

LEICESTERSHIRE POLICE AUTHORITY

Minutes of a meeting of the Audit Committee held at Leicestershire Police Headquarters, Enderby on Tuesday 10 November 2009

Present

Members

Mrs W Martin, Mr D Prince and Mrs A Roberts.

Officers

Mr C Smith (Treasurer) and Mrs L Salmon (Members' Services Officer).

Representatives from the Force

Mr M Goodwin (Temporary Deputy Chief Constable), Mr P Dawkins (Director of Finance), Mrs R Gilbert (Head of Finance) and Mr T Glover (Head of IT).

Auditors

Mr C Harris and Ms S Lane (Bentley Jennison) and Ms S Swann (PricewaterhouseCoopers).

Mr D Prince – in the Chair

52/09. Apologies

Apologies were received from Mr D Bill, Dr S Chowdhury, Mr D Snartt, Mr R Swinfield (Chief Executive) and Mr M Jones (PricewaterhouseCoopers).

53/09. Items of Urgent Business

There were no items of urgent business.

54/09. Declarations of Code of Conduct Interests

The Chairman invited members who wished to do so to make declarations of any Code of Conduct interests in respect of items on the agenda for the meeting. No such declarations were made.

55/09. Minutes of the Meeting held on 2 July 2009

The minutes of the meeting of the meeting held on 2 July 2009, having been previously circulated, were taken as read, confirmed and signed.

Members requested clarification whether the outstanding recommendations outlined at minute 45/09 had been completed. The Director of Finance stated he would check and provide feedback through the Treasurer.

The Chairman of the Committee commented that governance of the IT Strategy should be considered in the Authority's forthcoming committee restructure.

Regarding minute 48/09, the Director of Finance informed members that work was in progress towards the implementation of a job evaluation scheme and the risk was being managed.

56/09. External Audit - Progress Report

The Committee received a joint report of the Treasurer and Chief Constable presenting PricewaterhouseCoopers' progress report. A copy of the report marked 'A' is filed with the minutes.

The Treasurer informed members that an overall score of 3 in the Comprehensive Area Assessment was an excellent achievement as some authorities had seen a reduction in their score. Members commended all involved in the process. The Chairman of the Committee suggested it would be useful for future reports to outline the Constabulary's position in relation to its Most Similar Group.

The Treasurer stated that whilst there would be a 6% increase in audit fees in 2010/11 for work around the International Financial Reporting Standards (IFRS), the Audit Commission had agreed to subsidise this.

The Director of Finance thanked Mr Jones and Ms Swann for their support during the first year of the new audit contact.

It was RESOLVED to note the progress to date.

57/09. External Audit - Report to Those Charged with Governance

The Committee received a joint report of the Treasurer and Chief Constable presenting a completed action plan in response to PricewaterhouseCoopers' report. A copy of the report marked 'B' is filed with the minutes.

The following recommendations were identified as being complete:

- Recommendation 1 – SAGE and Network – password history increased to 12.
- Recommendation 3 – SAGE and Network.

The Head of IT provided the following update:

- Recommendation 4 – Intruder Detection System – penetration testing would be completed by March 2010.
- Recommendation 8 – Oracle Database – work was ongoing regarding the restrictions in the application – an update would be provided to the May 2010 meeting of the Committee.

In response to a query regarding the completion of Recommendation 9 – Operational Failures and Security Incidents – the Director of Finance stated he would check and provide feedback through the Treasurer.

Members queried the completion date of 30 June 2010 for Recommendation 11 – Payroll Reconciliation as it appeared to be protracted. The Head of Finance stated that it was a new requirement requested by the External Auditors and related to work following year-end procedures.

It was RESOLVED to:

- (i) agree the Action Plan; and
- (ii) receive a progress report at future meetings of the Committee.

58/09. Internal Audit Progress Report

The Committee received a joint report of the Treasurer and Chief Constable presenting the latest Internal Audit progress report. A copy of the report marked 'C' is filed with the minutes.

Mr Harris stated that the following information should be included in the Operational Plan Performance 2009/10 regarding Police Pensions Injury Awards:

- Audit Committee – November 2009
- Audit approach – Systematic
- Assurance level given – Adequate
- Number of Recommendations Made – Fundamental – 0, Substantial – 3, Merits Attention – 5, In Total – 8, Agreed – 8.

In response to a query regarding the draft Payroll Provider Processing report, the Director of Finance stated that no problems were anticipated.

The Director of Finance confirmed that the Deputy Chief Constable was also part of the reporting process outlined in the report.

Mr Harris informed members that the new Internal Audit Methodology outlined in the report would be included in future reports.

The Temporary Deputy Chief Constable arrived during consideration of this item.

It was RESOLVED to note the progress to date.

