

**Handling Instructions: For Independent Audit Committee use only  
FOIA – Open**



**Independent Audit Committee**

**Tuesday 23<sup>rd</sup> July 2019 at 10.00am**

**Boardroom 2 & 3, Force Headquarters, Winfrith, Dorchester, Dorset  
DT2 8DZ**

**Attendance**

Helen Donnellan (Chair) (HD)	Committee Member
Tom Grainger (Vice Chair) (TG)	Committee Member
Amanda Gallaher (ABG)	Committee Member
Malcolm Smith (MS)	Committee Member
Linda Williams (LW)	Committee Member
Gordon Mattocks (GM)	Committee Member
Simon Bullock (SB)	Chief Executive Officer (Office of the Police and Crime Commissioner, Dorset)
Sandy Goscomb (SG)	Director of Finance and Resources (Devon and Cornwall Police Force)
John Jones (JJ)	Assistant Chief Officer (Dorset Police Force)
Alexis Garlick (AG)	Chief Finance Officer (Office of the Police and Crime Commissioner, Dorset)
Karen James (KJ)	Head of Audit, Insurance and Strategic Risk
Neal Butterworth (NB)	Head of Finance (Devon and Cornwall and Dorset Police Force)
Lucinda Hines (LH)	Head of Technical Accounting
Tanya Hutchings (TH)	Administrative Officer (Office of the Police and Crime Commissioner, Devon and Cornwall)
Delyth Ackrill (DA)	Head of Business Accounting (Dorset Police Force)
Sarah Baker (SB)	Head of Business Accounting (Dorset Police Force)
Laura Wicks (LAW)	South West Audit Partnership
Alex Walling (AW)	Grant Thornton

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James Vaughan (JV) (partial attendance)	Chief Constable (Dorset Police Force)
Martyn Underhill (MU) (partial attendance)	Police and Crime Commissioner (Dorset)

**Apologies**

Frances Hughes	Chief Executive Officer (Office of the Police and Crime Commissioner, Devon and Cornwall)
Nicola Allen	Treasurer (Office of the Police and Crime Commissioner, Devon and Cornwall)
Rupert Bamberger	South West Audit Partnership
Mark Bartlett	Grant Thornton

**02/19/01 Apologies for Absence**

Apologies for absence were received as recorded above.

**02/19/02 Declarations of Interest, Equality and Health and Safety Obligations**

No conflicts of interest were declared. The Committee were informed of the health and safety procedures, HD highlighted the need to remember equality obligations during the discussions.

**02/19/03 Open Minute Items [FOIA – Open]**

The open draft minutes from the meeting of the Independent Audit Committee (IAC) held on 2<sup>nd</sup> April 2019 were agreed as a true and accurate record, with amendments to the following:

- Attendance list. Mark Bartlett should be listed as representing **Grant Thornton**.
- Minute reference 01/19/06b, first paragraph. The final sentence should read 'In future the Chair's appraisals should be earlier in the year and a **mid-year** review would be held in September.'
- The action relating to the above minute reference needs to be amended to '...September. **A joint mid-year review will be held between SG, HD and JS.**'

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A discussion was held regarding action 104, which was clarified to have been moved to the closed actions.

It was agreed that these changes would be actioned before the minutes were finalised.

**For action by:** **TH**

**02/19/04 Open Items of Chair's Business [FOIA – Open]**

The Chair raised the following:

**a. Lateness of papers and auditors comments**

The Chair raised a significant concern regarding the lateness of papers submitted, specifically relating to the accounts and advised that this concern would be raised with the Police and Crime Commissioners (PCCs) and Chief Constables (CCs) promptly.

The Chair also wished to recognise, on record, the hard work put in by the Finance staff, Administration staff and all other teams in order to work to deadline, in spite of the late papers. The Chair also wished to acknowledge the diligence of the other Committee members in light of the late papers.

It was requested that, due to the number of amended reports sent close to deadline, officers draw attention to the significant changes in the latest versions of papers during the course of the meeting.

