

Independent Audit Committee

Improvement Plan 2015/16

In June members of the Independent Audit Committee individually completed a self-assessment questionnaire designed to assess the effectiveness of the Committee's current operation. The results of the self-assessment were reported to the Committee in June <http://www.wiltshire-pcc.gov.uk/Document-Library/Audit-Committee/June-2015/Agenda-Item-18-Independent-Audit-Committee-Self-Assessment.pdf>.

As members of the Committee we have now had the opportunity to consider our individual results and to compile an improvement plan aimed at improving our effectiveness. With the active engagement and support of the OPCC and Police Force, we feel the committee has "the basics in place" but we believe there is scope for improvement and we aspire to being more effective in providing assurance to the PCC and chief constable.

Our consideration of the self-assessment has also been informed by Grant Thornton's timely publication "Examining the evidence: Audit committee effectiveness in the public sector". This usefully highlights the wider challenges facing all audit committees in this sector, and we note that in other police force areas audit committees have struggled to secure the attendance of the PCC and chief constable. We are pleased that, hitherto, both the PCC and chief constable have been regular attendees of our committee and we look forward to building a similarly strong working relationship with Mike Veale as the incoming chief constable.

While generally positive, the self-assessment highlighted six areas where we feel that action is needed to improve our effectiveness. These are:

- approval and oversight of the strategic internal audit approach and annual programme
- reporting of the work of other inspection agencies to the committee
- induction of new committee members
- succession planning for the future
- the understanding of committee members of the wider police organisation
- working with other audit committees in the region to provide oversight of the third party assurance arrangements on partnership working

Statement of Purpose

Below, we set out an improvement proposal for each of these areas. But, before doing so, we first considered our terms of reference and noted that the current "statement of purpose" would be likely to fail a plain English test. Given the importance of the committee's role as part of the assurance over the governance and spending of a public body, we would like to sharpen the statement so that instead of *"To provide independent assurance on the adequacy of the corporate governance in place and the associated control environment, advising according to good governance principles and proper practices"*, we propose:

"To provide independent assurance to the PCC and Chief Constable on the adequacy of the governance and control processes within their organisations".

Approval and oversight of the strategic internal audit approach and annual programme

Our current terms of reference states *"to consider the internal audit strategy and annual audit plan, and make recommendations as appropriate"*. While we do not have concerns over the current internal audit plan, we note that audit committee best practice is for the committee to "approve" the 5-year strategic audit approach and annual audit plan, rather than simply "consider and make recommendations". In putting forward a recommendation for a change in the terms of reference, we recognise that the preparatory work for the strategy and plan is appropriately undertaken by the Chief Finance Officer and the Internal Auditor, and so our request is for the Committee to be involved at an earlier point in the development cycle, to avoid any risk that the Committee is merely asked to rubber-stamp a fait accompli plan. Our proposed change to the terms of reference is therefore to state: *"to have oversight of the development of the internal audit strategy and annual audit planning, and to agree the proposed strategy and annual plan as being effective in providing assurance"*. We believe this change is essential if we are to perform the responsibilities of an "independent" joint audit committee.

Reporting of the work of other inspection agencies to the committee

We feel that it would help our understanding of the organisations if we were aware of the results of the work of other inspection agencies such as HMIC or, say, the HSE, where it is relevant to our terms of reference. We suggest that this would most easily be achieved by including a standing item on the agenda for each of our meetings to list all inspection reports received, together with a brief summary of any relevant findings and recommendations.

Induction of new committee members and succession planning

At present we recognise that we have no structured induction programme or succession planning arrangements. Using Caroline joining the committee as a case-study, we believe an induction programme could be devised between the Chair and the clerk to the committee, comprising:

- access to a set of key background documents and past committee papers
- briefing on key governance and control processes within the OPCC and constabulary
- informal meetings with the clerk and CFO
- circulation of contact details for all committee members

On succession planning we note that for four of us our first term will expire in summer 2016 with all of us eligible for a second term. We would wish to avoid a situation either where a large number of the committee members stand down at the same time, or where a sudden resignation disrupts the work of the committee, and we will commit to liaising amongst ourselves to ensure good communications to avoid these situations as far as possible.

