

**To:** Cambridgeshire Police Authority

**From:** Acting Chief Executive

**Date:** 29<sup>th</sup> June 2010

## **ANNUAL REPORT OF THE SCRUTINY AND AUDIT COMMITTEE**

### **1. Purpose**

- 1.1 To provide the Authority with an annual report on the work and performance of the Scrutiny and Audit Committee for year 2009/10.

### **2. Introduction**

- 2.1 At its meeting on the 25<sup>th</sup> May 2010, the Scrutiny and Audit Committee agreed that an annual report should be prepared for the Authority. This was agreed following consideration of the CIPFA (generic) Audit Committee self assessment checklist, which includes the question – “Does the audit committee make a formal annual report on its work and performance during the year to the full council.”
- 2.2 This report is limited to the audit work carried out by the Committee. Following this meeting the Committee structure will change and Scrutiny and Audit work will be separated.

### **3. The work of the Committee**

- 3.1 The (old) Terms of Reference of the Committee has the following elements:-

#### Audit Functions

- i. To approve and monitor the annual audit plans for both internal and external audit;
  - ii. To receive, consider and make recommendations to the Authority as appropriate on the Audit Management Letter;
  - iii. To receive reports from the external auditor on the statement of accounts (reports addressed to ‘those charged with governance’)
  - iv. To receive, consider and make recommendations to the Authority as appropriate on audit activities.
- 3.2 The proceedings of each meeting (as with all committees) are reported to the Authority in the Report of Committees and Panels.

#### **4. Internal Audit**

- 4.1 The Committee approved the Internal Audit Plan for 2009/10 in February 2009. This would be the second year of the three year contract with RSM Tenon Ltd the Internal Audit Contractor.
- 4.2 The Committee was already aware that the contract provided for 10% year on year fee reductions, assuming that levels of assurance did not deteriorate.
- 4.3 The Head of Internal Audit has reported progress to each meeting of the Committee. Clarification was sought and there was discussion by the Committee before decisions were taken on a very small number of recommendations made by the auditors with which the Constabulary disagreed.
- 4.4 At each meeting the Committee has reviewed progress on the completion of audit recommendations by reference to a consolidated list which describes latest progress and is RAGed (red, amber green).
- 4.5 Subsequently the Committee has agreed to reduce the frequency of monitoring the consolidated action plans to twice a year.
- 4.6 The Head of Internal Audit's Annual Report 2009/10 received in May 2010 summarised all audit activity and the Committee was pleased to see that all audits had received assurance levels of Adequate or Substantial (an improvement on the priory year) and that all 7 core financial systems had achieved Substantial Assurance (again an improvement on the prior year).
- 4.7 The Head of Internal Audit's overall opinion for the year ended 31<sup>st</sup> March 2010 was that the Authority:-
  - has adequate and effective governance processes
  - has adequate and effective risk management processes
  - has adequate and effective control processes in place.
- 4.8 The key aspects of the Head of Internal Audit's Annual Report (including one 'fundamental' recommendation on IT systems procurement, which has been addressed), were included in the Authority's and Constabulary's Annual Governance Statement which was approved by the Committee in May 2010 for insertion in the 2009/10 Statement of Accounts.

#### **5. External Audit**

- 5.1 The Authority's external auditor is PricewaterhouseCoopers LLP. External Auditors are appointed by the Audit Commission following consultation with the particular authority.
- 5.2 The audit work for a particular year of account is always carried out in the following financial year so in the summer of 2009/10 audit work on the 2008/09 Statement of Accounts was being carried out.

- 5.3 The Auditor has accepted representations from the Committee that fees should be reduced (fees were £90k in 2006/07 and will be £82k for 2009/10). The Committee expects further reductions to reflect the continued internal improvements noted by the Internal Auditor.
- 5.4 In December 2009 the Committee received the Auditor's Report to Management on the Statement of Accounts and the Annual Audit Letter.
- 5.5 The Auditor gave an unqualified opinion on the 2008/09 Accounts and an unqualified conclusion on overall arrangements for the use of resources.
- 5.6 The Treasurer reported that the Letter represented a high point in the last 5 years and recognised improvements not only in financial systems, controls and processes but in all aspects of the corporate work of the Constabulary and the Authority.
- 5.7 The Use of Resources examination, carried out by the Auditor and fitting into the CPA arrangements, has been discontinued by the new Government (after all the work has been done) and although there will be no national reporting of scores it is intended that the Committee will receive a full report in September 2010 with an unmoderated score.

## 6. Recommendation

- 6.1 The Authority is asked to consider the report and comment on whether the content meets the Authority's requirements.

## BIBLIOGRAPHY

Documents	Contacts	Location
Scrutiny and Audit Committee Agendas and Minutes 2009/10	John Hummersone Acting Chief Executive and Treasurer T. (01638) 667090 T. (01480) 425995 E. <a href="mailto:john@hummersoneconsulting.co.uk">john@hummersoneconsulting.co.uk</a>	Cambridgeshire Police Authority, Hinchingsbrooke Park, Huntingdon, Cambs, PE29 6NP.
<p>Originating Officer: John Hummersone, Treasurer</p> <p>It is considered that this report contains 'exempt information' and should be considered in private? NO</p> <p>If the answer is "YES", please state the nature of the exempt information <b>and the relevant clause(s)</b> in Part 1 of Revised Schedule 12A to the Local Government Act 1972. ....</p> <p>The attached report has been cleared with the undermentioned officers: (delete as appropriate)</p> <p>Chief Executive and Chief Constable</p> <p>Submitted on: 28<sup>th</sup> January 2010</p> <p>A report will not be sent to the Authority unless this box has been satisfactorily completed and all necessary consultation carried out - the responsibility for which rests with the originator (except for consultation with the Chairman and this will be undertaken by the Chief Executive's Office).</p>		