59/09. IT Health Check

The Committee received a report from the Chief Constable providing members with information about the approach taken by the IT department to embed the work associated with implementing the recommendations of the internal and external auditors into the overall business plan of the IT Department. A copy of the report marked 'D' is filed with the minutes.

The following recommendations were identified as being complete:

- Recommendation 3 – page 10.
- Recommendation 4 – page 11.

The Head of IT provided the following update:

- Recommendation 1 – page 7 – awaiting sign off from the Diversity Unit.
- Recommendation 2 – page 8 – work was in progress towards a new Information Security internal website. This also overlapped into Recommendation 1.
- Recommendation 5 – page 12 – in progress.
- Recommendation 6 – page 12 – in progress and subject to a successful bid for asset management software.
- Recommendation 7 – page 13 – this was an area that would grow with possible future storage of video imaging.
- Recommendation 8 – page 15 – in progress.
- Recommendation 9 – page 15 – in progress however there was an acceptable level of protection.
- Recommendation 10 – page 16 – in progress.

The Director of Finance informed members that the Strategic Infrastructure Board would oversee the IT Business Plan.

It was RESOLVED to:

- (i) remove Recommendation 7 from the IT Health Check audit report;
- (ii) note the contents of the report.

60/09. Follow-up

The Committee received a joint report of the Treasurer and Chief Constable presenting the Internal Audit report "Follow-up". A copy of the report marked 'E' is filed with the minutes.

Responding to a query about the inclusion of the organisations risk appetite within the risk strategy document, the Director of Finance informed members this had been discussed at the last Force Risk Management Group.

Members commented that the circular provided to members as outlined in Recommendation 8 was not a critical appraisal of the Authority's involvement in partnerships and requested that the rationale for partnerships be discussed at a future Members' Discussion Day.

Mr Harris confirmed that regarding Recommendation 11, the auditors were happy with new starters being provided with dismissal information via the Constabulary's intranet due to the size of the document.

In response to a query about Recommendation 10 regarding the carrying of cash, Ms Lane stated that this would be validated again but noted that the Constabulary had procedures in place.

The Committee were informed that Recommendation 4.2 of the Cash and Bank audit had been completed.

It was RESOLVED:

- (i) to accept the Action Plan and agree the management responses;
- (ii) that outstanding recommendations be brought back to the Committee in September 2010.

61/09. Business and Strategic Planning

The Committee received a joint report of the Treasurer and Chief Constable presenting the Internal Audit report "Business and Strategic Planning". A copy of the report marked 'F' is filed with the minutes.

The Committee RESOLVED to accept the Action Plan and agree the management responses.

62/09. Overtime

The Committee received a joint report of the Treasurer and Chief Constable presenting the Internal Audit report "Overtime". A copy of the report marked 'G' is filed with the minutes.

In response to a query about the management of the £3.6m overtime budget, the Director of Finance stated that the Performance Delivery Group received monthly updates and analysis was currently being undertaken via the Duty Management System to assess the Constabulary against its Most Similar Group. He added that the results of this would be shared with the Treasurer.

The Temporary Deputy Chief Constable stated that further efficiencies were expected following the implementation of Mobile Data Technology.

Members queried how time off in lieu was managed as it was an area the Authority should have oversight of due to resource implications. The Director of Finance stated that information was currently being collated to look at the financial value of the time owed and its future management in light of the forthcoming budget pressures.

The Committee RESOLVED:

- (i) to accept the Action Plan and agree the management responses;
- (ii) that the Human Resources Committee receive a report on the outcome of the review of overtime and time of in lieu.

63/09. General Ledger

The Committee received a joint report of the Treasurer and Chief Constable presenting the Internal Audit report "General Ledger". A copy of the report marked 'H' is filed with the minutes.

In response to a question about Recommendation 1.6 being ongoing, the Head of Finance stated that all journals were checked each month by herself and the Director of Finance. She added that as per the recommendation, a reminder would be sent to SAGE users emphasising the need for all journals to be appropriately authorised.

The Committee RESOLVED to accept the Action Plan and agree the management responses.

64/09. Income and Debtors

The Committee received a joint report of the Treasurer and Chief Constable presenting the Internal Audit report "Income and Debtors". A copy of the report marked 'I' is filed with the minutes.

The Committee RESOLVED to accept the Action Plan and agree the management responses.

65/09. Asset Management

The Committee received a joint report of the Treasurer and Chief Constable presenting the Internal Audit report "Asset Management". A copy of the report marked 'J' is filed with the minutes.

The Committee RESOLVED to accept the Action Plan and agree the management responses.

