The Police and Crime Commissioner for Lincolnshire

INTERIM INDEPENDENT AUDIT COMMITTEE
25 September 2013
10.00am – 12.22pm

PRESENT:

Members: Mr A Dezonie (Chairman), Mr J Cooke, Mrs A Crowe JP, Mr D Finch, Mr F Mann

Apologies: None

OPCC: Mr A Hardwick (Police and Crime Commissioner), Ms J Flint (Chief Finance Officer), Mr J King (Corporate Administration Officer), Miss G Mason (Research and Performance Officer)

Force Officers: Lee Freeman (Acting Assistant Chief Constable - Local Policing), Mr A Tomlinson (Force Chief Finance Officer), Miss K Judge (Service Development Manager), Mr J Schopp (Risk, Policy and Review Officer)

G4S Officers: Mr S Quint (Principal Management Accountant)

Also in Attendance: Ms S Lane (Internal Auditor – RSM Tenon), Mr T Crawley (Director – KPMG), Mr N Carpino (External Auditor – KPMG)

13/13 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

14/13. CHAIRMAN'S ANNOUNCEMENT

The Chairman referred to remarks he had made at the conclusion of the last meeting held on 27 June highlighting the absence of the Chief Constable at meetings of the Interim Committee. Unfortunately, it had not been possible for the Chief Constable to attend the September meeting however they had recently met and gone through the Agenda together. In the absence of the Chief Constable he was pleased to welcome the Acting Assistant Chief Constable (Local Policing) to the meeting.

15/13 MINUTES – 27 JUNE 2013

Resolved:	**Responsible Officer:**
That the minutes of the meeting held on the 27 June 2013 be taken as read and signed by the Chairman as a correct record.	-

16/13. AUDIT COMMITTEE WORK PLAN

Resolved:	**Responsible Officer:**
1. That progress with the Work Plan be noted.	-

17/13. INTERNAL AUDIT: PROGRESS REPORT AND CHARTER

The Internal Auditor provided a brief update on progress with the 2013/14 Internal Audit Plan and invited the Committee to note the Internal Audit Charter.

Members noted that recommendation (2.1.12) relating to HR Establishment Controls could not be progressed due to delays in implementing T-Police. The Chief Finance Officer advised that Cap Gemini had now re-engaged with G4S and were expected back on-site the following week. It was confirmed that the Finance element of T-Police would go live in January 2014 as part of a phased implementation that would see Duty Management and Human Resources 'on line' from April 2014.

Members were advised that RSM Tenon had recently been acquired by Baker Tilly and would be rebranded accordingly.

Resolved:	**Responsible Officer:**
That	
1. the Internal Audit Progress Report for 2013/2014 at Appendix A be noted;	-
2. the Internal Audit Charter be noted.	-

18/13. INTERNAL AUDIT REPORTS – IMPLEMENTATION PROGRESS

The Acting Assistant Chief Constable (Local Policing) invited the Committee to consider progress with the implementation of the recommendations from Internal Audit reports.

Members noted that a number of options were still being considered for relocating the standby Command and Control System away from Police Headquarters. The Committee was assured that Business Continuity arrangements were in place to ensure that critical systems remained in operation in the event of a disaster. Members noted that an option to move one of the existing application servers to the Thurrock Data Centre (DC) had been rejected because of the distance between Police Headquarters and Thurrock DC, which was met with some incredulity from members. The Chief Finance Officer undertook to raise the matter with the Director of IT and to seek an assurance that a solution would be in place by the revised completion date of 1 November 2013.

Resolved:	**Responsible Officer:**
That	
1. progress made in implementing recommendations contained in Internal Audit reports be noted;	-
2. relocation of the standby Command and Control System be raised with the Director of IT.	CFO

19/13. ANTI FRAUD AND CORRUPTION

The Research and Performance Officer briefed members on the approach being taken by the Police and Crime Commissioner and the Force to anti fraud and corruption.

Members queried whether feedback provided as part of the Annual Survey would enable External Audit to say whether the Commissioner and the Force met the required standards. The Director (KPMG) advised that this would not be possible as the level of external scrutiny had significantly reduced. He explained that there was now a greater reliance on organisations undertaking internal scrutiny and self-evaluation. The Committee could seek further assurance by directing Internal Audit to scrutinise anti fraud and corruption policies and procedures.

The Chairman questioned whether the Anti Fraud Unit within the Force Professional Standards department (PSD) was sufficiently resourced. The Acting Assistant Chief Constable (Local Policing) was unaware of any particular risks around resourcing and highlighted the proactive approach that was being taken by PSD to raise awareness of anti fraud and corruption issues through measures such as an e-learning package developed for police officers and staff.

In noting the terms of reference for quarterly Anti Fraud and Corruption meetings, the Chief Finance Officer explained that the body had no executive powers but provided a forum for attendees to share intelligence, identify emerging risks and inform planning for future work programmes around anti fraud and corruption. Members queried whether there was an expectation that more cases of corruption would start to emerge as a result of the approach being taken. The Chief Finance Officer did not anticipate a step change in the numbers of cases as a consequence of efforts to increase awareness.