The Vice Chair requested an explanation of the lateness of papers, for the record. It was explained that the external audit findings report was late due to active discussions with Grant Thornton about the content of the report. It was decided that it provided a better outcome to send the paper late, following the amendments. It was also added that the date of the IAC meeting may have been set too early within July, which reduced the time the officers had to produce the papers. The Committee asked whether this issue is a national one and it was clarified that it was likely to be.

Officers made the Committee aware that the Chartered Institute of Public Finance and Accountancy (CIPFA) are conducting an exercise to determine whether the accounts and reporting can be simplified and the readability improved. It was also explained that both Forces will be conducting formal reviews to identify areas of improvement and have engaged with CIPFA regarding this. The Committee requested updates on the discussions with CIPFA in order to ensure they are aware of any possible repercussions of their work. It was agreed that this would be done and an update would be provided at the September IAC meeting to summarise the Forces' feedback.

**For action by:** **JJ**

The Committee further enquired whether there was any likelihood that deadlines would be pushed back nationally. It was stated that it was unlikely.

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**b. Public Sector Audit Appointments (PSAA) Training Event**

The Chair and Vice Chair attended a PSAA training event in June 2019. The event was found to be useful, though it was suggested that more value could have been added to the time spent. The Chair and Vice Chair will write to the PSAA with feedback regarding the event.

**c. Devon and Cornwall Executive Board**

The Vice Chair attended the Devon and Cornwall Executive Board, as an observer, in June 2019. During the meeting the Vice Chair gave an overview of the work of the IAC, with emphasis on the need for the IAC to maintain independence whilst adding value. It was felt that the discussion held at the meeting was positive and the added value of the IAC was recognised.

**d. Bodmin Pre-meeting**

The Committee held an informal meeting at Bodmin Police Hub on 28<sup>th</sup> June. This was the first visit to a working police station, which was felt to be valuable for training and knowledge. The Chair has written on behalf of the Committee to the Chief Constable to thank Chief Superintendent Pearce. Following the meeting with Ch. Supt. Pearce, the Committee held a further, informal meeting which was found to be useful. However, it was stated that four 45 minute meetings per year are not enough and there is a need for more meetings in order to facilitate the ongoing development of the IAC.

**e. Questions to Officers**

It was decided that the questions to officers would be answered following the item they related to. The officers found having questions prior to the IAC meeting helpful.

**f. Reducing Officers' Time at IAC meetings**

The need to reduce time spent by officers at IAC was acknowledged. It was agreed that this would be best addressed by planning the agenda so as to group items together if they are being presented by a specific officer.

**g. Appraisals**

Appraisals and update meetings are currently being arranged.

**h. Resourcing within Audit, Insurance and Risk Team**

The Chair raised concern regarding the recently vacated post within the Audit, Insurance and Risk Team and the low resourcing within the team. The Chair was encouraged to note the vacancy is being advertised.

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The Committee received the report from Laura Wicks which provided the audit opinion for internal audit work for 2018/19.

The Committee sought further clarification regarding the 'potential significant corporate risk following non merger' identified by the South West Audit Partnership (SWAP). It was explained that this risk is believed to have been overstated and had been managed out, further dialogue was needed with SWAP to resolve.

It was queried by the Committee how the percentage of recommendations remaining outstanding compared to other organisations and how it compared year on year. It was also asked whether recommendations made by the auditors are given appropriate attention and whether it was necessary to raise lack of responsiveness to recommendations as a substantive issue. It was agreed that management had a genuine commitment to implementing recommendations, but may be overly optimistic about timescales. It was also explained that comparisons had been made for the percentage of recommendations outstanding in other organisations, but due to size or location of these none of them were close comparators.

LAW outlined work that would be undertaken by SWAP to go through all outstanding recommendations to ensure they are being suitably updated and that this analysis would be brought to the next meeting.

**For action by:** **LAW**

NB gave a further update on the 'Overtime Arrangements' recommendation. There had been some issues implementing the recommendations, including system issues. These have caused slippage and the implementation date has been revised. The Committee sought assurance that the risk was being managed until the implementation of the recommendations. It was explained that several measures had been put in to place to manage the risk, as a temporary measure.

