



**LINCOLNSHIRE POLICE AUTHORITY
AUDIT, RISK AND GOVERNANCE COMMITTEE
26 SEPTEMBER 2011
10.00AM – 12.00PM**

PRESENT:

Members: Dr B Wookey (Chairman), Mr P Przyszlak (Vice-Chairman), Mrs A Crowe JP, Mr R Sellars

Apologies: Mr N Cooper, Mr R Davies, Mr F Mann JP

Secretariat: Ms J Flint (Treasurer), Mr J King (Committee and Administration Officer), Miss G Mason (Research and Performance Officer)

Force Officers: Mr C Langley (A/Assistant Chief Constable – Protective Services), Mr P Steed (Assistant Chief Officer), Mr A Tomlinson (Head of Finance), Mr J Partridge (Performance, Innovation and Review Manager), Inspector P Bray (Crime Registrar)

Also in Attendance: Ms S Lane (RSM Tenon - Internal Auditor), Mr T Crawley, Mr R Walters (Audit Commission - District Audit)

21/11. DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

22/11. MINUTES – 27 JUNE 2011

Resolved:	Responsible Officer:
1. That the minutes of the meeting held on the 27 June 2011 be taken as read and signed by the Chairman as a correct record.	-

23/11. ACTION SUMMARY

Resolved:	Responsible Officer:
1. That the Action Summary be noted.	-

24/11. POLICE AUTHORITY RISK REGISTERS

The Research and Performance Officer presented an analysis of risk scores and direction of travel indicators for critical risks which had been identified during the period September 2009 to September 2011. The report highlighted two risks relating to 'Resilience in the Secretariat' and 'Trust and Confidence' which had been successfully managed through the introduction of appropriate mitigating controls. However, three further risks had been identified relating to 'Business Continuity', 'Efficiency/VfM' and 'Embedding Risk Management' where the level of risk had remained largely unchanged. The A/Assistant Chief Constable (Protective Services) confirmed that business continuity plans were being developed by bidders as part of the process of Business Transformation. The Assistant Chief Officer acknowledged that the diversion of resources to Business Transformation had impacted on the delivery of efficiency and VfM reviews. The Chairman recommended that both risks be highlighted to the appropriate committees for further review. The Research and Performance Officer suggested that consideration of 'Embedding Risk Management' be deferred until after the forthcoming update on the Force Risk Register.

The Chairman referred to critical risk C08 relating to poor results from the Police Authority/Force inspection process. He considered that the wording of the risk did not fully reflect the role of the Committee in ensuring robust management of the inspection process before, during and after an inspection. However it would remain the responsibility of the appropriate committee to have oversight of the Force response to an inspection.

The Research and Performance Officer referred to risk management training opportunities which were being offered via the Greater Lincolnshire Risk Management Group during October. Members emphasised the importance of ensuring that courses were relevant to the role of police authorities.

Resolved:	Responsible Officer:
<p>That</p> <ol style="list-style-type: none"> 1. the report be noted; 2. issues about the effectiveness of mitigating controls be referred to the Finance and Performance Committee and the Strategic Planning Committee in relation to business continuity risk and efficiencies; 3. the wording of critical risk C08 be amended to reflect the wider role of the Committee in relation to managing the inspection process; 4. consideration of critical risk C03 be deferred until after the Committee has considered the update on the Force Risk Register. 	<p>- RPO RPO -</p>

25/11. COMMITTEE WORK PLAN

The Chairman referred to task 9 in the Work Plan regarding the provision of oral updates by himself and the Vice Chairman in relation joint audit work carried out in the county. He recommended that the task be removed as the group had not met for more than 6 months and the action was not a core responsibility of the Committee.

Resolved:	Responsible Officer:
1. That progress with the Work Plan be noted.	-

26/11. INTERNAL AUDIT UPDATE

The Committee received the finalised Internal Audit Annual Report for 2010/2011 and an update on progress with the 2011/12 Internal Audit Plan.

The Internal Auditor explained that the 'Amber' indicator in the Annual Report for the Authority's overall governance arrangements was due to weaknesses that had been identified relating to the update of Financial Regulations and compliance with those regulations. However, the Authority had been assessed as 'Green' for having adequate and effective risk management and control processes in place. Members noted that the audit recommendations from the Governance review would be re-visited later in the year.

Resolved:	Responsible Officer:
That	
1. the Internal Audit Annual Report 2010/11 at Appendix A be noted;	-
2. the Internal Audit Progress Report 2011/12 at Appendix B be noted.	-

27/11. REPORT TO THOSE CHARGED WITH GOVERNANCE – STATEMENT OF ACCOUNTS 2010/2011

The Head of Finance presented the Annual Governance Report on the 2010/2011 Statement of Accounts. Members were reminded that the Accounts had been presented to the Committee in June 2011 and had been certified by the Treasurer and subsequently published on the Authority's website with a clear notification that the Accounts were subject to audit. The auditors had raised one material amendment and identified several non trivial errors in the statements. The Accounts had been amended and were being presented to the Committee for consideration and approval prior to the 30 September 2011 deadline in accordance with the Accounts and Audit Regulations 2011. The report also presented a revised version of the Compact Accounts 2010/11, which provided a summarised version of the Accounts and the Authority's financial position as at 31 March 2011.

