

JOINT INDEPENDENT AUDIT COMMITTEE

**16th June 2015 at 2:00 pm
in Meeting Room 3, Newcastle City Centre Police Station,
Forth Banks, Newcastle-upon-Tyne**

PRESENT: J Cooke (Chair), N Mundy, P Angier, K Amlani and P Wood

OFFICERS: B McCardle - Assistant Chief Officer, Northumbria Police
M Tait - Joint Chief Finance Officer
E Snaith - Chief Executive, Office of the Police and Crime
Commissioner
P Godden - Corporate Development Manager, Northumbria Police
I McCulloch - Deputy Head of Finance
D Lowery - Office of the Police and Crime Commissioner

INVITEES: G Davies - Mazars
J Dafter - Mazars
D Johnson - Chief Internal Auditor, Gateshead Council
J Wright - Audit and Risk Manager, Gateshead Council

51. OPENING

JC opened the meeting by welcoming the new members to the Committee.

52. DECLARATION OF INTERESTS

The following Members declared they were part of the following bodies:

John Cooke: Chair of the Northumbria Police Pension Board.

Neil Mundy: Northumbria Healthcare NHS Foundation Trust:
• Non Executive Director and Chair of Audit Committee
and Chair of IM&T Committee; and
North Cumbria University Hospitals Trust (NCUTH):
• Adviser to the Board of NCUH Trust and Chair of Audit
Committee.

Peter Wood: Executive Director of the North East Ambulance Service.

53. MINUTES

RESOLVED:

That the minutes of the meeting held on 23 February 2015 be approved as correct The following updates were provided:

- (a) Members were provided with an update relating to the Terms of Reference. M Tait stated that the position remains unchanged but following the appointment of new members, work will be undertaken to see if the current Terms of Reference meet the requirements of the committee and an update will be provided at the next meeting. The Chair requested that due to being out of the country for the next several weeks that the Deputy Chair be invited to comment.
- (b) E Snaith agreed that an interim report in relation to penetration testing will be provided to members at the next meeting of the Committee.
- (c) An update was provided regarding the Internal Audit access to Covert Assets. The Committee were advised that the restrictions were fully in line with the concerns raised by the Office of Surveillance Commissioner. The Committee were further advised that Internal Audit could be provided with access to the Surveillance Commissioner's methodology. Assurance on the existence of covert assets and their deployment will be provided to the Internal Audit Team (and onto the JIAC) by the ACC Protective Services.

54. LIST FOR FUTURE MEETINGS

Members discussed the Action List for future meetings and it was agreed that all items were cleared and therefore discharged.

55. ANNUAL GOVERNANCE STATEMENTS 2014/15

- (i) Senior Managers Assurance Statements

D Johnson updated members on work to support the Annual Governance Statement process. The Accounts and Audit Regulations 2011 require Authorities to produce an annual governance statement giving an assessment of governance arrangements and their effectiveness.

The Committee has previously agreed an assurance framework that will provide evidence for the completion of the annual governance statement.

The Chief Executive of the PCC, Heads of Departments and Area Commanders were required to state whether they agreed or disagreed that the processes in place to manage their key business interests were effective and provided an adequate level of assurance, detail evidence to support this and identify further actions for improvement. The Committee noted there were no further actions for improvement.

D Johnson concluded that based on the 2014/15 self-assessments, managers agreed that effective controls are in place to allow them to achieve their service, PCC and Chief Constable's objectives. A summary of the returns was submitted.

D Johnson advised that Internal Audit will now review the evidence and actions identified by the managers' assurance statements and this will be reported to the Committee, in due course.

RESOLVED: That the assurances of Force managers be noted.

(ii) Review of the Effectiveness of Internal Audit

D Johnson advised members that in accordance with the Accounts and Audit Regulations 2011, an annual review of the effectiveness of its system of Internal Audit and the Committee has considered its findings as part of the annual review of the effectiveness of the system of internal control for the annual governance statement.

The review of the effectiveness of the system of Internal Audit for 2014/15 has been undertaken by the Joint PCC and Chief Constable Governance Monitoring Group, the review was based upon the self-assessments of CIPFA statement on the role of the Head of Internal Audit, reliance placed upon Internal Audit by the external auditor, the assessment of the effectiveness of the Joint Independent Audit Committee and relevant local performance information.

RESOLVED: That based on the reviews outlined, the PCC and Chief Constable's system of internal audit is operating effectively.

(iii) Internal Audit Annual Report 2014/15

D Johnson advised Members of the 2014/15 Internal Audit Service work, giving an overall assessment and independent opinion on the effectiveness of both the Police and Crime Commissioner and Chief Constable's internal control systems, risk management and governance arrangements.

The 2014/15 Audit Plan, in accordance with the requirements of the UK Public Sector Internal Audit Standards provided a risk based focus for the deployment of internal audit resources with the requirements of the Commissioner and Chief Constable being taken into account when preparing the plan.

The Audit Plan enabled the Joint Chief Finance Officer (CFO) to fulfil his delegated responsibility to maintain an adequate internal audit of financial affairs as required by Section 151 of the Local Government Act 1972.

