

JOINT INDEPENDENT AUDIT COMMITTEE

**14 SEPTEMBER 2015 AT 2:00PM
MEETING ROOM 2, NEWCASTLE CITY CENTRE POLICE STATION
FORTH BANKS, NEWCASTLE UPON TYNE**

- PRESENT:** J Cooke (Chair), N Mundy, P Angier, P Wood
- OFFICERS:**
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| E Snaith | • Chief Executive, Office of the Police and Crime Commissioner |
| M Tait | • Joint Chief Finance Officer, Northumbria Police |
| P Godden | • Corporate Development Manager, Northumbria Police |
| I McCulloch | • Deputy Head of Finance |
- INVITEES:**
- | | |
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| I Woodward | • Director of ICT, Northumbria Police (items 66-71 only) |
| G Davies | • Mazars |
| J Dafter | • Mazars |
| D Johnson | • Chief Internal Auditor, Gateshead Council |
| S Humble | • Treasury Accountant, Gateshead Council (items 66-72 only) |
- APOLOGIES:**
- | | |
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| K Amlani | • Member |
| B McCardle | • Assistant Chief Officer, Northumbria Police |

66. INTRODUCTION

The Chair opened the meeting by welcoming all present at today's meeting.

67. DECLARATIONS OF INTEREST

With regard to Declarations of Interest, members confirmed there were no changes to that reported at the meeting held on 16 June 2015.

68. MINUTES OF THE MEETING HELD ON 16 JUNE 2015

Mr Wood advised that under item 52 of the minutes 'Declarations of Interests' the entry relating to him should read 'Non-Executive Director of the North East Ambulance Service'.

- RESOLVED:**
- (i) Members agreed the minutes of the meeting held on 16 June 2015 subject to amendment as detailed.
 - (ii) that the entry pertaining to Peter Wood under item 52 'Declarations of Interests' should be amended to read 'Non-Executive Director of the North East Ambulance Service'.

69. LIST FOR FUTURE MEETINGS

Members discussed the Action List for future meetings and it was agreed that all items, with the exception of the Estates Strategy which is deferred until December's meeting, form part of today's agenda and therefore discharged.

70. INTERNAL AUDIT CHARTER

D Johnson advised of the requirement for an Internal Audit Charter as outlined in the Public Sector Internal Audit Standards, and the need for the Chief Internal Auditor to periodically review the Charter. He stated the last revision had been in September 2014 and now seeks members approval of the Charter on an annual basis and in line with best practice.

He further stated that this year's review incorporated the restriction in rights of access for internal audit staff in relation to covert assets; and makes reference to the Accounts and Audit Regulations 2015 which became effective 1 April 2015.

Members requested that Joint Independent Audit Committee was incorporated into the wording at Section 5.2.3. D Johnson agreed and advised that a revised version would be issued in due course.

- RESOLVED:
- (i) Members approved the revised Internal Audit Charter; and
 - (ii) D Johnson incorporates the wording as agreed and issues a revised version to members.

71. CYBER/PENETRATION TESTING

I Woodward, Director of ICT provided members with a comprehensive update on the Force's Cyber penetration testing.

J Cooke confirmed that the full and comprehensive briefing provided covered the Committee's concerns.

- RESOLVED: Members noted the update

72. TREASURY MANAGEMENT ANNUAL REPORT 2014/15

I McCulloch, advised members that in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management the Treasury Management Annual Report for 2014/15 on borrowing and Investment activity was submitted for members approval, following which it will be presented to the Police and Crime Commissioner.

He introduced Stephanie Humble, Treasury Accountant, Gateshead Council and advised she was in attendance to provide further detail as required.

Following discussion surrounding the borrowing options available at the current time, members agreed to approve the report.

- RESOLVED:
- (i) Members approved the report; and
 - (ii) agreed that the Treasury Management Annual Report for 2014/15 be presented to the Police and Crime Commissioner.

73. STATEMENT OF ACCOUNTS

M Tait referred members to the Statement of Accounts 2014/15 report which had been prepared in accordance with the Accounts and Regulations 2011.

