

Devon and Cornwall Police Authority

MINUTES

A meeting of the **Corporate Governance Committee** was held on Tuesday 25th January 2011 in the Conference Room, Devon and Cornwall Police Authority, Endeavour House, Woodwater Park, Exeter, starting at 10:00hrs.

Present:

Chairman Ms J Norton
Vice Chairman Mrs L Dunn
Members: Mr J Hart, Mr D Percival, Lady Stanhope.

Officers in attendance:

Police Authority

Miss J Norris (Assistant Chief Executive), Mr E Wardle (Head of Internal Audit), Mrs G Clifton (Committee and Meeting Services Officer).

Constabulary:

Mr C Haselden (Director of Human Resources), Ms A Daveney (Head of Technical Accounting), Mr T Burton (Organisational Learning and Risk Manager)

Audit Commission:

Mr M Bartlett (Audit Manager).

1. Apologies for Absence

Apologies for absence were received from Mrs S Goscomb, Mr D Walton.

2. Declarations of Interest

No declarations of interest were made in respect of any item on the agenda.

3. Chairman's Announcements

- Some of the meeting papers had been submitted very late; authors were asked to give reasons for the lateness of their papers where applicable.
- Item 9 – Insurance Renewal would be heard in the closed session due to the commercial in confidence information within the paper.
- Following the implementation of the new committee structure, there had been seven members of the Corporate Governance Committee. However, two of these members had subsequently been elected as Chairs of other committees, thus precluding their sitting on this committee. No volunteers had come forward to join the committee, which presented the committee with three options:
 - i. To continue to operate with five members;
 - ii. To ask the Police Authority Chair to nominate a member;
 - iii. Or change the Constitution to allow Chairs to sit on Corporate Governance Committee.It was felt that to continue to operate with only five members would risk meetings being non quorate. To allow Chairs of other committees to be members of the committee would compromise the governance in scrutinising those committees. The agreed option was to ask the Police Authority Chair to nominate another member.
- The action plan developed as a result of the Strategic Review would be part of the work of the committee.
- the Committee need to agree a workplan, risks and cross-cutting roles. The Chair and Vice Chair to discuss and ask for comments from members on the workplan and risks. The Police Authority Chair had nominated individual members to take responsibility for specific cross cutting themes. There was a need

for members to know who had been allocated these roles across all committees and how these roles would operate with leads from other committees.

4. Audit Progress Summary to 25th January 2011

The report gave an update of the work completed and relevant reports released by the Audit Commission since the last meeting. Issues discussed during consideration of this item included:

- A formal report would be brought to the next meeting on IFRS. Audit Commission policies had not yet been finalised but there was a timetable in place to do this. The Authority was due to complete the cashflow and accounting policies by the end of January; templates would be sent out in advance of the meeting on 3rd March 2011.
- The proposed work programme and scale of fees for 2011-12 has been issued. The 2010-11 fees had been set in advance of the proposal to abolish the Audit Commission. The Commission will rebate 1.5% of the fee for Police Authorities, which amounts to around £1450.
- There had been a national consultation on the future of the Audit Commission. It would be checked whether DCPA had submitted a response.
- The costs of winding up the Audit Commission would be picked up by the Department for Communities and Local Government and not be passed on to the audited bodies. More details were available on the Audit Commission website.

RESOLVED to note the report

5. Internal Audit Planning 2011-15

The report outlines the planning arrangements for the four-year audit plan. Issues discussed during consideration of this item included:

- The plan straddled the period of transition from Police Authorities to Police and Crime Commissioners (PCCs) and the implementation of the Blueprint for the Force.
- There was concern over the availability of resource for the audit function. More would be known at the next meeting following a meeting with Devon Audit Partnership due later this week.
- The Covalent work required extra resource in the first year in setting up the system. The project would require 2.2 full time equivalent (FTE) staff but there was only provision in the budget for 1.8 FTE.
- Once all the new committees had met the risk register could be updated and would be available for the next meeting of the Corporate Governance Committee, detailing risks for year one and into year two. The weighting of the risks might not be completed by then. Some of the risks were dependent on the Blueprint restructure; there would be more clarity after April 2011.
- The Covalent system had been delivered four weeks ago but there had been a delay in setting it up as it is a hosted system that required considerable security checks. The first cycle of committee risks were now being loaded and it was hoped to produce the outputs by the end of March 2011. It was important that each committee was aware of how Covalent operated; a demonstration would be arranged for members. A progress report on Covalent would be brought to the March meeting of this committee.

RESOLVED to approve the current arrangements for the preparation of the four year internal audit plan.