## **02/19/06 External Audit Findings [FOIA – Open]**

### **a. Devon and Cornwall**

The Committee received the report from Alex Walling, which gave an unmodified audit opinion for external audit work. AW also apologised for the lateness of the paper.

Further updates were given on the work outstanding as follows:

- i. Revaluation of property, plant and equipment – this work had been completed, subject to review by AW.
- ii. Resolution of discussions on the accounting implications of the McCloud/Sergeant judgement and Guaranteed Minimum Pension and the subsequent completion of their review of the actuary's work and assumptions – the reports from the actuaries had been received and would be passed to Grant Thornton as soon as possible. Once the reports have been passed to Grant Thornton the audit report will be amended accordingly.

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- iii. Receipt and review of the assurance letter from the auditors of Dorset Pension Fund – this had been received.
- iv. Completion of transaction testing in a small number of areas – there were a few areas outstanding, but this was not considered to be significant.
- v. Completion of the internal quality review processes – further work was needed in this area.

The Committee raised a concern that the wording on page 16 of the audit regarding the resourcing of the finance team currently reflects more on performance. It was requested that this be amended to emphasise the resilience of the team and the lack of sufficient resources. This was agreed.

**For action by: AW**

A further discussion was had regarding the necessity of limiting requests for information to key individuals, as the risk of duplication of work was greater than the risk of a build-up of work. It was highlighted that expectation of the length of time needed to complete requests may not be reasonable and it was important to provide individuals with sufficient support. This would be an area that would be reviewed as part of the feedback exercise following the close of the audit for the last financial year.

The Committee questioned why the additional fees were not scaled for the different Forces, in line with the audit fees. It was explained that the piece of work would be similar for both Forces and would require a similar amount of work and so the fees are the same. It was also indicated that the supplementary charges would be similar for other organisations audited by Grant Thornton. It was also explained that the PSAA would moderate the additional fees. The Committee asked that representations be made to the PSAA to assess and moderate the additional fees to give assurance regarding the sum requested.

**For action by: KJ**

The Committee were made aware that Grant Thornton were aiming to complete their audit on the 31<sup>st</sup> July. However, if the potential liability from the McCloud ruling took Devon and Cornwall above the Whole Government Accounts threshold it could delay the conclusion of the audit. Devon and Cornwall would publish the draft set of accounts on the 31<sup>st</sup> July with a statement setting out the position of the audit. Grant Thornton advised that they do not expect any modifications to the audit findings report issued following their review of the accounts with the estimated potential liability taken into account. This was accepted and the Committee felt that adequate assurance was provided.

**02/19/07 Presentation from Dorset PCC and CC [FOIA – Closed s.31]**

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At 12.26pm the Committee adjourned.

The Committee reconvened at 1.07pm.

**02/19/06 External Audit Findings [FOIA – Open]**

**b. Dorset**

The Committee received the paper from Alex Walling which gave the audit opinion for the external audit work completed.

The Committee asked for clarity regarding the low level of reserves. It was explained that, previously, the Home Office have focussed on the level of reserves and thought them too high. The reserves strategy includes budget planning which will aim to increase reserves.

It was confirmed by Grant Thornton that the audited accounts for Dorset should be available for publishing on the 31 July 2019.

**02/19/08 Letters of Representation [FOIA – Open]**

The Committee received the letters presented by Alexis Garlick.

**a. Devon and Cornwall**

The individual letters of representation for Devon and Cornwall were not received for this meeting. However, it was agreed that as the letters of representation are standard letters, comments would be applicable for both Dorset and Devon and Cornwall.

**b. Dorset**

The Committee asked why the letter of representation to the CC differed from the letter of representation to the PCC, as there had been a fifth bullet point added. It was agreed this would be double checked by Grant Thornton in case of an omission.

**For action by:** **AW**

**02/19/09 Annual Financial Report for Dorset 2018/19 [FOIA – Open]**

The Committee received the annual financial report for Dorset.