The District Auditor confirmed his intention to issue an unqualified opinion on the financial statements. Members were advised that before the opinion could be issued, it would be necessary for the Treasurer to provide written representations on the financial statements and governance arrangements. A draft letter of representation had been attached to the report for approval.

The Assistant Chief Officer referred to the significant challenges that had been faced by the Head of Finance to ensure that the financial statements complied with International Financial Reporting Standards (IFRS). The Chairman concurred with the remarks and paid tribute to the Head of Finance and his team for the “tremendous effort” and quality of work that had been produced.

The District Auditor briefed Members on the future external audit arrangements that would be introduced in the follow-up to the abolition of the Audit Commission. The Treasurer referred to the forthcoming transition from police authorities to police and crime commissioners (PCCs) and expressed her belief that an Audit committee would still be necessary under the new regime.

Resolved:	Responsible Officer:
<p>That</p> <ol style="list-style-type: none"> 1. the Annual Governance Report on the 2010/11 accounts at Appendix A to the report be noted; 2. the Treasurer be delegated authority to add any further requirements in respect of the Post Balance Sheet Events section of the Accounts; 3. the Letter of Representation at Appendix B to the report be approved; 4. the Accounts for Publication at Appendix C to the report be approved, subject to: <ul style="list-style-type: none"> - paragraph 59 ‘Post Balance Sheet Events’ be amended to reflect that the Accounts have been authorised; - paragraph 59 ‘Police and Crime Commissioners’ be amended to reflect their enactment. 5. the Summarised Accounts for Publication at Appendix D to the report be approved; 6. the Compact Accounts 2010/11 at Appendix D be amended to clarify the £801.4 million pensions liability referred to under ‘Accounting for Pensions’. 	<p>-</p> <p>-</p> <p>-</p> <p>HoF</p> <p>-</p> <p>-</p> <p>-</p> <p>HoF</p>

28/11. HMIC CRIME AND INCIDENT DATA INSPECTION

The Authority’s portfolio holder for Data Quality provided a briefing on her involvement in the crime and incident data inspection conducted by HMIC during late July/early August. Members were advised that HMIC had focussed on the Authority’s oversight role and relationship with senior officers. The Crime Registrar advised that overall it had been a positive review with no recommendations being made by HMIC. The finalised report was expected to be published in December 2011.

Resolved:	Responsible Officer:
<ol style="list-style-type: none"> 1. That the oral update be noted. 	<p>-</p>

29/11. ASSURANCE UPDATE

Resolved: 1. That the Assurance Framework be noted.	Responsible Officer: -
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30/11. INTERNAL AUDIT REPORTS – IMPLEMENTATION PROGRESS

The report proposed a number of fundamental changes to the way in which progress made with the implementation of recommendations from Internal Audit reports was reported to the Committee. The Treasurer advised that management responses to actions had often been unrealistic given the changes that were required and the level of resources available to deliver them. As a consequence, it was necessary for actions to keep coming back to the Committee so that new timescales for completion could be agreed. This had led to the report becoming both unwieldy and time consuming for Members. Following discussions with the Assistant Chief Officer and Internal Audit a new process had been agreed in that Action Plans included within Internal Audit reports would be subject to senior management review and sign-off before being finalised. This approach would ensure that progress was being measured against realistic timelines. A number of fundamental changes had also been made to the structure of the report as part of the new process including clear definitions of wording used on recommendations and reporting by exception.

Members were advised that Internal Audit would continue to review follow up action on an annual basis to provide assurance to the Committee.

Resolved: That 1. the proposed reporting method be approved; 2. progress made in implementing recommendations contained in Internal Audit reports be noted.	Responsible Officer: - -
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31/11. EXCLUSION OF PRESS AND PUBLIC

Resolved: That the press and public be excluded from the meeting on the grounds that the following items involved the disclosure or likely disclosure of exempt information as detailed in paragraph 7 of schedule 12A of the Local Government Act 1972 (as amended).	Responsible Officer: -
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32/11. FORCE RISK REGISTER UPDATE

The Planning, Innovation and Review Manager (PIRM) updated the Committee on developments within the Force's risk management processes and Risk Register.

The Chairman referred to the Committee's earlier decision to defer consideration of the Authority's critical risk C03 until after it had received an update on the Force Risk Register. He reminded Members that there had been no change in the overall current risk score for some considerable period of time. He considered that the Force had made significant progress in embedding risk management in its strategic management, decision making and planning. The Research and Performance Officer advised that from an officer's perspective the Risk Management Board had clearly demonstrated active risk management through critical challenge and debate. The Treasurer questioned the frequency with which the Command Group considered the Force risk register. The PIRM advised that whilst the register was considered on a quarterly basis, decision-making at all meetings was considered from a risk based point of view. The Chairman recommended that 'Likelihood of the Risk' be reduced from '3' to '2' giving an 'Overall Risk Score' of '6'.

The PIRM advised that the Force was exploring how risk could be managed post Business Transformation in the event of services being outsourced. Members requested an update at the earliest opportunity following the award of contracts, if any.

Resolved:	Responsible Officer:
That <ol style="list-style-type: none">1. the report be noted;2. the Committee receive an update on how risk will be managed in the event of contracts being awarded post Business Transformation Project;3. the 'Likelihood of the Risk' score for critical risk C03 be amended to '2' providing an 'Overall Current Risk' score of '6'.	- PIRM RPO

Chairman