



**Durham Police Crime & Victims'  
Commissioner/ Chief Constable**



**Joint Independent Audit Committee**

**Tuesday 4<sup>th</sup> June 2019**

**11:00 – 13:00**

**Police HQ, Watson Room**

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**Minutes**

**1. Attendance/Apologies**

**Chair**

Mrs E Davies

**Members**

Mr R Humphries, Mrs D Murphy, Mr D Shingleton

**Office of the Police, Crime and Victims' Commissioner**

Mr S White, Mr C Oakley, Mrs J Connor,

**Durham Constabulary**

Mr G Ridley

**External Audit**

Mr J Collins, Mr M Kirkham

**Internal Audit**

Mr S Carter

**Apologies**

Cllr E Bell, Mrs J Flynn

Mrs Davies welcomed everyone to the meeting.

**2. Declarations of Interest**

To remind members of the Committee of the need to record any personal interest in items on the agenda. If a member has a personal interest that is a prejudicial interest, he/she must withdraw from the room during consideration of that item of business.

**3. Minutes of the meeting held on 23<sup>rd</sup> April 2019**

Minutes of the meeting held on Tuesday 23<sup>rd</sup> April 2019 were recorded as a true record. A copy of these minutes are available on the PCVC website.

**4. Annual Fraud and Corruption Report**

Mr Carter explained the purpose of the report is to advise and provide assurances to the Joint Independent Audit Committee of the results of work being undertaken within the Office of the Police Crime, and Victims' Commissioner and Constabulary in seeking to identify, control and prevent fraud and corruption.

Mr Carter added that in administering their responsibilities the Police, Crime and Victims' Commissioner and the Chief Constable have in place a framework of written procedures and controls to help ensure the highest standards of conduct are practiced.

Mr Carter highlighted the National Fraud Initiative (NFI) which is the Cabinet Office's data matching exercise that runs every two year. In this particular exercise the focus was on pensions, payroll, and creditors with 1,026 data matches received of which 1,019 had been investigated and cleared with no issues identified and seven matches still being reviewed

The Committee were satisfied with answers Mr Carter provided to questions asked. The Committee requested an update at a future meeting with regards to what triggers a match. Mr Carter was happy to prepare a document covering work undertaken in relation to the NFI exercise to provide clarity on this.

## **5. Annual Review of the System of Internal Audit 2018/19**

Mr Carter explained the current arrangements for Internal Audit and the effectiveness of the Internal Audit Service looking at structure, resourcing, experience, work prioritisation, and performance of the Internal Audit team.

Internal Audit completed a self-assessment against the key elements of the Public Sector Internal Audit Standards (PSIAS) (2017) using the Local Government Application Note. For 2018/19 this demonstrated that the Section was conforming to the Code's requirements.

All employees comply with the ethics requirements (as described in PSIAS) in relation to the professional role of an auditor. All employees provided an annual declaration of interests for consideration to enable management to ensure that there was sufficient information to address any potential conflicts of interest which arise during audit activities. Employees are obliged to raise any conflicts or issues with management during the year. Records are maintained for this.

Mr Carter explained that the audit plan was delivered with a minimum need to carry forward audit work and where work was deferred this has been agreed with the Joint Independent Audit Committee throughout the year.

The Committee were assured with the structure, experience of staff, and the rotation of roles. They commended the appointment of two apprentices and the continual training through professional development through the Chartered Institute of Public Finance and Accountability of the current staff. They queried whether as a key performance measure the number of recommendations implemented as well as accepted could be used.

Mr Carter explained that the system of Internal Audit also includes the role of the Joint Independent Audit Committee and in particular its role in the receipt and evaluation of audit reports, both in terms of assurance opinions and in ensuring that appropriate arrangements are in place for the delivery of an effective service and commented how Internal Audit reporting arrangements with the Joint Audit Committee were unchanged in 2018/19.

Mr Carter added that the Joint Audit Committee had reviewed its Membership during 2018/19 and had undertaken training that included a consideration of the CIPFA Publication – Practical Guidance for Local Authorities and Police 2018 and had revised its Terms of Reference further to this.