**a. The PCC and group accounts**

The accounts for the PCC and group were presented by Alexis Garlick.

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It was highlighted that it had been decided to account for Transforming Forensics as principle within the Group Accounts, as it was not being accounted for elsewhere. It was later clarified that treatment as principle means that Dorset is the lead financial force, and is responsible for publishing Transforming Forensics figures in their accounts.

The Committee highlighted an inconsistency between the Dorset and Devon and Cornwall accounts and it was agreed, in future, the accounts for all four corporations sole would be consistent.

**For action by: LH**

The valuation date was found to be incorrect. This would also be amended.

**For action by: LH**

The diagram in 2.2.1 was felt to be unclear. It was agreed that it would be amended for clarity.

**For action by: LH**

The Committee asked for clarity regarding the ‘surplus of uncollected council tax receipts’. It was explained that, when reviewing the precept, there is an estimation of council tax income due. However, at the outturn of the year, the figures are different and will often give a surplus or deficit of council tax income. Therefore, a strategy had been identified where any surplus is taken and used for one off spending.

A discussion was held to determine whether the change in staff numbers in the four corporations sole was due to transfer of staff following the decision not to merge. It was explained that though staff numbers are easy to count in regards to payroll, it was much more difficult to determine which Force a member of staff worked for. It was also explained that Dorset had been overambitious in the previous year’s recruitment target, as less officers and staff had retired than anticipated.

During the consideration of the depreciation of police vehicles, it was queried why Dorset have a depreciation period of 3 – 15 years whereas Devon and Cornwall’s depreciation period is 3 – 10 years. It was explained that both Forces have a range of different vehicles with varying depreciation periods, but the policy will be reviewed again to decide whether the overall depreciation periods should be aligned.

**For action by: SG**

**Delyth Ackrill left the meeting at 1.47pm.**

**b. The Chief Constable’s accounts**

This item was discussed as part of the above item.



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**02/19/10 Statement of Accounts for Devon and Cornwall 2018/19  
[FOIA – Open]**

The Statement of Accounts for Devon and Cornwall was received by the Committee and presented by Sandy Goscomb.

**a. The PCC and group accounts**

It was highlighted by SG that there was a small underspend at the end of the year and there had been an unusual one-off payment, which was for a fine following a Health and Safety enquiry. There was still an ongoing issue with overtime spending, which was believed to be a reflection of the reduction in officer numbers. Modelling work is being undertaken to investigate whether this is the case, but it is believed this may be a national picture.

Attention was drawn to the wording in the Statement of Accounts which suggested the Bodmin Police Hub had been finished, however, as this is not the case, it was agreed the wording would be amended.

**For action by: LH**

The Committee sought clarification as to why the Chief Officer remuneration was shown as subsistence and expenses allowance. It was explained that the way officer remuneration was accounted for was dictated by CIPFA guidelines. To aid transparency the explanatory note states that the figure includes removal expenses. The Devon and Cornwall PCC understood and was happy with this level of transparency.

The Committee enquired how s151 officers satisfied themselves of the accuracy of the actuarial calculations, including how pooled assets are divided. It was explained that the external auditors review and compare the actuaries nationally and there is guidance from the government actuaries department. Dialogue is also had with other local authorities and the actuaries are regularly challenged on their assumptions. It was agreed that the division of pooled assets would be reviewed.

**For action by: SG**

**At 2.14pm Gordon Mattocks left the meeting.**

The wording around the government funding of the pensions benefit deficit was discussed, as it was felt that it may give the expectation of this being a long-term arrangement. It was explained that the wording used was given in guidance, however this will be checked.

**For action by: LH**

**b. The Chief Constable's accounts**

This item was discussed as part of the above item.

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A discussion was held to determine the necessity for an extraordinary meeting of the IAC prior to the publishing of the accounts. All Committee members and officers agreed the meeting was not necessary, as they had been able to meet their responsibilities in relation to the accounts during the current meeting

**At 2.49pm Sarah Baker left the meeting.**

**02/19/11 Fees for External Audit 2019/20 [FOIA – Open]**

The Committee received the external audit fees for 2019/20, which were presented by Alexis Garlick. The Committee noted the report.

