



Cheshire Police Authority - Audit Committee

MINUTES OF A MEETING HELD ON 22 SEPTEMBER 2009 IN CONSTABULARY HEADQUARTERS, WINSFORD

Present: P Findlow, Chairman
E Lam, Vice-Chairman
D Bateman
J Ebo
C Oliver
M Ollerenshaw
T Savage
A Walmsley

Also present: M Darby
J Farmer, J Tench, G Parry and D Wilson, Audit Commission
L Randall and R Bowden, RSM Bentley Jennison (Internal Audit)
H Waller, Chairman, Standards Committee

<i>Authority Officers:</i>	<i>Constabulary Officers:</i>
M Sellwood, Chief Executive	B Simmons, Assistant Chief Officer
L Lunn, Treasurer	K Watkins, Director of Performance Development
M Eaton, Member Services Manager	R Muirhead, Head of Finance & Planning

Apologies: R Hodson

15. MINUTES

RESOLVED:

That the Minutes of the meeting held on 29 June 2009 be confirmed as a correct record.

16. ANNUAL GOVERNANCE REPORT

The External Auditor presented the Annual Governance Report, which summarised the Auditor's findings and opinion on the Police Authority's Annual Statement of Accounts for 2008/09. It also set out the Audit Commission's Use of Resources Assessment for 2008/09.

On behalf of the Authority, the Treasurer expressed profound professional disagreement with the score of 2 in each of the eight KLOEs in the Use of Resources Assessment and advised that, as approved by Finance Panel on 15 September 2009 (Minute 17), an appeal had been lodged with the Audit Commission on 21 September 2009. The Audit Commission would now undertake an independent review and advise the Authority of the outcome by 21 October 2009.

The Committee echoed their disappointment with the scores and discussed various issues including the processes and recommendations contained in the Assessment with the External Auditor. Members were of the opinion that the positive comments in the Assessment about progress in delivering outcomes and the insignificant nature of the recommendations did not correspond with the scores allocated.

RESOLVED: That

- (1) the report be received;
- (2) the Auditor's key findings from the audit of the Authority's 2008/09 accounts, be noted;
- (3) the Auditor's unqualified opinion on the 2008/09 accounts and positive comments about the quality of the officers' work be welcomed;
- (4) the adjustments to the financial statements, as set out in the Governance Report, be noted;
- (5) the External Auditor's value for money conclusion that the Authority had adequate arrangements during 2008/09 to secure economy, efficiency and effectiveness in the use of resources, be noted; and
- (6) the External Auditor's Use of Resources overall score of 2, supported by scores of 2 across all eight Key Lines of Enquiry be noted with significant disappointment and the application for review submitted to the Audit Commission on 21 September 2009 be fully supported.

17. STATEMENT OF ACCOUNTS: LETTER OF REPRESENTATION

The Treasurer submitted a letter of representation, which was required by the External Auditor as part of the closure of the accounts for 2008/09.

RESOLVED:

That the Letter of Representation as set out in the Appendix to the report, be approved and signed by the Treasurer and Chairman of the Committee.

18. STATEMENT OF ACCOUNTS 2008/09

The Treasurer presented the final Statement of Accounts for 2008/09 which had been prepared in accordance with the Statement of Recommended Practice and had now been audited. It was noted that the External Auditor had not yet signed her opinion but confirmed she would be doing so very shortly. Members were advised of some minor changes to the accounts which had been requested by the External Auditors.

The user friendly summary Statement of Accounts for 2008/09 was welcomed by Members. Appreciation was expressed to the Head of Finance and Planning and his staff for the work involved in the preparation of the accounts.

RESOLVED: That

- (1) the revised Statement of Accounts for 2008/09, be approved.
- (2) the Summary Statement of Accounts for 2008/09 be welcomed and approved; and

- (3) the Treasurer circulate the Summary Statement of Accounts to stakeholders and publish on the Authority's website.

19. COMPREHENSIVE AREA ASSESSMENT 2009: UPDATE

The Chairman introduced David Wilson, Audit Commission's CAA Performance Manager who gave an oral presentation on the progress of the Comprehensive Area Assessment (CAA) framework, which would impact on the Authority and Constabulary. The presentation detailed the background to the process, the progress reached in the three aspects of the framework and the final stages of the CAA timetable.

