

**Northern Joint Police Board  
Audit Working Group**

Minutes of Meeting of the Audit Working Group held in Council Headquarters, Glenurquhart Road, Inverness on Thursday 1 November, 2007 at 12.30 p.m.

**Present:**

<b>Representing The Highland Council</b>	Mr W J Ross Mr J Rosie Mr M Rattray
<b>Representing Western Isles Council</b>	Mr I Mackenzie (substituting)
<b>Representing Shetland Islands Council</b>	Mr A Duncan
<b>Representing Orkney Islands Council</b>	Mr A Drever

**Officials in attendance:**

Chief Superintendent L Stewart  
Mr P Fraser, Force Head of Finance and Asset Management  
Mr G Munro, Head of Internal Audit and Risk Management, The Highland Council  
Mrs M Grigor, Treasurer's Office  
Mrs L Lee, Clerk's Office

**Also in attendance:**

Mr R Clark, Senior Audit Manager, Audit Scotland

Mr W J Ross in the Chair

**1. Apologies for Absence**

An apology for absence was intimated on behalf of Mr P Carlin, Comhairle nan Eilean Siar.

**2. Report to Those Charged with Governance on the 2006/07 Audit**

There had been circulated Report No. Aud06/07 dated 10 September 2007 by the Senior Audit Manager for Audit Scotland, comprising his Report to Those Charged with Governance on the 2006/07 Audit of the Board's financial statements. The report set out the relevant matters arising from the Audit that required reporting under the provisions of the International Standard on Auditing 260 (ISO 260).

The Senior Audit Manager summarised the main points contained in his report. He confirmed that the formal representations required from the Treasurer had been received and that the audit of the 2006/07 accounts was complete. As anticipated, his report was unqualified. He drew attention to the position regarding the accrual of pension liabilities where the Board had an excess of liabilities over assets, due to its pension scheme being unfunded. However, as the Constituent Authorities were

obliged to meet any shortfall in this provision in the long term, the Board was able to continue as a going concern.

The Working Group **NOTED** the report.

### **3. Statement of Accounts and Report on the 2006/07 Audit**

There had been circulated Report No. Aud07/07 dated 23 October 2007 by the Treasurer introducing and commenting on the External Audit Report to Members in respect of the Final Accounts for the financial year ended 31 March 2007. The Statement of Accounts was appended to the report. Mrs M Grigor of the Treasurer's Office drew attention to an error at paragraphs 2.4 and 2.5 of the report, to the effect that the date of issue for the Certificate of Audit was 10 September 2007 rather than 31 August 2007, and that therefore the requirement to lay the certified accounts before the Board within a two month period following the issue of the Certificate had been met. She commented that there had been no significant changes from the Unaudited Accounts, considered by the Working Group at its meeting on 30 August 2007, although there had been an alteration to the style of presentation of the balance sheet. There would be no change to the charges to the Constituent Authorities.

The Working Group **NOTED**:

- i. the External Auditor's report for the year to 31 March 2007 (item 4 below refers);
- ii. the Treasurer's response to the findings of the Auditor; and
- iii. the Statement of Audited Accounts for 2006/07.

### **4. Report to Members and the Controller of Audit on the 2006/07 Audit**

There had been circulated and **NOTED** Report No. Aud08/07 dated 25 October 2007 by the Senior Audit Manager for Audit Scotland, summarising Audit Scotland's findings from their 2006/07 audit of the Northern Joint Police Board. An action plan setting out the key risks identified by the audit and detailing the management's response was attached to the report. The Senior Audit Manager tabled a revised version of his report amending errors contained in the original Action Plan.

The Senior Audit Manager stated that he had given an unqualified opinion on the financial statement and thanked the Treasurer for the early receipt of the accounts, ahead of the deadline of 30 June 2007. In speaking to his report, he referred briefly to the ongoing position with regard to the Board's pension liabilities, the position having been explained at item 2 above, and drew attention to a slight overspend of £0.4m, which amounted to 0.7% of the budget, part of which had arisen from the creation of a provision for time off in lieu (TOIL) totalling £0.25m. He also reported that a revaluation of the Board's land and buildings, as was required every 5 years, had been completed at 31 March 2007 – the net value of these assets had increased by £13.4m.