**02/19/12 Internal Audit Quarterly Update and Highlights [FOIA – Open]**

A report was received by the Committee which gave an update on the progress of the Internal Audit. The Committee noted the report.

**Appendix D [FOIA – Closed s.31]**

**02/19/13 Treasury Management Outturn 2018/19 [FOIA – Open]**

The Committee received the report which presented the final outturn for treasury management in the financial year.

**a. Devon and Cornwall**

The report was presented by Lucinda Hines and noted by the Committee.

It was acknowledged that it would be necessary to work more closely with Arlingclose in the run up to quarterly reporting.

The Committee questioned why the differences in the Devon and Cornwall Police investment profile were so different from other Arlingclose clients. It was explained that other authorities have longer investments, in comparison to Devon and Cornwall's, which are quite liquid and more short term. It was felt that Devon and Cornwall may previously have been overcautious in its approach to liquidity, as there had been a concern that costs regarding major operations may remain with the Force. However, the Home Office has changed how grants for major operations are paid, which has greatly reduced the level of risk and therefore liquidity level can be reviewed. The intention is to take a less risk averse approach in the next year.

**b. Dorset**

The report was presented by Alexis Garlick and noted by the Committee.

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The Committee questioned whether revising down breached indicators was the right solution. It was explained that, further to a meeting with the treasury management advisors (Arlingclose) it was agreed to be the best solution. Further information was given that processes were in place to review the indicators.

It was requested by the Committee that Dorset have a similar table to table 3 in the Devon and Cornwall Treasury Management Outturn inserted. This was agreed.

**For action by: LH**

**02/19/14 Update on Fraud and Corruption Investigations [FOIA - Open]**

The Committee received the report giving an update on Fraud and Corruption Investigations.

The Committee felt the categorisation of incidents to be helpful. The Committee enquired whether the fraud and corruption investigations are considered in further detail. It was confirmed that they were, with each case being viewed by a chief officer and cases being dip sampled by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). It was further explained that fraud and corruption concerns could be raised by whistleblowing, public complaint or audit.

**02/19/15 Gifts and Hospitality Policy [FOIA – Open]**

A verbal update was given on the gifts and hospitality policy by Karen James.

It was highlighted that policy review has been an ongoing issue and as a result resources within Corporate Development (Dorset) were being tailored to look at policy management across Force. It was further explained that the Professional Standards department was going through a period of change and extra funding had been agreed for additional resources in the section responsible for this particular area of work. Assurance was given that the gifts and hospitality registers were constantly updated, used and monitored. This included the registers being brought to the People Intelligence Board for Devon and Cornwall and the Ethics and Appeals Committee for Dorset. All registers are also published annually online.

**02/19/16 Working Together Update [FOIA – Open]**

The Committee received a verbal update from Sandy Goscomb on behalf of Richard Bullock.

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It was highlighted that, as the Forces and OPCCs are no longer merging, Working Together is now business as usual and there is no need for regular updates. The Committee agreed with this.

**02/19/17 Provisional Dates for IAC Meetings 2020 [FOIA – Open]**

The Committee received the report given by Karen James.

It was asked whether there was any flexibility around the suggested dates. It was agreed that the suggested dates will be reviewed and circulated, along with the capability to Skype into meetings, particularly externally.

**For action by: TH**

**At this point the open section of the meeting concluded.**

**02/19/18 Closed Minute Items [FOIA – Closed (various)]**

**02/19/19 Action Log [FOIA – Closed s.22]**

**02/19/20 Closed Items of Chair's Business [FOIA – Closed (various)]**

**02/19/21 Risk Registers [FOIA – Closed s.31]**

**02/19/22 Audit Committee's Annual Report [FOIA – Closed s.22]**

**Date, Time and Location of Next Meeting**

There being no other business the meeting closed at 3.48pm. The next meeting will be held on Wednesday 11<sup>th</sup> September 2019 at 10.00am in Community Room, Fire Station, Middlemoor, Exeter, EX2 7AP.