup>st</sup> March 2017 (Item 3)**

The minutes of the 21<sup>st</sup> March 2017 meeting were accepted as a true and accurate record.

**024/17 Matters arising from 21<sup>st</sup> March 2017 meeting (Item 4)**

The Committee noted that Chief Inspector Andy Rundle was in attendance to discuss the HMIC inspection recommendations in more detail (under item 11).

**025/17 Annual Governance Statement and Financial Statements 2016/17 (Item 8)**

Bev Foad (BF) presented the financial statements. She explained that the reserves were split between general reserves and earmarked reserves. The earmarked reserves were allocated to specific areas to reduce the pressure on the Force's significant change programmes. Ian Perkin (IP) explained that the policy on general reserves was that they should be held at a level of 3% - the Force had previously carried a higher percentage but the General Reserve had now reduced to nearer the 3% policy level. The PCC advised that it was a planned and long term policy that was correct for the current climate and one that he fully approved of. He stated that the Policing Minister was concerned about the £1.4bn that was currently held in police reserves nationally. Iain Murray (IM) informed the Committee that Grant Thornton had carried out some analysis work in 2014/15 in relation to police reserves and Surrey was shown to be in the bottom quartile for the amounts held in reserves. It was noted that the pension reserve had increased by £0.4m.

The Chairman was pleased with the way that the financial statements had been presented in comparison to previous years – they were more understandable this year. He questioned the negative variance in police pay. BF said that this was due to officer numbers being under establishment last year. This year police officer numbers were over establishment so the Force would be aiming to maintain at or slightly above the budgeted level for the remainder of the year. The PCC had been fully aware that the Force had been under establishment and was experiencing some retention issues and this was reflected in the increase in police overtime.

Ian Perkin (IP) complimented Bev Foad and her team for the excellent job she had made in presenting the accounts early this year which had been done as a trial run in preparation for next year when the new deadline was to be introduced.

**026/2017 External Audit Findings Report 2016/17 (Item 9)**

Marcus Ward (MW) presented the report. He explained that Grant Thornton had had to make some alterations to their previously communicated audit plan. This was due to the fact that Equiniti had not provided a service auditor report meaning that Grant Thornton had been unable to rely on that to provide assurances over those aspects of the police pension fund control environment. As a result additional procedures had been carried out in relation to the Police Pensions Benefits Payable risk. Also, there had been no formal revaluation of assets during the year so work on the valuation of property plant and equipment had been adjusted to reflect that.

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MW praised BF on the work carried out on the financial statements which had put Grant Thornton in a good place to carry out their audit work. The dry run for bringing the deadline for the production of the accounts forward had worked really well and put the Force in a positive place for next year when the new statutory deadline for completing the accounts by the 31<sup>st</sup> of July comes into effect.

The audit work had not raised any significant issues or risks. Three recommendations had been made under property plant and risk; they were not significant but had been flagged for future reference. They recommended that the Force needed to ensure that it made suitable assessments on the revaluation of surplus assets and assets held for sale especially as the estates programme was pushing forward.

There had been no misstatements in the accounts and only a couple of disclosure adjustments. Two risks had been identified; medium term financial planning and recruitment and retention of officers. Grant Thornton was satisfied that plans were in place to address these risks.

MW stated that Grant Thornton would provide an unqualified opinion on both the PCC and Chief Constable financial statements and value for money conclusion and would recommend sign off by the PCC next week.

The Committee was satisfied with the financial statements and value for money conclusion and agreed that they could recommend that the PCC and Chief Constable sign off their respective accounts.

### **027/2017 External Audit Fees Letter (Item 14)**

Iain Murray confirmed that the external audit fees remain unchanged from the previous year. He explained that the national external audit procurement process conducted by PSAA (Public Sector Audit Appointments) had recently taken place and that Grant Thornton had won 40% of the available market share. It was unlikely that there would any significant change to the external audit function at this time.

