

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



Independent Audit Committee

Wednesday 11th September 2019 at 10.00am

**Community Room, Exeter (Middlemoor) Fire Station, Sidmouth Road,
Middlemoor, Exeter
EX2 7AP**

Attendance

Helen Donnellan (Chair) (HD)	Committee Member
Tom Grainger (Vice Chair) (TG)	Committee Member
Amanda Gallaher (ABG)	Committee Member
Linda Williams (LW)	Committee Member
Gordon Mattocks (GM)	Committee Member
Sandy Goscomb (SG)	Director of Finance and Resources (Devon and Cornwall Police Force)
Nicola Allen (NA)	Treasurer (Office of the Police and Crime Commissioner, Devon and Cornwall)
Julie Strange (JS)	Treasurer (Office of the Police and Crime Commissioner, Dorset)
Karen James (KJ)	Head of Audit, Insurance and Strategic Risk
Jo George (JG)	Management Accountant
Neal Butterworth (NB)	Head of Finance (Devon and Cornwall and Dorset Police Force)
Tanya Hutchings (TH)	Administrative Officer (Office of the Police and Crime Commissioner, Devon and Cornwall)
Rupert Bamberger (RB)	South West Audit Partnership
Laura Wicks (LAW)	South West Audit Partnership
Alex Walling (AW)	Grant Thornton

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

Apologies

Malcolm Smith	Committee Member
Frances Hughes	Chief Executive Officer (Office of the Police and Crime Commissioner, Devon and Cornwall)
Simon Bullock	Chief Executive Officer (Office of the Police and Crime Commissioner, Dorset)
John Jones	Chief Financial Officer (Dorset Police Force)
Lucinda Hines	Head of Technical Accounting (Alliance)
Mike Stamp	Director of Legal Services
Pete Windle	Superintendent and Head of Professional Standards
Mark Bartlett	South West Audit Partnership

03/19/01 Apologies for Absence

Apologies for absence were received as recorded above. The Committee welcomed Julie Strange and Jo George.

03/19/02 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.

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

The open draft minutes from the meeting of the Independent Audit Committee (IAC) held on 23rd July 2019 were agreed as a true and accurate record, with amendments to the following:

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

- Minute reference 02/19/04d, first sentence. The sentence should read ‘The Committee held an **informal meeting at Bodmin Police Hub on 28th June. This was the...**’
- Minute reference 02/19/09a, second paragraph. It was agreed an additional sentence would be added to explain what is meant by ‘principle’.
For action by: NB

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

For action by: TH

The Committee highlighted that the levels of completeness of the Gifts and Hospitality Registers published online differed between Devon & Cornwall and Dorset. They also highlighted that they had not yet received the Gifts and Hospitality Policy. It was agreed that this would be fed back to the Professional Standards Department.

For action by: KJ

03/19/04 Open Items of Chair’s Business [FOIA – Open]

The Chair raised the following:

a. Length of time for completion of accounts

The Committee continued to be concerned about the length of time taken for the 2018/19 accounts to be fully completed. Further to this, the Independent Audit Committee (IAC) is concerned that being five and half months into the 2019/20 financial year leaves finance and accounting teams to deal with all the additional work from the previous year’s accounts, which may adversely impact on the current year’s accounts.

b. Meeting with Grant Thornton

The Chair and Vice-Chair of the IAC met with AW and MB on 6th August to raise concerns and seek deeper understanding of the reasons behind the delays in completion of audits and to gain assurance that this would not recur in 2020.

c. Questions for officers

Committee members submitted questions to officers prior to the IAC meeting. It was agreed this was helpful and would be continued.

d. Timing of meeting

The Committee recognised the closeness of this meeting to the previous one of 23rd July and acknowledged the pressure on officers and staff to prepare papers for the meeting, particularly as there were also other major meetings scheduled for that week.

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

e. Activity of IAC since previous meeting

The following work has been undertaken since the meeting of 23rd July:

- The IAC liaised with finance teams about closure of the accounts
- The Chair and Vice Chair met with the Head of Legal, Reputation and Risk to discuss approaches to ethics in both force areas
- Further developed the annual work plan for the IAC, to include subjects raised during the 2018/19 self-evaluation (including local codes of governance and ethics)
- Reviewed the IAC terms of reference and operating principles

f. Pre-meetings

In order for further development and to enable the Committee to complete all of their work, a further informal meeting will be needed before 17th December IAC.

