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NORTH YORKSHIRE POLICE AND CRIME COMMISSIONER AND NORTH YORKSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE

Minutes of the meeting held at Headquarters North Yorkshire Police, Newby Wiske Hall DL7 9HA at 1pm on Tuesday 13 December 2016.

PRESENT:-

In the Chair: David Portlock (DP)

Members: No other members were present. As the Committee is not quorate no decisions can be taken at this meeting.

Officers: Acting Chief Executive Officer Fraser Sampson(FS); Chief Constable's Chief Finance Officer and Chief Accountant Jane Palmer (JP); Commissioner's Chief Finance Officer Michael Porter (MP); External Audit Engagement Senior Manager (Mazars) Gareth Roberts (GR); Internal Audit Lead (RSM) Dan Harris (DH); Internal Audit Client manager (RSM) Philip Church (PC); Risk & Assurance Manager Donald Stone (DS)

Minute taker: Personal Assistant to the Commissioner's Chief Finance Officer – Shain Yapp (SY)

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(277) **Introductions and Apologies**

Apologies had been received from Police & Crime Commissioner Julia Mulligan; Chief Constable Dave Jones; Acting Deputy Chief Constable Paul Kennedy; Chief Executive Officer Joanna Carter; External Audit Engagement Lead and Director (Mazars) Cameron Waddell (CW); and Committee Members Steven Hawksworth and Max Thomas.

(278) **Declarations of Interest**

The Chair advised the meeting that his wife is an employee of RSM, who are now the internal auditors. GR identified his Interest in Agenda Item 7 (see Minute 282).

(279) **Minutes of the meeting held on 20<sup>th</sup> September 2016**

The minutes were approved for publication.

(280) **Matters Arising**

There were no matters arising from the previous meeting which were not included on the agenda for this meeting. In connection with Minute 273, MP advised the committee that the Police and Crime Bill is still going through parliament so no further discussion is possible at this moment.

(281) **Confidential items**

It was agreed that item 10 on the agenda should be treated wholly or partly as confidential, and that any confidential information be excluded from the minutes to be made available for

public inspection on the grounds that it will involve, or discussion of it will involve, the likely disclosure of exempt information.

(282) **External Audit Annual Completion Reports**

GR reported that Mazars' Annual Audit Letters and Certificates for 2015/16 had been issued to the Chief Constable and the Police & Crime Commissioner on the 28<sup>th</sup> September 2016. Unqualified opinions had been issued on both sets of financial statements. Mazars had also issued unqualified conclusions in relation to 'value for money' to the effect that the Chief Constable and Police & Crime Commissioner had proper arrangements in place to secure economy, efficiency and effectiveness in their use of resources.

The Progress Report for 2016/17 indicated that Mazars will carry out their initial planning for the 2016/17 audit year in January 2017 which will include discussions with senior officers. A further update will be presented to the committee at its next meeting in March 2017.

**The Reports were noted.**

(283) **External Auditors Appointment from 1st April 2018**

**A Joint Report of the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer and Chief Accountant was tabled.**

GR left the room for this item to allow for an open discussion on the appointment of External Auditors. JP questioned the Chair if RSM should also be leaving the room – DH (RSM Lead) assured the committee that they would not be submitting a tender for this appointment.

In view of the meeting not being quorate, it was suggested that the Chair would contact the other members of the JIAC for their views on the recommendation in paragraphs 23 & 24 of the Joint Report. *(The Chair subsequently informed the Statutory Officers that after due consideration the three members of the JIAC were in agreement with the recommendation that the Police & Crime Commissioner and the Chief Constable 'opt in' to the Public Sector Audit Appointments sector led option for the appointment of external auditors for the five financial years commencing 1<sup>st</sup> April 2018.)*

The Chair thanked MP and JP for their report.

(284) **Internal Audit Progress report**

**Data Quality:** In addition to reviewing Data Quality, a review was carried out of how the Force ensures the integrity and reliability of records within the Niche System, which is the main operational recording system. The auditors were satisfied from the sample testing they had undertaken and discussions with key staff that a robust data quality framework is in place. A number of remedial actions had been agreed with management. Taking account of the issues identified, the auditors were of the opinion that the Chief Constable can take partial assurance that controls are suitably designed and consistently applied.