The Chairman questioned how the new ERP system would be audited and whether there would be a tri-partite collaboration in place. Paul Bundy (PB) said that Surrey and Sussex shared a finance function but Thames Valley's was separate. The Chairman advised that the PCC and Force should be influencing the PSAA (Public Sector Audit Appointments) to address the issue of too many auditors auditing the same system.

Iain Murray and Marcus Ward departed the meeting.

### **028/2017 Exclusion Notice (Item 10)**

*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***

**029/2017 Monitoring of Audit and Inspection Recommendations (Item 11)**

Chief Inspector Andy Rundle (AR) presented the HMIC Areas for Improvement (AFIs) document. This was the action tracker used for all recommendations that had come out of HMIC inspections except for the area of Public Protection which were held in a separate tracker. The actions were monitored at the Deputy Chief Constable's Strategic Risk and Learning Group meetings. The HMIC carried out each inspection and then presented the Force with their general areas of concern at a hot debrief at the conclusion of each inspection. The AFIs would be sent as part of the follow up to the inspection.

The Members raised a number of queries which were responded to by AR and the DCC.

The Committee noted the report.

AR departed the meeting.

***PART ONE – IN PUBLIC***

**030/2017 Health and Safety Report (Item 5)**

Matthew Green (MG), Head of Health and Safety presented the report which gave an overview of how the health and safety function operated and provided an update on the Turner and Townsend safety review recommendations which were originally presented to the Committee in March 2017. The majority of the recommendations that had come out of the review had been updated and were listed in the report. The new safety management system had a roll out target of two years but some departments had raised issues which had affected the roll-out. There were significant risks across the estate that needed management such as asbestos and water hygiene. The DCC chaired the Health and Safety Board and any significant risks were monitored there. MG confirmed that accidents had to be reported within 24 hours and that the Force was incorporating the national model with regards to this.

Members asked who carried out auditing of the Joint Transport Service (JTS). MG said that it was carried out internally. JTS scored themselves and these scores were assessed by the Health and Safety department. An action plan was issued on any gaps.

The PCC took the safety of estate very seriously and received briefings from MG regularly and was happy with progress. He was pleased that the Committee was also receiving regular updates.

The Committee were confident that the department was progressing well with the recommendations and asked that MG returned to the January meeting to provide a further progress report on the roll out of the safety management system.

MG departed the meeting.

**031/2017 Annual Internal Audit Report 2016/17 (Item 6)**

Dan Harris (DH) presented the report which provided the end of year audit opinions for the PCC and Chief Constable. The report gave unqualified positive opinions and no 'no assurance' opinions.

The Members were pleased with the overall positive report with 15 audits carried out and fewer high risk actions than before and asked whether the auditors had seen an improvement on previous years. DH said that it was hard to tell as some were new areas of audit. It was apparent that collaborated areas brought change and pressure on staff but that engagement with internal auditors was good.

The Committee noted the report.

**032/2017 Internal Audit Progress Report (Item 7)**

Dan Harris (DH) presented the report. The Committee had been provided with six final audit reports prior to the meeting and would receive more at the next meeting.

The Chairman asked whether the Force was addressing the issues recently raised in the media about gender pay gaps. The DCC said that initial discussions had been held and that it was an area that would be looked into. Most posts were bound by national terms and conditions so it shouldn't be an issue.

The Chairman asked whether the apprenticeship levy scheme would bring in extra income. The DCC explained that it was a nationally approved scheme that was reliant on the College of Policing to sign off before the extent of any income would be known. The Force would be able to report back on this issue later in the year.

Members asked how the Force was protecting itself from a potential cyber-attack following recent attacks on other public sector organisations that use Windows XP. The DCC explained that PSN (Public Service Network) compliance covered Windows XP. The Force had a robust patching regime in place and systems were covered by regular penetration testing. This was managed by the Information Security team and overseen by the Chief Information Officer.