6. Internal Audit Strategy – Draft Consultation

The report provided a consultation draft of the Internal Audit Strategy for approval by the Corporate Governance Committee. Issues discussed during consideration of this item included:

- The strategy had been updated to reflect the new financial climate and harmonised with the four year audit plan; it would be subject to an annual review.
- Surveys of audit 'customers' were carried out on an ongoing basis the responses to which are checked by the Assistant Chief Executive. To date all had responded as either 'satisfied' or 'very satisfied'. Other

initiatives were being considered to check the delivery of the audit plan, more details of which would be brought to a future meeting.

- All recommendations for the Force are fed into the Organisational Learning Database; there is a follow up procedure for each recommendation and individuals are held to account for the delivery of these recommendations.
- A helpful document had recently been produced from CIPFA giving guidelines on the role of the Head of Internal Audit. The Treasurer had done some work to identify any gaps; we were mostly compliant with a few minor areas for improvement.
- HMIC was moving towards short notice, quick inspections on a theme, one of which was due the following week. There was concern that the Authority did not receive the results of these inspections at the same time as the Force; this process needed to be improved. Documents were provided to HMIC to carry out a table top exercise that did not always result in a visit. The next theme was Protection from Harm. As Devon and Cornwall was the pilot force for this it might not be inspected until the end. Where the Force has not taken part in a round of inspections or where there are no recommendations it was the responsibility of the Chief Officer Group (COG) to progress. A system for informing the Police Authority in a more timely manner would be discussed with the Deputy Chief Constable. The Police Authority needs to be kept informed even if there are no recommendations arising.

RESOLVED that the proposed arrangements for finalising the Internal Audit Strategy be approved

7. Transition Arrangements from Police Authorities to Police and Crime Commissioners

The report provided an oral update on the information currently available. Issues discussed during consideration of this item included:

- It had been agreed that this issue would form part of the agenda at every meeting of the Corporate Governance Committee.
- Nationally the Bill for the introduction of PCCs was at Committee stage and would go to the House of Commons in February for a further reading. There was a mechanism for Police Authority Chief Executives to feed in to a national transition working group chaired by Nick Herbert.
- Locally the Authority had established a Police Reform Working Group the terms of reference of which would go to the next meeting of the Strategic Planning and Co-ordination Committee. The group had met once and letters had been sent to local MPS regarding the Bill.
- The Authority has also established a working group to look at the practicalities of managing the transition arrangements. The Chief Executive and Treasurer were due to meet to discuss the financial implications of the transition. A report from this meeting would be provided to the next meeting of the Corporate Governance Committee.

RESOLVED to note the report

8. Treasury Management Strategy 2011-12 and revised Treasury Policy and Practice

The report provided a draft Treasury Management Strategy for 2011-12 1st revised Treasury Policy and Practices for scrutiny by the Corporate Governance Committee. Issues discussed during consideration of this item included:

- Funds deposited with the external fund manager had been fixed at £14m which represented about 40% of total investments; this would be around 50% by the year end.
- The proposed changes in the Capital Programme would be presented to the Police Authority at its meeting on 18th February and was expected to show a decrease in expenditure funded from borrowing. A maximum on internal borrowing had been set with the treasurer at £8.4m; this was equivalent to one twelfth of the cash requirement for the Police Authority. There was a risk if internal borrowing had to be replaced by external borrowing. The external advisors have revised the strategy and suggest more information on the maturity structure of debt; most is borrowed over 20-25 years. The current reasonably

high level of debt will decrease on the basis of the revised Capital programme. Copies of the medium term financial strategy would be provided to members.

- The Treasury Management Practices have been revised to reflect the fact that the Force is taking over the day to day running of the budget with financial assistance being provided by Sector instead of Devon County Council. The transition will be effective from 1st March 2011. Specific controls will be put in place including with separation of duties and will be laid out in Standard Operating Procedures which will be agreed by the Authority Treasurer. A report on the compliance of the Standard Operating Procedures with the Treasury Management Policies and Practice will be provided to the Committee by the Treasurer.

RESOLVED that the Treasury Management Strategy be approved and specifically:

- (i) the Annual Investment Strategy be approved;
- (ii) the borrowing strategy be approved but further information to be provided on internal borrowing for the Resources meeting;
- (iii) that Investec are retained to invest surplus funds on behalf of the Police Authority, subject to satisfactory performance as monitored by the Resources Committee;
- (iv) that the Police Authority continues to operate a Devon and Cornwall Police Investment Fund managed by the Treasurer;
- (v) that the Treasurer should retain the flexibility to invest funds directly and to vary amounts invested with Investec and in the Devon and Cornwall Police Investment Fund within the limits set out in the strategy;
- (vi) that the Counterparty lists attached at Annex 2 and 3 be approved for all new lending;
- (vii) that the External Debt and Treasury Management indicators be approved;
- (viii) that the Minimum Revenue Provision Statement attached at Annex 4 be approved;
- (ix) the use of Barclays as the Authority's bankers be noted.

9. Insurance Renewal

RESOLVED that this item be discussed in the closed session.