03/19/05 Budget Planning Process [FOIA – Open]

The Committee received and noted the report presented by Neal Butterworth.

The Committee sought clarity about why the assumptions used by Devon & Cornwall and Dorset differ so much. It was explained that s151 officers consider many aspects when making assumptions as part of the budget planning process. One of the aspects considered was the Council Tax assumptions, which differed between Forces. Devon & Cornwall had taken into account local government precept criteria in their future assumptions of a 2.99% precept increase, alongside an assumption of inflation to the government grant funding, but had also assumed a higher level of future pay award. Dorset was more conservative in its assumptions, with an assumed future precept increase of 1.99%, along with no estimated increase in grant funding, but also had a lower estimate of pay increase. Dorset showed a deficit in its future MTFS, while Devon and Cornwall showed a breakeven position. Both Force approaches are acceptable.

03/19/06 PCC Scrutiny Arrangements [FOIA – Open]

a. Devon and Cornwall

The Committee considered the report presented by Nicola Allen and fed back the following:

- The report was found to be useful and informative
- The Committee would find it useful to have further information about the nature of the panels included in the framework
- The accessibility of scrutiny documents and information on the website could be improved

It was agreed that the above would be fed back

For action by: NA

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

Clarity was sought regarding the process of developing the scrutiny framework. It was explained that the framework had been developed following feedback from the Centre of Public Scrutiny, feedback from partners and independent review.

b. Dorset

The Committee noted the report presented by Julie Strange. The difference between the scrutiny reports from each Force was highlighted and discussed.

The Committee fed back that Dorset may wish to further develop their scrutiny framework. It was agreed that an updated scrutiny framework would be brought back to the Committee for information.

For action by: JS

03/19/07 Annual Governance Statement Timetable [FOIA – Open]

The Committee considered the timetable presented by Karen James.

The Committee asked for clarity regarding where the reviews of local codes of governance fit into this work. It was explained that the work follows Chartered Institute of Public Finance Accountancy (CIPFA) guidance and CIPFA sources of good evidence. It was also explained that the Annual Governance Statement (AGS) runs in parallel with the review of the corporate governance scheme. Once the corporate governance scheme review is completed, it informs the AGS.

Officers expressed the intention to further refine the AGS to make it more accessible to the public.

03/19/08 External Audit Quarterly Report [FOIA – Open]

The report presented by Alex Walling was noted by the Committee.

The Committee asked that any changes the external auditors are directed to make by the regulator be shared as soon as possible. It was agreed this would be done.

For action by: AW

A discussion took place regarding meeting the Police and Crime Commissioners (PCCs) and Chief Constables (CCs). It was explained that the PCC for Devon and Cornwall had not met with Grant Thornton in the past year, however it was agreed that action would be taken to arrange a meeting.

For action by: NA

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

03/19/09 2018/19 Joint Annual Audit Letter [FOIA – Open]

a. Devon and Cornwall PCC and Chief Constable

The Joint Annual Audit Letter was noted by the Committee.

Further clarity was sought regarding the training offered by Grant Thornton for financial accounts and annual reporting issues. It was noted that the training was offered to finance teams, which highlighted emerging key issues. NB confirmed that this training was helpful.

The Committee enquired whether the new system for submitting journals had been implemented. It was confirmed that it is being tested and will be implemented once testing was completed.

Information was sought regarding the proposed additional fee for the extra work completed by Grant Thornton. It was confirmed that the final amount would not be known until the work is completed, however assurance was given by Grant Thornton that the amount would not be disproportionate.

b. Dorset PCC and Chief Constable

The Joint Annual Audit Letter was noted by the Committee.

The Committee sought further clarity regarding the review of the asset register. It was explained that this review was already under way, however it was important to note that the assets which were incorrectly included in the asset register were of nil or very low value.

The Committee asked whether Dorset were seeking to increase their levels of reserves. Assurance was given by JS that this was the case.

03/19/10 Internal Audit Quarterly Update and Highlights [FOIA – Closed (s.33)]

03/19/11 National Fraud Initiative [FOIA – Open]

The Committee noted the paper presented by Karen James.

It was agreed the final report on the completed National Fraud Initiative exercise would be brought to the IAC meeting in April 2020.

