



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON THURSDAY 10 MARCH 2016 AT 2 P.M.
IN THE FILBY ROOM, JUBILEE HOUSE, FALCONERS CHASE, WYMONDHAM**

Attendance:

Mr R Chapman (Chairman)
Mr H Humphrey
Mr R Bennett
Mrs J Hills

Also in attendance:

Mr M Stokes	Chief Executive
Mr J Hummersone	Chief Finance Officer (CFO)
Mr C Hall	Deputy Chief Constable
Mr K Suter	Ernst and Young
Mr D Cooke	Ernst and Young
Mr C Harris	TIAA
Ms F Dodimead	TIAA
Mr P Kamminga	TIAA
Mrs C Buckley	Senior Business Support Officer, OPCCN

1. Welcome and Apologies

The Chairman welcomed those present. Apologies were received from Mr Stephen Bett, Police and Crime Commissioner, Ms Jenny McKibben, Deputy Police and Crime Commissioner and Mr Simon Bailey, Chief Constable.

2. Declarations of Personal and/or Prejudicial Interests

Mr Cooke reported that his fiancée worked in the Control Room at OCC.

3. To confirm the minutes of the meeting held on 29 January 2016

The minutes of the meeting held on 29 January 2016 were agreed.

4. Internal Audit:

a) Internal Audit Progress Report – March 2016

The Committee reviewed the summary report which provided an update on the progress of the Audits as at 3rd March 2016. The report was based on the internal audit work carried out by TIAA and management representations which had been received during the period since the last progress report.

The Committee noted and approved the updated format of the report, which had been developed following feedback provided at the last meeting. There had been 9 audits carried out since the last progress report and the TIAA on-line portal had been updated within the final audit reports and the Members were recommended to access the portal to review them. The Chief Finance Officer (CFO) queried whether the monitoring report was also available via the Portal. Mr Harris confirmed that this was not published.

Ms Dodimead presented the report. The Committee noted that six Audits were still in progress (Estates management, HR – Absence Management, Capital Expenditure, Payroll, Commissioners Grants/PCC Commissioning and Follow Up Work); four draft reports had been issued; thirteen final reports had been issued and four Audits had been postponed to 2016/17 (namely ICT – Network Security, HR – Recruitment, Duty Management System, Governance – Performance Management).

The Committee reviewed the summaries of the Finalised Audit Reports issued since the last meeting. Members highlighted that in the area of Risk Management, the key findings gave the impression that risk was not fully understood within the organisation and therefore queried whether there was requirement for the Risk and Policy Manager to take a more pro-active role. Discussion followed regarding the work being undertaken around risk and the need for further training.

b) Three Year Strategic Internal Audit Plan 2016/17 to 2018/19 and Annual Internal Audit Plan 2016/17

As the Committee had considered the draft document at the previous meeting, Members therefore requested that reporting should be made on an exceptional basis.

The Committee received an update on the changes which had been made to the Plan since the last meeting and a detailed overview from Mr Kamminga, TIAA, regarding the planned ICT audits and what systems/areas of work they related to. A discussion followed regarding the ICT audits, specifically around the audit planned for Enterprise Resource Planning (ERP) second/third line support and the move to engage external providers to provide this support, as opposed to managing internally.

The Committee noted the Progress Report and the Plan.

5. External Audit Plan 2015/16

The Committee received the Audit Plan from the External Auditor which set out how they intended to carry out the audit, summarised their initial assessment of the key risks driving the development of an effective audit for the PCC and Chief Constable, and outlined their planned audit strategy in response to those risks.

The Committee noted the significant financial statement risks highlighted in the report, which related to risk of fraud in revenue recognition (mainly around the capitalisation of revenue expenditure on Property, Plant and Equipment in the capital programme); risk of management override and the new Enterprise Resource Planning System (ERP) (around the problems experienced with the inception of the new system and the risk that the financial statements produced may be materially misstated due to those problems).

In relation to the ERP System, the Committee sought reassurance that the teething problems originally experienced were now being overcome. Mr Hall provided an update on progress made around ERP but acknowledged there were still areas which needed rectifying. Members were reassured that good progress was being made.

The External Auditor briefed the Committee on a staff change he would be making to the Audit Team in light of a potential conflict of interest which had arisen. The Committee noted the change and thanked the External Auditor for providing the details.

The Committee noted the Plan.

6. Forward Work Plan

The CFO presented the forward work plan to the Committee. It was noted that the March 2017 would be scheduled in due course and **there were a number of amendments to be made to the Work Plan, which would be made by the CFO by the next meeting.**

The Committee noted the Plan and the proposed amendments.

Part 2 – Private Agenda

7. Athena – Internal Audit Report by Baker Tilley

The Committee noted the report, presented by the Deputy Chief Constable (DCC), which summarised findings from a programme management review of the Athena Management Organisation. The report was commissioned and co-ordinated by Kent OPCC CFO on behalf of the respective Joint Audit Committees for Essex, Bedfordshire, Cambridgeshire, Hertfordshire, Kent, Norfolk and Suffolk. The DCC gave details of an action plan which had been drawn together following this report, based on the 9 recommendations made and would be implemented by the respective constabularies.

Discussion took place regarding the report and the Committee thanked the DCC for allowing them the opportunity to review the report.

The Committee noted the report.

8. Risk Management

The CFO presented the report, which presented the latest draft of the Risk Management Policy for the OPCCN and the Strategic Risk Registers for the Constabulary and the OPCCN.

The Committee reviewed the report, raising questions as appropriate. **The CFO would ensure the amendments highlighted by the Committee would be made to the respective Registers.**

The Committee noted the report.

9. Date of Next Meeting

The next meeting will be held on Thursday 23 June 2016 at 2 p.m. in the Filby Room, Jubilee House, Falconers Chase, Wymondham.

Meeting closed at 3.20 p.m.

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CHAIRMAN