## **6. Annual Internal Audit Report**

Mr Carter presented the Annual Internal Audit Report for 2018/19 to the Committee. He explained that all Internal Audit work carried out in 2018/19 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS) as revised 01 April 2017 and how the report fulfils the requirements of PSIAS and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report on the effectiveness of the Internal Control environment in operation within the Office of the Police, Crime and Victims' Commissioner and Constabulary.

The Annual Internal Audit Report was considered in the context of fulfilling the above requirement and the Committee were satisfied with the moderate opinion which provided assurance that there is a sound system of control. Mr Carter said there are some weaknesses which expose objectives to risk however given the constant extent of change, the reduction in resources and the increasing diverse nature and range of activities covered within the Internal Audit Plan, this assurance should be considered as a positive.

The Committee accepted the Annual Internal Audit Report and the overall opinion provided on the adequacy and effectiveness of the Office of the Police, Crime and Victims' Commissioner and the Constabulary's control environment for 2018/19.

The Committee have requested a presentation on the Audit process from beginning to end – Mr Carter will facilitate this.

## **7. Pension Update**

Mr Ridley updated the Committee regarding the national issued in respect of police pension costs.

Mr Ridley explained how the Police Pension scheme is an unfunded scheme which means that pension payments are met from a contribution from employer, police officer contributions and government grant.

A revaluation of the scheme has resulted in an increase of 9.7% to employer contributions taking this to 33.9%. However, the Government has removed the additional 2.9% burden to give a revised rate of 31.0%. The financial implications for Durham from 2019/20 and beyond, until the next revaluation, is estimated at £2.9m pa. This has been offset by a grant of £2.9m pa. It is not yet certain that the grant will be given to all forces in future years, although the planning assumption is that this will be the case and will be confirmed in subsequent spending reviews.

Mr Ridley expressed the increase in police pension costs came as a surprise to all Forces. The reduction in officer numbers has led to a reduction in officer contributions being paid into the pension scheme. Where additional pension costs are not borne by the Home Office it risks Force's having to reduction officer numbers further which undermines the stability of the pension scheme going forward.

The Committee thanked Mr Ridley for the update.

#### **8. Quarterly Risk Register: Chief Constable (CC)**

Mr Ridley updated the Committee on the latest Plan on a Page (PoAP) risk register for the Force. He explained that Members will be familiar with the plan on a page format of the Force risk register which is discussed at each Force Leadership Group.

He shared the current PoAP which reflects both current performance and outcomes moving forward. Mr Ridley highlighted the core deliverables showcasing what Durham Constabulary do best and also what they need to do to provide an effective service.

Mr Ridley mentioned there is still a risk with resources especially with IT as staff leave to go into private industry for an increased salary.

The Committee thanked Mr Ridley for the plan update.

#### **9. Draft Risk Register: Police, Crime and Victims' Commissioner (PCVC)**

Mr Oakley presented the draft 2019/20 PCVC risk register to the committee explaining this is a living document that changes dynamically in response to prevailing and emerging circumstances.

Mr Oakley highlighted the top strategic risks that would prevent or distract the PCVC from achieving his goals. The risks have been identified based on the PCVC's objectives that are stated in the Police, Crime and Victims' Plan.

The Committee suggested that the risk *the office is not prepared for the impact a change of PCC will bring* to also note this could be relevant for change of Chief Constable. Mr Oakley took this on board and the risk will be added to the register.

Mr Oakley agreed to review the risk register quarterly and bring back to this meeting.

The Committee thanked Mr Oakley for this report.

#### **10. Reviewed Terms of Reference**

Mr White presented the revised Terms of Reference which were agreed and are now published on the PCVC website.

## **11. Revised Annual Reports 2017/18 & 2018/19**

The revised annual reports for 2017/18 and 2018/19 were agreed and are now published on the PCVC website.

### **Any other business**

Mr Humphries asked if the Committee could have a report on Facial Recognition – this has been added to the Forward Plan and will be brought to a meeting later in the year.

Next Joint Independent Audit Meeting is on Tuesday 16<sup>th</sup> July at 11:00 at Police Headquarters