

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



**Strategic Alliance
Independent Audit Committee**

Tuesday 18th September 2018 at 11.00am

**Fowey Room, Andy Hocking House, Alderson Drive, Middlemoor HQ, Exeter,
EX2 7RP**

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
Frances Hughes (FH)	Chief Executive Officer (Office of the Police and Crime Commissioner)
Sandy Goscomb (SG)	Director of Finance and Resources (Devon and Cornwall)
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)
Tanya Hutchings (TH)	Administrative Officer (Office of the Police and Crime Commissioner, Devon and Cornwall)
Rupert Bamberger (RB)	South West Audit Partnership
Tracey Kirkpatrick (TK)	South West Audit Partnership
Alex Walling (AW)	Grant Thornton
Mark Bartlett (MB)	Grant Thornton
Sharon Taylor (ST)	Assistant Chief Constable (Devon and Cornwall Police Force)
Stewart Dipple (SD)	Chief Inspector (Devon and Cornwall and Dorset Police Force)

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Apologies

Simon Bullock	Chief Executive Officer (Office of the Police and Crime Commissioner, Dorset)
John Jones	Assistant Chief Officer (Dorset Police Force)
Nicola Allen	Treasurer (Office of the Police and Crime Commissioner, Devon and Cornwall)
Lucinda Hines	Head of Technical Accounting (Devon and Cornwall Police Force)
Jim Nye	Chief Superintendent (Devon and Cornwall Police Force)
Pete Windle	Superintendent (Dorset Police Force)
Laura Wicks	South West Audit Partnership

03/18/01 Apologies for Absence

Apologies for absence were received as recorded above.

03/18/02 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.

03/18/03 Open Minute Items [FOIA – Open]

The open draft minutes from the meeting of the Independent Audit Committee (IAC) held on 18th July 2018 were agreed as a true and accurate record, with amendments to the following:

- Minute 02/18/06, the first action. The first action to be for KJ **and** RB
- Minute 02/18/10, first paragraph. The final sentence should read 'This audit would not be undertaken by KPMG **but** by Grant Thornton.'

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

For action by: **TH**

The Committee sought updates to the following items:

- Minute 02/18/07a, fourth paragraph. The Committee sought an update around the implementation of the TEST system. It was explained that the minimum requirements for the implantation of the TEST system had been met and that

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further work was pending until the merger decision had been made. Assurance was given that the TEST was still in progress and that it was understood that its implementation was critical to year end. It was agreed that further progress would be reported back to the Committee at the December meeting.

For action by: AG

- Minute 02/18/07a, fifth paragraph. The Committee sought an update as to the progress of the alignment of accounts. The Committee were informed that the alignment of accounts was on target and that full alignment, where possible, was expected to be complete at the end of 18/19 financial year.
- Minute 02/18/08a, third paragraph. The Committee sought an update of Human Resources' (HR) investigation into the high percentage of agency staff. The Committee were advised that the investigation was still ongoing, but it had become clear that the majority of agency staff were filling substantive roles. Assurance was given by SG that HR were regularly reporting their progress to the four corporations sole.

03/18/04 Open Items of Chair's Business [FOIA – Open]

The Chair discussed the following:

a. Pre-meeting update

HD fed back that, following the first IAC pre-meeting, the Committee would be starting the process of self-review, linking to self-evaluation using Chartered Institute of Public Finance and Accountancy (CIPFA) guidance. This would feed into the annual report, due in March 2018.

b. Operating principles

The Committee sought clarification within the Operating Principles for the process for terminations. Specifically, they wished to know:

- i. Is there a right of appeal?
- ii. If there is a right of appeal, what is the process?
- iii. What constitutes 'unacceptable behaviour'?
- iv. Who decides if the criteria for unacceptable behaviour has been met?

It was agreed that these points would be clarified at the next IAC meeting in December 2018.

For action by: KJ

c. Grant Thornton Conference

HD provided positive feedback regarding the Grant Thornton Conference attended in July and thanked Grant Thornton for providing the slides used. It was requested that, in future when slides are provided, the notes for them be included also. AW confirmed that Grant Thornton would do this in the future.

For action: AW and MB

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d. South West Audit Partnership (SWAP) Event

The Committee confirmed that all of their members would be attending the SWAP event in October.

03/18/05 Budget Planning Process [FOIA – Open]

The Committee noted the report brought by Neal Butterworth. The report aimed to provide members with an outline of the budget planning process for the financial year 2019/20.

The Committee sought information around the timing of the grant settlement. NB clarified that there was usually a reasonable indication of when the settlement is expected to be received, and it usually arrives on or a little after the date given. It was further explained that there was only a small risk of it arriving very late.

The Committee also requested further information as to why the Employer's Contribution to Police Staff Pensions scheme for Dorset increased within the budget whereas Devon and Cornwall stayed the same. It was explained that this difference had arisen because each Force had dealt with the funding deficit differently. It was further explained that, should the merger go ahead, these two different approaches would harmonise.

The Committee enquired as to why the tax base for Devon and Cornwall was projected to grow at twice the rate of Dorset. It was explained that this was a planning assumption and that the budget would be based upon the best information available in February 2019. It was further explained that, due to this, the tax base may change. It was also explained that the difference in tax bases was also a reflection of the different developments taking place in the two Forces.

It was highlighted by the Committee that there was an inconsistency between a figure in 2.5 and Appendix A. This was agreed as an error and it was confirmed this would be amended.