There were 25 planned audits during 2014/15 with 20 being completed throughout the year. Of the remaining 5, 4 were underway at year end with one planned audit, IT Asset Management being carried forward to be undertaken in 2015/16 due to the introduction of a new system.

Twenty four final reports were issued, 16 audits concluded that systems and procedures in place were operating well and 8 concluded that systems and procedures were operating satisfactorily. No audit concluded that systems and procedures contained a significant weakness.

The Internal Auditors received full co-operation from police officers and police staff in the areas under review.

RESOLVED: Based on evidence provided the Committee agree the system of Internal Audit was operating effectively.

(iv) Corporate Risk Management Annual Report

P Godden advised members that the Office of the Police and Crime Commissioner and Northumbria Police share a Joint Strategic Risk Register which ensures the effective management of risks. Each strategic risk has been assigned Chief Officer and OPCC owners who have the responsibility of the management of existing controls and implementation of new controls if needed.

Area Commanders, Department Heads and OPCC are responsible for identifying emerging risks which cannot be controlled locally and have the potential to prevent the Force and PCC from achieving objectives.

Over the past year (June 14 – June 15) two risks have been added and two removed resulting in no net additions to the risk register for the year. A total of 11 new controls were added to the register during the year providing additional assurance and helping to reduce the likelihood and impact of risks.

RESOLVED: That the information be noted.

(v) Performance and Data Quality Assurance – Annual Report

P Godden advised members that the Strategic Management Board is the Force's primary meeting that drives performance and organisational change in support of the strategic objectives within the Police and Crime Plan.

As well as performance other areas of business are also reported to the meeting including equality, the Strategic Policing Requirement, community consultation and engagement, progress against HMIC action plans and risk management.

As part of the 2014/15 Audit plan, the audit of performance management has recently been completed by the Gateshead Internal Audit Team. The audit found that systems and controls are operating well and no findings have been raised.

In addition, HMIC conducted an inspection of Crime Data Integrity of all forces between February and August 2014. A number of national recommendations were made for all forces with significant progress being made by Northumbria Police to improve compliance with crime recording standards which were identified in the report.

- RESOLVED:
- (i) That the information be noted.
 - (ii) That members be provided with the Force action plan in relation to Crime Data Integrity.
 - (iii) PG to provide Members with a report providing more details of the revised actions to improve compliance.

(vi) Self-Assessment of the Chief Finance Officer

M Tait advised that a self-assessment has been undertaken by the Joint CFO for the purposes of the Annual Governance Statement in accordance with the CIPFA Statement on the Role of the CFO of the Police and Crime Commissioner and Chief Constable.

The purpose of the CIPFA Statement on the role of the Chief Financial Officer of both bodies is to support CFOs in the fulfilment of their duties and to ensure that the Commissioner and Chief Constable have access to effective financial advice at the highest level.

The results of the review undertaken was submitted to Committee members.

Members discussed the need for processes to be in place for instances where a conflict of interest may arise within the role. Members requested that an addition to the Annual Governance Statement for 2014/15 be included to allay these concerns.

- RESOLVED:
- (i) That the information be noted.
 - (ii) A description be included in the Annual Governance Statement in relation to how any conflict of interest that may arise will be dealt with by the CFO.

56. SUMMARY OF RECENT INSPECTION REPORTS FROM HER MAJESTY'S INSPECTORATE OF CONSTABULARY (HMIC)

P Godden highlighted the HMIC Inspection reports in the last quarter which were:

- Stop and Search Powers 2: Are the Police Using the effectively and fairly
- Investigation and Prosecution of fatal Road Traffic Accidents
- Integrity Matters
- Review of Disability Hate Crime

P Godden advised that all reports were 'national' and that there had been no Northumbria specific reports since the last meeting.

Members were also informed of a recent report from the National Audit Office in relation to the Financial Sustainability of Police Forces which set out the financial constraints that forces are facing.

- RESOLVED:
- (i) That the information be noted
 - (ii) That members be provided with a presentation in relation to the National Audit Office Report – Financial Sustainability of Police Forces.

57. CORPORATE RISK REGISTER

P Godden presented a report updating the Committee on the management of strategic risk as contained within the Joint Strategic Risk Register which was also presented.

Each of the strategic risks is assigned a Chief Officer and OPCC owner, who has responsibility for the management of controls and the implementation of new controls where necessary.

Members were provided with an overview of new risks that have been added as well as an update in relation to risks that have now been removed.

Members stated that due to the financial impact faced by the Force and the reduction in both officers and staff, this may affect morale, and therefore consideration should be given to adding "Staff Morale" to the Strategic Risk Register. The Committee noted that a staff survey would be conducted in the near future and that report on the findings would be provided.

- RESOLVED:
- (i) That the information be noted.
 - (ii) That consideration be given to the inclusion of a new risk to reflect the impact of change in staff morale.

58. AUDIT PROGRESS REPORT JUNE 2015

G Davies presented Members with the Audit Progress report produced by Mazars.

A number of emerging national issues and developments were highlighted in the report.

- RESOLVED: That the information be noted.

59. 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.