66/09. Payments and Creditors

The Committee received a joint report of the Treasurer and Chief Constable presenting the Internal Audit report "Payments and Creditors". A copy of the report

marked 'K' is filed with the minutes. A document was tabled outlining the percentage of supplier invoices paid within 30, 35, 40 and 60 days and is filed with the minutes.

Members commented that many public bodies were expected to achieve 90% of invoices being paid within 30 days as part of the corporate citizenship and confidence agenda. The Director of Finance stated that between April and September 2009, 91% of supplier invoices overall had been paid within 40 days and there were usually good reason why it was not achieved within 30 days.

The Treasurer informed members that processes had been put in place in the Police Authority Office to increase the number of invoices paid within 30 days.

In response to a question about Recommendation 1.9 the Director of Finance informed members that financial procedures were being updated.

The Committee RESOLVED to:

- (i) accept the Action Plan and agree the management responses;
- (ii) receive an update in twelve months on the percentage of supplier invoices paid within 30, 35, 40 and 60 days.

67/09. Police Pensions Injury Awards

The Committee received a joint report of the Treasurer and Chief Constable presenting the Internal Audit report "Police Pension Injury Awards". A copy of the report marked 'L' is filed with the minutes.

The Treasurer informed members that a report would be presented to the next Human Resources Committee regarding this issue. Members requested that the report include details of the number of people involved and costs.

The Committee RESOLVED:

- (i) to accept the Action Plan and agree the management responses;
- (ii) that financial information on Police Pensions Injury Awards be included in the report to the next Human Resources Committee;
- (iii) that Audit Committee members who were not members of the Human Resources Committee receive a copy of the report on Police Pension Injury Awards.

68/09. Audit Report and Governance Monitoring

The Committee received a joint report of the Treasurer and Chief Constable presenting a regular report monitoring the implementation of audit report recommendations, plus the areas for improvement identified in the Annual Governance Statement for 2007-08 and 2008-09. A copy of the report marked 'M' is filed with the minutes.

The Chairman of the Committee requested that the Treasurer be informed whether Recommendation 2.9i had been completed.

The Committee RESOLVED to note the performance to date in implementing recommendation from audit reports.

69/09. Force Risk Register

The Committee received a report of Chief Constable presenting an update on the strategic risks faced by the Force and in particular to review the adequacy of response to one of those risks: the management of processes to eradicate the budget deficit for 2011-12 and beyond. A copy of the report marked 'N' is filed with the minutes.

The Temporary Deputy Chief Constable outlined the top risks currently affecting the Constabulary. He stated that two key strands of work were the management of public expectation around anti-social behaviour and identifying the vulnerable from the high volume of calls. He added that this work was being led by the Assistant Chief Constables and Police Authority oversight was essential.

Members were informed that the Force Risk Management Group would to be renamed the Strategic Risk Board.

The Temporary Deputy Chief Constable outlined details of the Force Savings Programme Team and governance arrangements including the major public service providers in Leicester and Leicestershire. He made the following comments:

- The Strategic Financial Planning Group would be the main means for Police Authority involvement with monthly meetings being held.
- The savings project was about improving the service and realising efficiencies.
- A communications strategy had been prepared.
- The Programme Team would examine areas of growth against productivity achieved.
- Increasing the confidence level would be challenging in light of the anticipated requirement to save £15m.
- Regarding the timeline for the Savings Project, phase one would conclude at the end of 2009. Phase two would take place between January and March 2010 with the Implementation Plan commencing on 1 April 2010. Phase three would be complete by 31 March 2011.

Members commented that the cultural change required for the organisation would need managing carefully. The Temporary Deputy Chief Constable stated that this would be taken into account during phase two of the Project.

The Chairman of the Committee suggested that the next risk to be reviewed in depth would be the work undertaken by the consortium of police authorities on Workforce Planning.

It was RESOLVED to:

- (i) note the current status of key risks;
- (ii) note the processes in place to eradicate the budget deficit for 2011/12 and beyond; and
- (iii) approve the use of ten days unspent internal audit time to help fund the benefits realisation support.

70/09. Police Authority Risk Register

The Committee received a joint report of the Treasurer and Chief Constable presenting the Police Authority specific Risk Register for the Committee's consideration and review. A copy of the report marked 'O' is filed with the minutes.

Members reviewed the mitigation for each of the risks outlined in the Risk Register.

The Committee RESOLVED to note the contents of the report.

70/09. Audit Committee Training

The Committee received a report of the Treasurer proposing a further training session for Audit Committee members. A copy of the report marked 'P' is filed with the minutes.

Members suggested that it would be useful for new members of the Audit Committee to receive training on their duties as soon as possible following the Authority's Annual General Meeting each year.

The Committee RESOLVED to collaborate on further training for Audit Committee members.

CHAIRMAN

10.00 a.m. – 12.58 p.m.

10 November 2009