For action by:

NB

03/18/06 Annual Governance Statement Timetable [FOIA – Open]

The Committee considered and noted the timetable presented by Karen James for the Annual Governance Statement (AGS) for the 2018/19 year.

The Committee sought assurance that there were sufficient resources to achieve the timeframe given. KJ gave assurance that there was.

The importance of allowing time for organisations to review and agree the AGS was highlighted by the Committee. This was noted, along with the necessity of ensuring the documents are user friendly to read.

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An error in the document was highlighted and it was agreed this would be rectified.

For action by: **KJ**

03/18/07 External Audit Quarterly Update [FOIA – Open]

The External Audit Quarterly Update was noted by the Committee and presented by Alex Walling.

AW outlined Grant Thornton's proposal to bring an external audit quarterly update to each IAC meeting and updated the Committee as to the progress of the handover from KPMG. The Committee were made aware that a handover meeting had been scheduled with KPMG for early October. The Committee was informed that the handover was progressing as per Public Sector Audit Appointments (PSAA) guidelines. The Committee were also told that Grant Thornton had met with Devon and Cornwall's Chief Financial Officers (CFO's) and meetings with Dorset's CFO's were scheduled.

A discussion was held around the best way to format the report delivered by Grant Thornton, in order to ensure the Committee have access to the resources that have been highlighted. It was agreed that further discussion was needed.

For action by: **HD and AW**

It was also asked that, as part of this, future open documents are uploaded to the websites for the four corporations sole in advance of IAC meetings. This will allow the Committee, the officers and members of the public easy access.

For action by: **TH**

It was raised that the annual audit letters needed to be circulated with the minutes for completeness.

For action by: **TH**

The Committee queried when Grant Thornton would be able to provide reassurance that work carried out by Internal Audit (IA) could be relied upon for Grant Thornton to form views. It was clarified by AW that as Grant Thornton do not rely on IA's work, this particular reassurance could not be provided. However, it was explained that Grant Thornton and SWAP formally meet twice a year to share information and ensure work is neither missed nor duplicated.

03/18/08 Gifts and Hospitality Arrangements [FOIA – Open]

The Committee received a report and written by Supt. Pete Windle around the Gifts and Hospitality policies for Devon and Cornwall and Dorset. It was presented by Karen James. It stated that the policies would be harmonised and ready to review for the April 2019 IAC meeting.

For action by: **PW**

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The Committee expressed concern at the length of time it was estimated to take for the policies to become harmonised. The Committee also highlighted that the Gifts and Hospitality Policy for Dorset was difficult to find.

For action by: **KJ**

At 12.01pm Frances Hughes left the meeting.

03/18/09 Protected Disclosure Policy [FOIA – Open]

The Committee received the report written by Supt. Pete Windle and presented by Karen James. It aimed to update the IAC as to the current position within the Strategic Alliance concerning Protected Disclosure Policies.

Concern was expressed by the Committee at the lack of clarity around dates within the report. The Chair drew the Committee's attention to the most recent policy being past two review dates.

Further information was sought about who is responsibility the review of policies. The Committee also requested a list of policies to be reviewed by the IAC for the December 2018 meeting, along with the dates of their last review.

The Committee are concerned that policies can pass the review dates shown on the policy. The Committee sought information about existing procedures to ensure timely policy reviews, which would reduce the risk of policies becoming out-dated. They were concerned about the absence of a procedure for this.

For action by: **KJ**

03/18/10 Audit Committee Training Plan [FOIA – Open]

The Committee considered the Audit Committee Training Plan presented by Alexis Garlick, which aimed to provide an initial training plan for members of the IAC.

The Committee thanked AG for her work on the training plan. It was proposed that the Annual Governance Strategy training should be delivered between January and March. It was proposed that this is also a prudent time for an away day.

The Committee sought information about the annual budget for IAC training. This will be brought to the next meeting in December 2018.

For action by: **NB**

A discussion was held around whether training on Treasury Management would be delivered as an extension to existing IAC meetings or held on a separate day. It was agreed that it would be preferred to deliver training as an extension, although further discussion is needed to confirm the timing of this. It was decided that AG and HD would liaise through TH to propose and organise training.

For action by: **AG, HD, LH and TH**

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It was also highlighted to the Committee that Treasury Management training would be offered to relevant staff within the four corporations sole.

At 12.31pm the open section of the meeting concluded.

- 03/18/11 Closed Minute Items [FOIA – Closed (various)]**
- 03/18/12 Action Log [FOIA – Closed s.22]**
- 03/18/13 Closed Items of Chair’s Business [FOIA – Closed (various)]**
- 03/18/14 Internal Audit Quarterly Update and Highlights [FOIA – Closed s.33]**
- 03/18/15 Update on Regional Insurance Broker Renewal [FOIA – Closed 2.43(2)]**
- 03/18/16 Update on Fraud and Corruption Investigations [FOIA – Closed s.30(2)]**
- 03/18/17 Draft Risk Management Strategy and Policy [FOIA – Closed s.22]**
- 03/18/18 Risk Registers [FOIA – Closed s.31]**
- 03/18/19 Strategic Alliance Update [FOIA – Closed s.22]**
- 03/18/20 Merger Update [FOIA – Closed s.22]**

Date, Time and Location of Next Meeting

There being no other business the meeting closed at 3.12pm. The next meeting will be held on Tuesday 11th December 2018 at 11.00am in Boardroom 1, Force Headquarters, Winfrith.