He informed members that the external audit of the Annual Accounts has taken place and Mazars, External Auditors are scheduled to attend a meeting with the Police and Crime Commissioner and the Chief Constable on Tuesday, 22 September 2015 to present their findings.

Members of the Committee took the opportunity to express their thanks for being provided with the opportunity to examine the draft Accounts in advance of the meeting.

- RESOLVED: Members noted the report.

74. EXTERNAL AUDIT REPORT

G Davies, Mazars, presented members with the two Audit Completion Reports for the year ended 31 March 2015; one for the Police and Crime Commissioner and the second for the Chief Constable.

He advised members of the specific risk which relates to the Police Pension Scheme and specifically that in May 2015 the Pensions Ombudsman determined that the Government Actuary's Department (GAD) had used the incorrect commutation factors when calculating a number of pension payments between 1 December 2001 and 30 November 2006, which has resulted in an understatement of costs, and advised that it would need to be agreed how this is reflected in the Annual Accounts. It was confirmed that the payments would be met by the Home Office. The issue was one solely of accounting treatment.

Members discussed the issue in general with the Chair concluding that this matter should be brought to the attention of the Commissioner.

RESOLVED: (i) Members noted the update; and
(ii) that the Police and Crime Commissioner is provided with a briefing on GAD –v- Milne and the impact on the Annual Accounts 2014/15.

75. STRATEGIC RISK REGISTER

P Godden provided members with a summary on the quarterly update on the Joint Strategic Risk Register, and advised that there were no new risks to record at this time.

N Mundy raised the issue of a Risk Register for Partnerships and that this may be a wider issue to consider going forward.

RESOLVED: Members noted the report.

76. CRIME DATA INTEGRITY

P Godden provided members with an update on the Crime Data Integrity action plan, which had been developed following the inspection by HMIC into the way police forces record crime data.

He stated that significant progress has been made since the HMIC in August 2014 and at the current time there is no indication of when a further inspection will be carried out.

RESOLVED: Members noted the report.

77. NATIONAL AUDIT OFFICE REPORT

M Tait provided a summary of the National Audit Office Financial Sustainability of Police Forces in England and Wales report which examined whether the NAO and other policing stakeholders effectively managed the risks to reduced police funding.

He further advised members of the consultation process currently being carried out by the Home Office and the work being carried out in Force in relation to the proposed changes in police funding formula.

RESOLVED: Members noted the report

78. REVIEW OF TERMS OF REFERENCE

M Tait advised members of the need to review the current Terms of Reference for the scope, remit and functions of the Joint Independent Audit Committee to ensure they are up to date and remain fit for purpose and also provided details of the proposed changes.

J Cooke advised that members would like to have a separate meeting outside of this forum to provide members with the opportunity to discuss in more detail what they can offer to achieve the objectives of the Committee, following which they would present their proposals to the Committee for consideration.

Further discussion ensued regarding a separate meeting and it was concluded that a meeting would be arranged to enable both members and officers the opportunity to discuss this matter in more detail.

RESOLVED: that a meeting would be arranged to enable members and officers the opportunity to discuss the Review of Terms of reference in more detail.

79. ANNUAL REPORT OF THE CHAIR

The Chair presented the Annual Report of the Joint Independent Audit Committee on behalf of the members which set out the activity of the Committee for the year ending 31 March 2015. Officers advised that the report would be published on both the Police and Crime Commissioner's and Chief Constable's websites.

RESOLVED: Members noted the report.

80. ACCOUNTS AND AUDIT REGULATIONS 2015

M Tait provided members with an update on the implications of the new Accounts and Audit Regulations 2015, which came into effect on 1 April 2015.

He stated that the date for preparation and publication of the Annual Accounts has been brought forward from 2017/18 to 31 July each year from the current timescale of 30 September. He advised of the need for change in current practices to ensure compliance with the new Regulations.

RESOLVED: Members noted the report.

81. EXCLUSION OF THE PRESS AND PUBLIC – EXEMPT BUSINESS

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.