

**JOINT INDEPENDENT AUDIT COMMITTEE****16 SEPTEMBER 2013****PRESENT:** P Angier, J Cooke, N Mundy and J Remnant**APOLOGY:** E Hayward

**OFFICERS:**

S Nicklin	- Mazars
C Tyrell	- Mazars
B McCardle	- Assistant Chief Officer, Northumbria Police
M Tait	- Treasurer to Police and Crime Commissioner/ Director of Finance to Chief Constable
C Oakes	- Deputy Treasurer to Police and Crime Commissioner
J Farquhar	- Chief Internal Auditor
D Clarke	- Internal Audit and Risk Manager
J Wright	- Group Accountant Treasury Management
J Keenan	- Strategy and Planning Manager, Northumbria Police
B Wilson	- Office of the Police and Crime Commissioner

**15. CONSTITUTION OF THE JOINT INDEPENDENT AUDIT COMMITTEE**

The constitution of the Committee is as follows:-

Philip Angier	Neil Mundy
John Cooke	Jill Remnant
Eleanor Hayward	

RESOLVED - That the constitution of the Committee be noted.

**16. APPOINTMENT OF CHAIR**

RESOLVED - That J Cook be appointed as Chair of the Joint Independent Audit Committee.

**17. APPOINTMENT OF VICE-CHAIR**

RESOLVED - That J Remnant be appointed as Vice-Chair of the Joint Independent Audit Committee.

## **18. MINUTES**

RESOLVED - That the minutes of the last meeting held on 10 June 2013 be approved as a correct record and signed by the Chair.

## **19. MATTER ARISING FROM THE MINUTES**

Further to minute 11(ii), a standard agenda item to provide details of HMIC inspection reports, etc which may impact on the work of the Committee was to be included for future meetings and an annual cycle of key forward issues was to be considered.

## **20. TRAINING FOR JOINT INDEPENDENT AUDIT COMMITTEE MEMBERS**

Potential options suggested for Members' training include; the role of an Audit Committee/what makes an effective Audit Committee; counter fraud and corruption; the role of Internal and External Audit and the overview of Police and Crime Commissioner/Chief Constable governance arrangements.

RESOLVED - That the training options outlined be agreed as a basis for further discussions between N Mundy and the Chief Internal Auditor with a view to developing a training programme for delivery to the Committee over the remainder of the financial year..

## **21. EXTERNAL AUDITOR: AUDIT PROGRESS REPORT**

S Nicklin reported that he was soon to retire as Director at Mazars and will be replaced by Gareth Davies.

The audit of the two sets of final accounts have to be completed by 30 September 2013 and a draft has been given to the Police and Crime Commissioner and Chief Constable to comment on issues arising from the audit.

The audited statement of accounts will be available to the public after they have been signed off by the Police and Crime Commissioner and Chief Constable. They will also be circulated to Members of the Committee and discussed at the next meeting.

The External Audit Management Letter would then be issued in November.

RESOLVED - That the information be noted.

## **22. CORPORATE RISK MANAGEMENT**

An update on the development of the Police and Crime Commissioner and Chief Constable's joint strategic risk register and new joint procedure was submitted.

The Committee is to monitor the effective development and operation of risk management and corporate governance arrangements for the Police and Crime Commissioner and Chief Constable (Minute 14 – 2013/14).

It was also agreed that the Police and Crime Commissioner and Chief Constable would complete a joint strategic risk register and establish associated governance arrangements to include a reporting mechanism for both senior officers and the Committee and develop corporate risk management policies to reflect the new governance arrangements.

The Office of Police and Crime Commissioner and Northumbria Police have worked closely in the development of the joint strategic risk register and associated procedure submitted. They have been designed to ensure the effective management of strategic risk, whilst reducing the bureaucracy associated with historic practices. The register and associated policies and procedures also reflect national good practice and are in line with other forces who are simplifying their risk management processes.