The Statement on the System of Internal Financial Control, whilst indicating that reasonable assurance could be placed on the adequacy and effectiveness of the Board's Internal Financial control system, had nonetheless highlighted a need to improve the following controls:

preparation of procedural guidance to detail how Contract Standing Orders were implemented and adherence to the Contract Standing Orders in undertaking tendering exercises

compliance with the use of official orders for goods and services

introduction of a process to identify, record, evaluate, prioritise and manage key control risks on an ongoing basis

consistent application of VAT when raising invoices for the provision of the Police's services.

It was understood that the Force had addressed all the foregoing issues. Audit Scotland would in due course verify that the necessary action had been taken. There were no material issues of concern in relation to the Board's main financial systems, and internal audit work within the Board continued to be of a sufficient standard to allow Audit Scotland to rely on it.

The Senior Audit Manager drew attention to other sections of his report, including issues with regard to TOIL, the National Fraud Initiative, and Statutory Performance Indicators – in particular the Constabulary's above average crime clear up rates and the reasons for the temporary lower than average time to answer 999 calls. He also referred to Audit Scotland's recently published initial review of Police Call Management insofar as it related to Northern Constabulary.

The Action Plan appended to the report detailed a number of risks identified by the Audit and set out planned action in response thereto, together with details of the responsible officer and the date by which the action would be completed. The Force Head of Finance and Asset Management was confident that the action points relating to TOIL would be addressed. Chief Superintendent Stewart also advised that monitoring of TOIL and ease of extraction of information would be improved in 2008/09 when the national single duty management system would be implemented.

Members sought further information on call answering times and were advised that the performance indicator figures for this activity were not recorded in the same way by the different Forces – some Forces ignored calls which were dropped within 5 seconds. A continual improvement in call answering times was expected as processes improved and staff became more familiar with the new working practices – Northern Constabulary had published the first call management and handling manual in Scotland.

In response to questions raised regarding the Force's higher than average sickness levels amongst officers, Members were advised that the main causes of absence were musculo-skeletal problems and stress. An assurance was given that absence statistics were analysed robustly, and Members were informed that a return to work interview was carried out after every period of sickness, be this a single day or a long period. One factor which contributed to a higher sickness rate was that, in urban forces, it was possible for an officer to be employed at a desk job if he/she was not physically fit. This option was not always available in rural areas, where officers required to be able to carry out all duties that might arise, resulting in officers not being able to return to work on restricted duties as soon as they might and producing higher figures for absence through sickness.

The Working Group **NOTED** the report and the information given.

## 5. Internal Audit Review

There had been circulated Report No. Aud09/07 dated 23 October 2007 by the Head of Internal Audit and Risk Management, The Highland Council, outlining work undertaken by the Internal Audit Section, since the last meeting of this Group held on 30 August 2007.

In speaking to the report, the Head of Internal Audit and Risk Management reported that currently only one review was unreported, that of the Inverness Command Area. The review had covered a wide remit and overall the findings were positive.

The Head of Internal Audit and Risk Management had made 14 recommendations, of which 13 were level three, having a minor impact on the Force, and one at level two, this latter being failure to notify Estates of empty property, which had implications for insurance cover. All 14 recommendations had been accepted by the Force and Internal Audit would be carrying out follow up checks to ensure the action had been taken.

The Force Head of Finance and Asset Management stressed that targets identified in response to the audit had been dealt with very quickly and the appropriate action had been taken. A copy of the audit findings would be distributed to all 8 Force Areas.

The Working Group **NOTED** the report and the information given.

## 6. Audit Charges 2007/08

This item was raised with the agreement of the Chairman, no prior notice having been given. The Working Group was informed that notification of the revised charges for work carried out by Audit Scotland for 2007/08 had recently been received, after issue of the agenda for this meeting. The charges comprised a fixed element which covered Audit Scotland's central costs and an indicative range in respect of the work carried out. The figure to be charged to the Board would be negotiated between Audit Scotland and the Treasurer in January 2008 and reported to the Board in due course.

The Working Group **NOTED** the information given.

The meeting ended at 1.10 p.m.