Members discussed with Mr Wilson, a number of issues arising from the presentation including the work being undertaken by the Authority and the Constabulary to inform the public; the need for the assessments to be in plain English; and the publication of the scores on the 'one stop' website. It was noted that a report on the implications of the outcomes of the 2009 Assessment would be considered by the Authority on 15 December 2009.

RESOLVED:

That the progress on the 2009 Comprehensive Area Assessment in Cheshire, be noted.

20. INTERNAL AUDIT PLAN 2009/10: QUARTERLY REPORT

The Internal Auditor presented the quarterly report on progress against the internal audit plan for 2009/10. The report detailed several issues including the current and planned work programme, key findings from the internal audit work, performance, and liaison with management. The report also detailed the executive summaries and action plans for the audit of uniform stores and procurement.

Members discussed a number of issues relating to the audit of uniform stores which included the measures taken by the Constabulary to reduce uniform stock levels; the sale of obsolete stock; and sought clarification on the policy for issuing uniforms, which the Director of Performance Development agreed to pursue separately and report back to Members.

RESOLVED:

That the report be received.

21. MANAGEMENT RESPONSE TO IMPLEMENTING OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

The Director of Performance Development submitted a report on the progress made against the outstanding actions from agreed internal audit reports which ranged from low risk to those that were either high risk or required significant investment or change in process to implement them.

Members considered and discussed the progress against the outstanding recommendations.

RESOLVED: That

- (1) the report be received; and
- (2) the outcome of the IT Service Continuity Test be included in the next report to the Audit Committee on 23 March 2010.

22. TRIENNIAL REVIEW OF INTERNAL AUDIT: FINAL REPORT

The External Auditor presented a report on the findings of their triennial review of Internal Audit. The review involved an assessment of the quality of work, the strength of the control environment and also the effectiveness, to ensure compliance with CIPFA's Code of Practice for Internal Audit. The External Auditor confirmed that internal Audit met the requirements in the CIPFA code and that there were no significant areas of non-compliance.

RESOLVED:

That the report be received.

23. EXTERNAL AUDIT FEES 2009/10

As requested by the Committee on 29 June 2009 (Minute 10) the Treasurer confirmed following discussions with the External Auditor that the fees for 2009/10 would remain at £85,540.

RESOLVED:

That the External Audit fees of £85,540 for 2009/10, be approved.

24. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Treasurer presented a report on the changes in the International Financial Reporting Standards (IFRS) under which the Authority produces its Statement of Accounts, together with the transitional work plan.

Members discussed with the Treasurer how the key changes which related to property and equipment assets; leases; PFI schemes; employee benefits; and disclosures would impact on the preparation of future accounts. It was also agreed that the Accounts Workshop in 2010 focus on IFRS.

RESOLVED: That

- (1) the report be received; and
- (2) a report on progress in implementing the new Standards be considered by the Committee on 23 March 2010.

25. AUDIT COMMISSION: NATIONAL FRAUD INITIATIVE

The Assistant Chief Officer presented a report on the work undertaken to support the National Fraud Initiative. The exercise performed by the Audit Commission every two years, matched electronic data within and between audited bodies to prevent and detect fraud.

Members discussed with the External Auditors a number of issues relating to the 1500 payroll and creditor data matches.

RESOLVED:

That the report on the work undertaken to support the National Fraud Initiative, be noted.

26. POLICE AUTHORITY RISK REGISTER: QUARTERLY REVIEW

The Treasurer presented the quarterly review of the Authority's risk register, which detailed the progress against the controls, actions, scores and commented on the areas of commonality with the Constabulary's risk register.

RESOLVED:

That the amended Police Authority Risk Register, be approved.

27. URGENT BUSINESS
(There were no items of urgent business)

28. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That under Section 100(A)(4) of the Local Government Act 1972, as applied by the Police Act 1996, as amended, the press and public be excluded from the meeting for the item of business listed below on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act in the paragraph indicated:-

<i>Item</i>	<i>Paragraph</i>	
Constabulary's Risk Management: Update	(7)	Information relating to the prevention, investigation or prosecution of crime

PART 2 – MATTER CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC

29. CONSTABULARY RISK MANAGEMENT: UPDATE

The Assistant Chief Officer presented an update on the Constabulary's arrangements for identifying and managing business risk.

RESOLVED:

That the current risk management activity within the Constabulary, be noted.

Duration of Meeting: The meeting commenced at 9.30am and concluded at 11.20am