**Management of Police information:** The auditors confirmed that there were adequate controls in place around the MMI project around the force. Taking account of the issues identified, the auditors were of the opinion that the Chief Constable can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and operating effectively.

**Seized Cash Spot checks:** The auditors confirmed that the force has controls and procedures in place to ensure that the seized cash is handled and managed in a transparent way and accurately recorded on Niche. They had identified some issues which needed to be addressed to ensure that the control framework is effective in managing this area. Taking account of the issues identified, the auditors were of the opinion that the Chief Constable can take reasonable assurance that the controls in place to manage this area are suitably designed and consistently applied.

**Overtime, Bonus and Honorarium Payments:** Appropriate controls are in place to support Bonus, Overtime and Honorarium payments, two medium and one low priority management actions were identified. Taking account of the issues identified, the auditors were of the opinion that the Police & Crime Commissioner and the Chief Constable can take reasonable assurance that the controls in place to manage this area are suitably designed and consistently applied.

**Progress Report:** Two Internal Audit reports were in draft and should be available for the next meeting of the committee. Explanations were provided for changes to the 2016/17 audit plan.

DH confirmed that he would provide an update on the outcome of RSM's 'External Assessment' as required by the PSIAS and IIA Standards.

The Chair was assured that the 2016/17 Internal Audit Annual Report and Opinion will be with Statutory Officers by late April in readiness to be tabled at the June 2017 JIAC meeting.

**All reports were noted.**

(285) **Internal Audit Strategy for 2017/18**

DH provided a verbal report. He had met with Acting CEO Fraser Sampson recently and additional meetings are scheduled with Senior Officers (the next has provisionally been arranged for January 20<sup>th</sup> 2017).

**The Report was noted.**

(286) **Corporate Performance Report – for information**

No issues were raised

**The Report was noted.**

(287) **Autumn Statement and Funding Formula update**

The Commissioner's Chief Finance Officer's report had been circulated. He reported that he wanted to bring two significant areas to the committee's attention. The first being the Autumn Statement; the second being the Funding Formula. There is a working assumption that small reductions in grants will continue over the next three years, with any impact of the Funding Formula being in addition to these assumptions. MP advised the committee that North Yorkshire raises a significant amount from its local precept making it one of the stronger models. He also noted that any new Funding Formula is likely to apply from 1<sup>st</sup> April 2018, with any changes being phased.

Some impact has been noticed due to the *Brexit* decision – for example, ICT contracts are becoming more expensive because of currency fluctuations.

MP expected that NYP's funding for 2017/18 will be announced on 15<sup>th</sup> December 2016.

**The Report was noted.**

(288) **Risk Management Report – Confidential report**

The report of the Joint Corporate Risk Group provided an update on the Strategic Risk Register and the new and closed risks since the last meeting of the Committee.

**The report was noted.**

(289) **Update on the Annual Governance Statement 2015/16 progress**

In addition to updating on the progress regarding the areas for development identified in the 2015/16 Annual Governance Statement, DS reported that Police ICT have been brought in to assist in the prioritisation of projects required to improve the management and implementation of change in relation to Information Technology.

DS also reported that work has started on the 2016/17 Annual Governance Statement.

**The report was noted**

(290) **Committee Self-Assessment**

CIPFA's Survey on Police Audit Committees (September 2016) had been circulated. The lack of resilience of the JIAC was still a concern and this had been noted by the Joint Corporate Risk Group.

The aim is to improve the resilience of the JIAC by the 31<sup>st</sup> March; FS and DP to meet after this meeting to discuss how to achieve this.

(291) **Commissioner's Decisions**

There were no comments regarding decision notices published on the Commissioner's website

(292) **Commissioner's and Chief Constable's items**

No items were brought to the table

(293) **Confirmation of date of next meeting:**

Tuesday 21 March 2017, in Conference Room One, Police Headquarters.

(294) **Dates of 2017 meetings**

All 2017 meetings to take place at 1pm in Conference Room One, Police Headquarters:

Tuesday 20 June 2017

Tuesday 19 September 2017

Tuesday 12 December 2017

(295) **Any other urgent business**

There being no other business the meeting closed at 1430 hrs