



Office of the
**Police & Crime
Commissioner**
West Yorkshire



JOINT INDEPENDENT AUDIT COMMITTEE

ANNUAL REPORT 2012/13

1. INTRODUCTION

In preparation for the changes to policing governance included in the Police Reform and Social Responsibility Act 2011, the Transition Board of the West Yorkshire Police Authority, which comprised representatives of the Authority, force and partners, considered the requirements for a joint independent audit committee set out in the Home Office Financial Management Code of Practice.

A small working group recommended to the Board that an Audit Committee be established, on an interim basis, prior to the election of the Police and Crime Commissioner (PCC) for West Yorkshire in November 2012.

Expressions of interest were sought for the role of the chair of the Audit Committee from existing members of the Authority and its Standards Committee. Three individuals were interviewed by the Deputy Chief Constable, Policy Director and Head of Audit and Risk.

Trevor Lake was appointed as the Chair, and was then involved in the selection of the remaining three members (from a pool of six applications). Applicants were shortlisted and candidates interviewed by the Chair, Assistant Chief Officer (Finance and Business Services) and Head of Audit and Risk against a set of relevant skills and competencies.

Members of the Audit Committee are Trevor Lake, Richard Baldwin and Ann Liston, former Independent members of the Authority, and Harry Bower, a former member of the Standards Committee.

The Committee met in shadow form in October 2012 to consider and agree

- The role and purpose of the Committee
- Ways of working
- Schedule of meetings and forward workplan
- An initial review against the CIPFA self assessment checklist
- Training and Induction considerations
- Administrative arrangements

Following the election of the PCC, Mark Burns Williamson, in November 2012 a decision paper was agreed by him and the Temporary Chief Constable, John Parkinson, which formally established the joint Audit Committee for a period of up to twelve months.

2. COMMITTEE OBJECTIVES AND KEY RESPONSIBILITIES

The statement of purpose and terms of reference for the committee, attached at Appendix A, was based upon guidance set out in “Audit Committees – Practical Guidance for Local Authorities” published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The role of the committee is not one of scrutiny or holding to account, but rather of providing appropriate assurance to the PCC and the Chief Constable on the adequacy of their governance, internal control and risk management arrangements.

This annual report sets out how the Committee has fulfilled its responsibilities.

3. COMMITTEE ACTIVITY AND KEY DECISIONS

The Committee meets formally on a quarterly basis, covering the areas set out in its three year forward workplan attached at Appendix B. It also meets informally in workshop sessions, and in addition the Chair of the Committee has attended a number of meetings with the PCC and Chief Constable, the Police and Crime Panel for West Yorkshire, and the force Risk Management Group. Internal and external training sessions have been provided as set out in Appendix C, which reports on the Committee’s own self assessment.

During the year the Committee has:

- Considered the draft Treasury Management Strategy for 2013/14 and recommended its adoption to the PCC;
- Considered the PCC’s governance framework set out in the Scheme of Delegation and Financial Regulations;
- Considered the Internal Audit Strategy for 2013/14 and recommended its adoption to the PCC and Chief Constable;
- Considered the proposed Internal Audit Plan for 2013/14;
- Considered the External Audit Plan for 2012/13;
- Reviewed the arrangements for complaint handling and dealing with Freedom of Information Requests within the OPCC;
- Considered the anti fraud and anti corruption policy;
- Reviewed the proposed format of the accounts and the accounting policies for 2012/13;
- Reviewed the Audit Commission Report “Taking it on Trust” to identify any improvements in the Committee’s ways of working
- Received the Annual Internal Audit Report and Opinion for the PCC and Chief Constable for 2012/13
- Considered the annual review of Internal Audit, and the action plan arising from it;
- Considered the draft Annual Governance Statements for inclusion alongside the Statement of Accounts for the PCC and the Chief Constable;
- Reviewed the draft accounts for the PCC, Group and the Chief Constable for 2012/13
- Considered the Treasury Management Stewardship Report for 2012/13 and recommended it the PCC for approval;
- Considered arrangements for business interests, gifts and hospitality;

- Considered the Annual Governance Report from the External Auditor.

The Committee has also received regular progress updates from Internal and External Audit, and considered in detail reports on

- The Roads Policing Unit
- Regional Procurement
- Drugs Storage and Disposal
- Information Management
- Abusive Images Unit

Risk management for both the PCC and the Force is reviewed at every meeting of the Committee.

The Committee meets in private with the internal and external auditors as recommended in CIPFA guidance, and an update is provided on issues relevant to the Committee's terms of reference by the Chief Finance Officers of the PCC and Chief Constable at every meeting.

Conclusion

The Committee has considered a broad range of issues within its agreed terms of reference throughout the year and where appropriate has called for additional information or for actions to be taken. It has made recommendations to the PCC and the Chief Constable on areas such as the annual treasury strategy and the statutory accounts including the annual governance statements.

It has monitored the work of internal audit and reviewed the risk management arrangements in place, as part of its overall responsibility for providing assurance to the PCC and the Chief Constable on the internal control environment.

The Committee has satisfied itself as to its own effectiveness and has identified areas for development.