Understanding of committee members of the wider police organisation

The Grant Thornton publication highlights the challenge for police audit committees in achieving sufficient understanding of their organisations. While recognising that we are not non-executive directors, we do feel that our effectiveness would be improved by having a better understanding of key issues and processes within the OPCC and constabulary that relate to our terms of reference.

We do not wish to place onerous burdens on officers to produce reports or briefings for us, but it would be appreciated if existing briefing material on issues relevant to our terms of reference could be copied to us. Similarly, we would welcome the continued opportunity for an informal briefing or discussion to be held at the close of each committee meeting, and would commit to developing a programme for the year to assist officers in scheduling these.

Working with other audit committees in the region to provide oversight of the third party assurance arrangements on partnership working

Grant Thornton emphasise the importance of collaboration between audit committees in providing assurance over the developing strategic alliance agendas. We support this, and, as chair of the Committee, I have committed to making contact with my opposite number at Avon & Somerset. We note that the Wiltshire Police & Crime Panel has agreed to establish a joint task group with its counterpart in A&S, and this may be an option to be explored in our discussion with the A&S audit committee.

Other Issues

In our discussion we identified some other ideas that we feel would improve our effectiveness. In brief, these are:

- scheduling our annual report for June of each year, and our annual self-assessment for the autumn
- having a standing agenda item to monitor progress on the highest priority internal audit recommendations
- receiving a report in say December of each year to set out changes to the key accounting policies and procedures that will underpin the annual accounts
- having a terms of reference that explicitly reviews the organisations’ arrangements for the securing of value for money
- only including the terms of reference on the agenda once or at most twice a year, rather than at every meeting
- understanding better how the Committee might achieve oversight of any significant control failures and the actions being taken to address these which have been identified by internal investigations carried out by the Professional Standards Department (PSD).

Conclusion

In proposing the above actions we, as committee members, would welcome the views of the PCC, chief constable, CFO, clerk to the committee and the external and internal auditors on how to improve the committee’s effectiveness.

- Are these proposed actions the right ones?
- Are there other actions that would help to improve our effectiveness?

Summary Improvement Action Plan

Ref	Action	Who	When
1	Simplification to the Statement of Purpose	Committee to approve	ASAP
2	Change to the terms of reference to state: <i>"to have oversight of the development of the internal audit strategy and annual audit planning, and to agree the proposed strategy and annual plan as being effective in providing assurance"</i> .	Committee to approve, following comments from PCC and CC	ASAP
3	Include a standing item on the agenda for each of our meetings to list any relevant inspection reports received, together with a brief summary of any relevant findings and recommendations.	Clerk to the Committee	Dec
4	Devise a standard induction programme	Chair and Clerk	ASAP
5	To improve our understanding of key issues and processes that relate to our terms of reference: 1) Ask that existing briefing material on issues relevant to our terms of reference could be copied to committee members; and 2) Welcome the continued opportunity for an informal briefing or discussion to be held at the close of each committee meeting, committing to developing a programme for the year to assist officers in scheduling these.	PCC and Chief Constable, in liaison with the Committee	Ongoing
6	Make contact with Avon & Somerset audit committee to consider potential for joint work	Chair	Autumn 2015
7	<ul style="list-style-type: none"> • scheduling our annual report for June of each year, and our annual self-assessment for the autumn • having a standing agenda item to monitor progress on the highest priority internal audit recommendations • receiving a report in say December of each year to set out the key accounting policies and procedures that will underpin the annual accounts • having a terms of reference that explicitly reviews the organisations' arrangements for the securing of value for money • only including the terms of reference on the agenda once or at most twice a year, rather than at every meeting • understanding better how the Committee might achieve oversight of any significant control failures and the actions being taken to address these which have been identified by internal investigations carried out by the Professional Standards Department (PSD). 	<p>Chair and Clerk</p> <p>Clerk & Internal Auditor</p> <p>Clerk and CFO</p> <p>Clerk and CFO</p> <p>Clerk</p> <p>Clerk</p>	<p>ASAP</p> <p>Dec</p> <p>Dec</p> <p>Dec</p> <p>ASAP</p> <p>Dec</p>