10. Police Authority's Partnership Strategy

The Corporate Governance Committee was asked to consider the draft partnership strategy and make any comments that it would like the Local Policing and Confidence Committee to take into account when it considers the strategy for approval on 27th January 2011. Issues discussed during consideration of this item included:

- Previously the strategy had considered Police Authority partnerships and scrutinised Force partnerships for Value for Money. The current strategy does not have a formal feedback mechanism for members; the new strategy will introduce a feedback loop for members to provide information and actions back to the Authority. The Local Policing and Confidence Committee will act as a scrutiny body for partnerships.
- The Local Policing and Confidence Committee should keep under review the extent of engagement with partnerships and whether the Authority should be represented. There was a statutory duty to participate in some e.g. Children's Trusts and Community Safety Partnerships.
- Each partnership had its own risk arrangements and exit strategy. The impact of another partner leaving should be included in the exit strategy. With all budgets reducing participation in partnerships should be monitored for value for money.
- The structure of Children's Trusts was likely to change due to changes in legislation; any decisions regarding changes in partnerships would be referred to the Local Policing and Confidence Committee.
- Each member would be responsible for feeding back information and actions from partnerships and for relaying Police Authority decisions to other partners.

RESOLVED that comments from the Corporate Governance Committee about the draft partnership strategy are forwarded to the Local Policing and Confidence Committee for taking into account when it considers the draft strategy for approval.

11. Risk Management Framework

The report gave an overview of the risk management framework. Issues discussed during consideration of this item included:

- The Treasurer was working on a more detailed framework together with the Force to ensure the frameworks were complementary. This would be presented to the next meeting of the Committee.
- Individual committees were considering their risks which would be entered onto the Covalent system. The Risk Review Group would oversee the process. A two day training course on risk management would be arranged for all members and officers involved.
- Covalent would be updated on an ongoing basis but the frequency of updates to the register was still to be decided; the committee hoped that the updates could be harmonised with those of the Force Risk Register. There was some difficulty in tracking risks on the Force risk register as for example 'custody' might appear in several different places. Work was underway to reconcile the Police Authority and the Force's registers to be able to read risks across from one to the other.

RESOLVED to approve a collaborative Authority and Force approach to the management of risk through a new framework.

12. Force Risk Register

The report focused on the current contents of the Force's Corporate Risk Register as approved by Chief Officers. Issues discussed during consideration of this item included:

- Detailed points about the risks would be dealt with in the closed session. Members were invited to see how the Organisational Learning database operated.

RESOLVED to note the current contents of the Force's Corporate Risk Register as approved by Chief Officers.

13. Briefing Sheets

There have been no briefing sheets, which are pertinent to the Corporate Governance Committee, issued since the last Committee meeting:

14. Consideration to Exclude the Press and Public

Closed Items (items considered by the Committee with only members of the Police Authority, appropriate officers and expert advisors present, on the grounds that exempt/confidential information may be disclosed.)

RESOLVED that the Agenda items detailed in the table below be considered as closed items:

Agenda Item	Minute No.	Report Title	Relevant Act	Relevant Section
12	15	Force Risk Register	Local Government Act 1972 as amended by the Local Government (Access to Information) Act 1985	Schedule 12A, Paragraph 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)
9	16	Insurance Renewal	Local Government Act 1972 as amended by the Local Government (Access to Information) Act 1985	Schedule 12A, Paragraph 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

15. Force Risk Register

Issues raised in discussion of the Force risk register included:

- Concern was raised about the risk that the 'people' data was inaccurate. A data cleansing exercise was underway to ensure accuracy to enable the Blueprint changes to go ahead. This exercise was not yet complete, hence the inclusion on the risk register.
- The register would not have been refreshed by the time of the next meeting of the Committee.

16. Insurance Renewal

To report on the insurance renewal process for 2011-12 and the outline process for 2012-13. Issues discussed during consideration of this item included:

- The renewal process had been agreed at the last meeting, since then some of the costs had changed marginally.
- The NPIA had not negotiated a national framework for helicopter insurance as had been expected. There was insufficient time to re-tender so the recommendation was to remain with the current insurers. If the nationalisation of police helicopters went ahead it would be done in tranches and it was likely that Devon and Cornwall would be in the latter stages due to the geography of the region.
- Insurance renewal would form part of the remit of the Corporate Governance Committee in future.

RESOLVED (i) the Authority's Motor, Public & Employers Liability Cover, Property Damage, Fidelity Guarantee and Personal Accident/Travel insurance cover be placed with Chartis Insurance (formally AIG UK Ltd) under the current Long Term Agreement.
(ii) Marine insurance be renewed with Navigators and General.
(iii) that Authority be delegated to the Treasurer in consultation with the Chair of Corporate Governance to agree renewal terms for the helicopter and engineering inspection.

There being no other business the meeting closed at 13.00 hrs