JOINT INDEPENDENT AUDIT COMMITTEE

WEST YORKSHIRE POLICE AND CRIME COMMISSIONER AND WEST YORKSHIRE
POLICE

STATEMENT OF PURPOSE AND TERMS OF REFERENCE

STATEMENT OF PURPOSE
To provide independent assurance on the adequacy of the risk management framework and the associated control environment, independent scrutiny of processes in order to get re-assurance regarding the organisation's financial and non-financial performance to the extent that it affects exposure to risk and weakens the control environment, and to oversee the financial reporting process.
Internal Control and Governance Environment
To support the PCC, Chief Constable and statutory officers in ensuring that effective governance are in place and functioning efficiently and effectively, and making any recommendations for improvement.
To review any issue referred to it by the statutory officers of the PCC and Chief Constable and make recommendations as appropriate
To consider and comment upon the Scheme of Consent/ Scheme of Delegation.
To consider and comment upon any policy or strategy relating to sponsorship.
To review the effectiveness of internal control systems and provide assurance regarding such systems.
To scrutinise the annual governance statements prior to publication.
To review and monitor the effectiveness of PCC and Chief Constable policies on fraud, irregularity and corruption, including "whistle blowing".
To consider and comment upon any policy or strategy regarding commissioning.
To consider and comment upon any proposals regarding the giving of grants.
To ensure that an effective system of scrutiny of the Treasury Management Strategy and policies is in place.
To review and monitor items of novel, contentious or repercussive expenditure.
To commission assurance work (eg specialist advice or audit)
To review compliance with policies relating to declarations of interest, gifts and hospitality.
To consider and comment upon the assurance framework.
To review its own effectiveness on an annual basis
Corporate Risk Management
To consider and comment upon the strategic risk management processes.
To provide assurance that organisational risks are being effectively managed.

Internal and External Audit
To consider the internal audit strategy and annual plan, and make recommendations as appropriate.
To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over corporate governance arrangements, and make recommendations as appropriate
To receive and review summaries of internal audit reports, and make recommendations as appropriate.
To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale and make recommendations as appropriate.
To review the effectiveness of internal audit.
To consider the external auditor's annual plan, annual audit letter and relevant specific reports as agreed with the external auditor, and make recommendations as appropriate.
To review the effectiveness of external audit.
To consider and comment upon any proposals affecting the provision of the external audit service, including the level of fees charged.

JOINT INDEPENDENT AUDIT COMMITTEE

WEST YORKSHIRE POLICE AND CRIME COMMISSIONER AND WEST YORKSHIRE
POLICE

FORWARD THREE YEAR WORKPLAN

YEAR 1 AUDIT CYCLE	
SPRING (March) Review of Accounting Policies Internal Audit Strategy Internal Audit Plan External Audit Plan Progress on audit recommendations Complaints/ FOI Governance Report Treasury Management Stewardship report	SUMMER (June) Internal Audit Annual Report and Opinion Review of Internal Audit Business Interests, Gifts & Hospitality Treasury Management Stewardship & Outturn Report
ALL MEETINGS Progress on Internal Audit and summary reports Specific External Audit Reports as required Specific reports of the statutory officers Force & OPCC Risk Management Update	
AUTUMN (September) Annual Accounts External Audit Annual Governance Report Annual Governance Statements Progress on audit recommendations Committee Self Assessment Treasury Management Stewardship report	WINTER (December) Review of committee terms of reference Treasury Management Stewardship & Strategy Report
<u>Additional Coverage</u> Risk Management training Programme of Change update NPAS presentation/ update OPCC/ Force Anti - fraud and anti - corruption strategies Sponsorship Policy Declarations of Interest & Gifts and Hospitality Policies Second stage transfer update	
YEAR 2 AUDIT CYCLE	
Standard audit committee coverage/ work plan as per Year 1	
<u>Additional Coverage</u> Treasury Management training Review of Scheme of Consent Commissioning & Grants Strategy	
YEAR 3 AUDIT CYCLE	
Standard audit committee coverage/ work plan as per Year 1	
<u>Additional Coverage</u> OPCC/ Force Anti - fraud and anti - corruption strategies Sponsorship Policy Declarations of Interest & Gifts and Hospitality Policies Election transitional arrangements	

AUDIT COMMITTEE SELF ASSESSMENT

Members of the Committee completed the CIPFA self assessment checklist and the results of this were discussed at a workshop session on 30 July.

There was broad agreement that the Committee was largely compliant with the requirements set out in the checklist, with the following areas of development identified:

- Need for a formal training needs analysis/appraisal to identify future training requirements;
- Need for better flow of information on a regular basis to enable members to keep up to date with key issues relevant to the Committee’s terms of reference;
- Administrative arrangements including actioning of decisions to be improved.

The Committee has agreed terms of reference and has either covered the areas included or has plans to do so in line with its three year forward workplan. A handbook is available covering key documentation. Members are independent of both the PCC and the Chief Constable. Training has been provided as follows:

29 Nov 2012 - CIPFA Effective Audit Committee (full day) – Harry Bower & Ann Liston
 8 May 2013 - CIPFA Audit Committee Training (Half day) – Richard Baldwin, Harry Bower, Ann Liston
 16 May 2013 - Risk Management Training – Richard Baldwin, Harry Bower, Ann Liston, Trevor Lake
 2-3 July 2013 – Risk and Insurance Training – Richard Baldwin, Trevor Lake, Ann Liston
 23-24 July 2013 – Freedom of Information Training – Ann Liston

The Committee has met formally four times in accordance with its scheduled calendar, and has been quorate on all but one occasion, with member attendance as follows:

	Trevor Lake	Richard Baldwin	Harry Bower	Ann Liston
4 January 2013	√			√
15 March 2013	√	√	√	√
10 May (workshop)		√	√	√
14 June	√	√	√	
30 July (workshop)	√	√		√
20 September	√	√	√	√

Private meetings are held with the internal and external auditors. The PCC’s and Chief Constable’s section 151 officers have attended all formal meetings of the Committee, as have internal and external audit, the Head of Risk and Insurance, and other officers as required.