For action by: KJ

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

03/19/12 Update on Fraud and Corruption Investigations [FOIA – Open]

The paper presented by Karen James was noted by the Committee.

The Committee enquired whether there was a link between the increase in reports of fraudulent overtime claims and the internal audit activity relating to overtime. It was explained that internal audit focussed on police officers only, whereas the report category focussed on police staff also.

It was agreed that it would be useful to include any learning gained from the investigations within the report.

For action by: **KJ**

03/19/13 Update on Insurance Renewal [FOIA – Open]

The report was noted by the Committee and presented by Karen James.

It was fed back that the insurance renewal exercise has provided a good opportunity to work with regional Forces and to discuss and clarify liability when sharing services across Force areas.

Assurance was sought by the Committee that the loss of a staff member in the Insurance team would not have a negative impact. KJ gave assurance that the impact of the vacancy would be on the slower recovery of money owed and the notification of accidents to insurers, however the financial implications were being closely monitored. The department is working closely with the insurers to minimise the impact on claims management. Further assurance was given that KJ is working closely with Human Resources (HR) to fill the vacancy and ensure work is covered in the meantime.

Clarity was sought and given regarding the final decision-making process on the insurance tender process.

03/19/14 Force Protected Disclosure Policy [FOIA - Open]

The Committee discussed the updated Force Protected Disclosure Policy brought on behalf of Pete Windle.

The Committee wished to note their thanks to Pete Windle for providing the draft and they look forward to seeing the finalised version.

Feedback was given as follows:

- It would be useful for the policy to explain the difference between a grievance and whistleblowing

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

- Further information about the process if it is not escalated to a line manager would be beneficial
- The policy should also address the whistleblower and aim to give them information regarding what can and should be reported, and what would happen following a report
- The policy should be made more accessible to whistleblowers

It was agreed that feedback will be passed to PW and a further draft will be brought to the December 2019 IAC meeting.

For action by: KJ and PW

03/19/15 Value for Money Profiles 2017 [FOIA – Open]

The Committee received the report from Neal Butterworth, which was noted.

Further clarity was sought regarding the learning gained from the Value for Money (VfM) profiles. It was clarified that the information given in the VfM profiles was used for various purposes, including references in reports, however the VfMs are not currently used to drive change. The VfMs have been used at higher levels to identify outliers. However, there are difficulties in comparing force information at a detailed level primarily due to the different structures of each organisation.

A discussion was held around the differences in spending on Roads Policing between Devon & Cornwall and Dorset Police.

The Committee enquired about the reasons for the increase in violent crime levels. It was explained that a great deal of work has been undertaken by Devon and Cornwall on crime recording, following recommendations from Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS).

Following the discussion about the use of VfM to drive efficiencies, it was explained that there is work nationally around procurement, looking at inefficiencies. CIPFA have also recognised the need for work in this area and have set up a programme of work, Financial Excellence in Policing, which has three subgroups. One of these subgroups, Statistics and Analytics, is chaired by NA. It was agreed that a presentation would be given on this work at the April 2020 meeting of IAC.

For action by: NA

At 12.25pm the open section of the meeting concluded and the Committee adjourned.

The Committee reconvened at 1.04pm.

03/19/16 Closed Minute Items [FOIA – Closed (various)]

03/19/17 Action Log [FOIA – Closed s.22]

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

- 03/19/18 Closed Items of Chair’s Business [FOIA – Closed (various)]**
- 03/19/10 Internal Audit Quarterly Update and Highlights [FOIA – Closed s.31]**
- 03/19/19 Lessons Learnt Following the Close of the Accounts [FOIA – Closed s.22]**
- 03/19/20 Ethics Arrangements [FOIA – Closed s.22]**
- 03/19/21 Internal Audit Strategic Needs Assessment for 2020/21 [FOIA – Closed s.43(2)]**
- 03/19/22 Risk Registers [FOIA – Closed s.31]**
- 03/19/23 Annual Review of the Terms of Reference and Operating Principles [FOIA – Closed s.22]**

Date, Time and Location of Next Meeting

There being no other business the meeting closed at 3.33pm. The next meeting will be held on Tuesday 17th December 2019 at 10.00am in Board Rooms 2 and 3, Winfrith HQ, Dorset.