The Committee noted the report.

**033/2017 Exclusion Notice (Item 10)**

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***PART TWO – IN PRIVATE***

**034/2017 Monitoring of Audit and Inspection Recommendations (continued)  
(Item 11)**

Paul Bundy (PB) presented the report and explained that all audit recommendations were being progressed. The internal auditors gave reassurance that recommendations were satisfactorily completed.

The PCC said that when he arrived in post over a year ago there were a number of outstanding recommendations that had been on the list for some time. The Force had focussed on those recommendations and a number were now closed. The Chairman agreed that good progress had been made on addressing the historic recommendations.

The Committee noted the report.

**035/2017 OPCC Risks – Update Report (Item 12)**

Alison Bolton (AB) presented the report and explained that the OPCC risks themselves hadn't changed and that progress had been made in all areas that the risks related to. She gave an update on the progress of work relating to each of the listed risks.

The Committee raised a number of questions which were responded to or actioned for the next meeting.

The Committee noted the report.

**036/2017 Force Risks – High Level and Shared Risks (Item 13)**

Paul Bundy (PB) presented the report.

Members asked whether the risks listed in the report were taken from the Strategic Risk Register. The DCC said that they were and asked what level of risks the Committee wanted to see as there was a more detailed register available. The Members felt it would be useful for them to have sight of the full risk register. It was noted that Members had previously been invited to attend one of the DCC's Strategic Risk and Learning Group where risks were discussed in more detail. The Committee agreed that this would be useful and the necessary arrangements would be made by the PCC's office.

The Committee noted the report.

***PART ONE – IN PUBLIC***

**037/2017 Annual Treasury Management Report (Item 15)**

Ian Perkin (IP) presented the report. The strategy had been updated but no significant changes had been made. The Force outsourced the treasury management

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arrangements to Surrey County Council and the report contained a comparison to other protected bodies.

The Chairman suggested that the PCC should be looking at other available cash management services to see if there were any that could do better for the Force than Surrey County Council. The PCC agreed that IP and Bev Foad would look into this.

The Committee approved the report but recommended that the PCC look at an alternative supplier.

### **038/2017 Bad Debt Write Off Report (Item 16)**

Paul Bundy (PB) presented the report. He explained that the Shared Business Service Centre staff were now more proactive in using the Force's legal team on outstanding debt. It was possible that there may be errors with the payroll in the future as it was impossible to avoid human error. The Chairman suggested that grant receivers needed to have tighter controls imposed upon them. The PCC said that risks needed to be taken sometimes but that there were tighter controls in place.

The Committee noted the report.

### **039/2017 Review of Gifts and Hospitality (Item 17)**

The Committee noted the report.

### **040/2017 PCC Grant Giving Arrangements (Item 18)**

Alison Bolton (AB) presented the report which gave detail of the revised approach to the awarding of grants by the PCC. The PCC explained that any award over £5000 was scrutinised by an advisory panel.

The Members asked how often they were presented with the spend amounts. AB advised that it didn't form part of the Committee's terms of reference but that it could be brought to the meetings if that is what the Committee wanted.

The Committee noted the report.

### **041/2017 Audit Committee Work Plan 2017/18 (Item 19)**

Ian Perkin (IP) presented the report and explained that the dates of the meetings had moved forward by one month due to the change in date of the completion of the accounts. The Chairman reiterated that the Committee would like to be involved in the future of ICT scrutiny beyond their core brief and asked that this be built into the work programme. The PCC agreed that he would have a discussion about this with IP and Alison Bolton outside of the meeting.

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**042/2017 Exclusion Note (Item 20)**

*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***

**043/2017 Any other matters to be raised with the internal auditors (Item 21)**

The Committee noted the audit reports.

**044/2017 Private Meeting with the Internal and External Auditors (Item 22)**

A private meeting took place between the Committee members and the internal auditors.

**The meeting ended at 12:50**