Resolved:	**Responsible Officer:**
1. That the approach to anti fraud and corruption be noted.	-

20/13. CODE OF CORPORATE GOVERNANCE

The Force Chief Finance Officer reminded members that a Code of Corporate Governance for the Police and Crime Commissioner had been presented to the Committee at the last meeting held in June. He invited the Committee to review a Code of Corporate Governance which had been drafted to ensure that good governance principles were also fully integrated in the conduct of the Chief Constable's business.

Members were advised that the Stage 2 Transfer of police staff, assets, rights and liabilities between the Police and Crime Commissioner and Chief Constable would have an impact on corporate governance and a number of the governance mechanisms described in the Code would need to be reviewed so that appropriate arrangements were put in place for the period 1 April 2014 onwards. This was a significant governance issue for both the Commissioner and the Chief Constable and would likely lead to the development of a single consolidated Code. Members commended the idea of having a joint Code, which it was suggested would also address some of the inconsistencies that currently existed between the two Codes.

The Chief Finance Officer provided a brief update on the current position with the Stage 2 Transfer. She advised that the submission which had been made to the Home Secretary proposed that resources continue to be employed through the Commissioner but line managed through the Chief Constable. However, early indications suggested that the proposal would be rejected with the Home Secretary insisting that the Chief Constable's body corporate be populated. The development of a revised proposal in such a short space of time was likely to generate a significant amount of work.

Resolved:	**Responsible Officer:**
1. That the Code of Corporate Governance be noted.	-

21/13. PCC RISK REGISTER AND ASSURANCE FRAMEWORK

The Research and Performance Officer invited members to consider the latest iterations of the Police and Crime Commissioner's Risk Register and Assurance Framework.

Members noted that Procurement continued to receive a limited/deteriorating level of assurance under the Assurance Framework and queried the role of G4S in providing expertise in this area. The Chief Finance Officer acknowledged that procurement had not been a particularly high priority over the last year or so but was hopeful of getting more from G4S in terms of improved processes and achieving value for money in the procurement of goods and services going forward.

Resolved:	**Responsible Officer:**
1. That the PCC's Risk Register and Assurance Framework be noted.	-

[The Chairman adjourned the meeting at 11.20am. The meeting reconvened at 11.26am]

22/13. REPORT TO THOSE CHARGED WITH GOVERNANCE – STATEMENT OF ACCOUNTS 2012/13

The Force Chief Finance Officer presented the Annual Governance Report on the 2012/13 Accounts and revised versions of both the PCC Group Accounts and the Chief Constable Accounts previously presented to the Committee in June. It was explained that revisions made to the original versions were necessary to address errors identified during the external audit of the Accounts.

The Director (KPMG) anticipated issuing an unqualified audit opinion by 30 September for both the PCC and Chief Constable Accounts. Whilst some material errors had been identified during the course of the audit, they were described as presentational and did not affect the outturn. Overall he considered that testing of the new audit model had gone well. Members were advised that no contact had been made by members of the public during the audit of the Accounts.

The Chief Finance Officer advised that the timing of the approval of the Accounts would in future be brought forward to give more time to look forward rather than backwards. She anticipated that in future the Accounts would be brought to the Committee for approval before the summer break towards the end of July, with the draft Accounts presented in May. However, this would be very much dependent on the Stage 2 Transfer and implementation of T-Police.

The Chairman welcomed the timeliness and transparency of the Annual Governance Report and Statement of Accounts.

Resolved: That 1. the Report to those charged with Governance on the 2012/13 accounts (Appendix A) be noted; 2. the Letter of Representation (Appendices B1 and B2) be noted; 3. the Accounts for publication (Appendices C1 and C2) be noted; 4. the Summary and Compact Accounts for publication (Appendices D1 and D2) be noted; 5. the timing of the approval of the 2013/14 accounts be noted.	**Responsible Officer:** - - - - -

EXCLUSION OF PRESS AND PUBLIC

23/13. LINCOLNSHIRE POLICE RISK REGISTER

The Risk, Policy and Review Officer updated members on developments within the Force's risk management processes and the Force Risk Register.

It was noted that the timescale for implementation of the Finance element of T-Police (strategic risk ST-37) had been reported as being with effect from June 2014. However, the Chief Finance Officer understood the implementation date to be January 2014. The Service Delivery Manager undertook to clarify the implementation date.

Members queried why the move from a local to a regional Occupational Health Unit appeared to have led to a diminution in service provision. The Acting Assistant Chief Constable (Local Policing) sought to assure members that action was being taken to address some of the resourcing issues that were impacting on the effectiveness the facility both in the short term and longer term.

Members noted the inclusion of Incident Crime Reporting within the Risk Register despite the Force having been an exemplar in this area previously. The Service Delivery Manager assured members that data accuracy continued to be of a high quality however there was a risk around the lack of prescriptive evidence to show compliance with the National Standards. This would be addressed through the development of a more robust audit regime.

Resolved:	Responsible Officer:
That 1. the report be noted; 2. the timescale for implementing the Finance element of T-Police be confirmed.	- SDM

24/13. POLICE AND CRIME COMMISSIONER'S ANNOUNCEMENT

The Police and Crime Commissioner expressed his sincere gratitude to the outgoing members of the Interim Independent Audit Committee for their wise counsel and support over the last year.

CHAIRMAN