The register and procedure provide eleven risk areas to provide focus to those identifying or discussing strategic risk. The number of risk areas is not fixed and can be added to or reduced as threats, risks and opportunities emerge or subside.

The strategic risks identified on the register have been assessed on the likelihood of the risk materialising and the impact this would have. It has been recognised that the scoring of risk is not an exact science and where possible and reasonable, assessments should be informed by evidence. This also relies upon a degree of professional judgement and senior leads have identified and assessed key strategic risks and the adequacy of existing controls and mitigations. Where necessary additional controls have been identified and 'risk owners' will be responsible for the management and implementation of these controls and reviewing progress on an ongoing basis. The Strategic Performance Unit will present a report of risk mitigation on a quarterly basis to the Force Executive Board and the Police and Crime Commissioner's Core Management Team.

A quarterly update will also be provided to the Committee to monitor the effective development and operation of risk management.

- RESOLVED -
- (i) That the information be noted.
  - (ii) That consideration be given to including a risk relating to the impact of increasing oil costs and the implications for operational capability and society effects.
  - (iii) That the role of Internal Audit in testing the risk management systems and strategies be included in the Members' training.

### **23. UPDATE ON UK PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND REVISED AUDIT CHARTER**

CIPFA and the Institute of Internal Auditors (IIA) have developed a new set of internal audit standards for application across the UK public sector. Previously, different bodies were responsible for setting standards for the public sector with CIPFA having responsibility for police body standards in the CIPFA Code of Practice for Internal Audit (2006).

The new standards are based on the mandatory elements of the IIA's International Professional Practices Framework (IPPF) to promote improvements in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.

The new standards are broadly consistent with the previous CIPFA Code of Practice with the following main changes: -

- The requirement for an Internal Audit Charter instead of stated terms of reference.
- There is no longer a requirement to produce a separate Internal Audit Strategy but the risk based annual audit plan must now include a high level strategic statement that sets out how the Internal Audit provider will be developed in line with the Audit Charter and how it is linked to the overall organisational objectives. This has been incorporated in the annual audit plan previously agreed by the Committee.
- The quality of the Internal Audit provider has to be monitored through a continuous quality assurance and improvement programme. This will include internal assessments by the Chief Internal Auditor and the requirement for an external assessment at least every five years by a qualified and independent assessor with the results being reported through the Committee.

A key element of compliance with the new standards is the regular review and approval by the Committee of an Audit Charter which defines internal audit's purpose, authority and responsibility and establishes its position within both the Office of the Police and Crime Commissioner and Force.

This was already done by Northumbria Police and it has been updated to ensure compliance with the new standards as submitted.

**RESOLVED -** That the Internal Audit Charter as submitted be approved and presented to the Police and Crime Commissioner for approval.

#### **24. TREASURY MANAGEMENT ANNUAL REPORT 2012/13**

In accordance with CIPFA'S Code of Practice on Treasury Management, (the Code), the treasury management annual report on borrowing and Investment activity was submitted.

Gateshead Council provides advice to the Police and Crime Commissioner and undertakes investment and borrowing on behalf of the Commissioner under powers delegated to the Treasurer and regulated through a service agreement under Section 113 of the Local Government Act. When undertaking treasury activities on behalf of the Commissioner, Gateshead Council operates an integrated treasury strategy and has adopted the Revised Code of Practice for Treasury Management in the Public Services.

Under the terms of the support services agreement, Gateshead Council provide a service which fully complies with the requirements of the Code, the Prudential Code for Capital and the Department for Communities and Local Government guidance on investments and the annual treasury report takes into account the requirements stipulated in the Code.

**RESOLVED -** That the 2012/13 treasury management performance be noted and approved for presentation to the Police and Crime Commissioner.

#### **25. EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED -** That the press and public be excluded from the meeting during consideration of the remaining business in accordance with the indicated paragraphs of Schedule 12A to the Local Government Act 1972.