

**Minute of Scottish Police Authority Audit & Risk Committee**

<b>Meeting</b>	Scottish Police Authority Audit & Risk Committee Meeting	<b>Date/Venue</b>	Monday 9 <sup>th</sup> June 2014 Glasgow Caledonian University
<b>Meeting Called By</b>	Brian Barbour, Chair	<b>Start Time</b>	10:15
<b>Reference Meeting No</b>	SPAARC-090614	<b>End Time</b>	12:30

Members Present		In Attendance	
Name	Title	Name	Title
Brian Barbour (BB)	Chair, Committee Member	John Foley (JF)	Chief Executive, Scottish Police Authority (SPA)
David Hume (DH)	Committee Member	Vic Emery (VRE)	Chair, Scottish Police Authority (SPA)
Moi Ali (MA)	Committee Member	Catherine McIntyre (CM)	Strategy, Policy & Performance Officer (SPA)
Morag McLaughlin (MM)	Committee Member	Sarah Jane Hannah (SJH)	Senior Accountant (SPA)
		Graham Stickle (GS)	Interim Risk Manager (SPA)
		Colette Craig (CC)	Interim Clerk to the Authority (SPA)
		Neil Richardson (NR)	Deputy Chief Constable (Police Scotland)
		Fergus Byrne (FB)	Chief Inspector (Police Scotland)
		Susan Mitchell (SM)	Director of Corporate Services (Police Scotland)
		Alan Waddell (AW)	Superintendent (Police Scotland)
		Janet Murray (JM)	Director of Finance & Resource (Police Scotland)
		Sam Perry (SP)	Risk Manager (Police Scotland)
		Mark White (MW)	Director - Risk Assurance Scotland (PwC)
		David McLaren (DM)	Senior Manager (PwC)
		Gillian Woolman (GW)	Assistant Director of Audit (Audit Scotland)
		Esther Scoburgh (ES)	Audit Manager (Audit Scotland)

**AGENDA**

**PUBLIC SESSION (10:15 – 12:30)**

**STANDING ITEMS:**

1. Welcome/Apologies
2. Declarations of Interest
3. Any Other Competent Business
4. Approval of Minutes and Action Log:
  - 4.1 Minutes from Meeting held 10<sup>th</sup> March 2014
  - 4.2 Action Log from Meeting held 10<sup>th</sup> March 2014
5. Matters Arising

**ITEMS FOR APPROVAL:**

6. Review of Risk:
  - 6.1 Scottish Police Authority Risk Register
  - 6.2 Police Scotland Risk Register
  - 6.3 Definition of Treated & Untreated Risk
7. Internal Audit 2013/14:
  - 7.1 Work Plan and Progress Report
  - 7.2 Summary of Audits
  - 7.3 Legacy Issues – Final Report
  - 7.4 VR/ER Review
  - 7.5 Internal Audit Annual Report
8. SPA Governance and Assurance:
  - 8.1 SPA Governance Framework
  - 8.2 Final Draft SPA Assurance Map
9. Internal Audit 2014/15:
  - 9.1 Internal Audit 3 Year Strategy
  - 9.2 Internal Audit Charter
  - 9.3 Final Draft Internal Audit Plan
  - 9.4 Quarter 1 Audit Work (Verbal)
  - 9.5 Draft Scope of Whistleblowing
10. Police Scotland Business Assurance:
  - 10.1 Business Assurance Report
  - 10.2 Business Assurance Work Plan 2014/15
11. External Audit:
  - 11.1 Review of the Adequacy of Internal Audit Provision 2013/14
  - 11.2 Interim Review of Internal Controls and Governance Arrangements 2013/14

**ITEMS FOR INFORMATION:****12. Finance:****12.1 Reply to Review of the Adequacy of Internal Audit Provision 2013/14****12.2 Technical Update****12.3 Update on Progress of Draft Annual Accounts (Verbal)****13. Audit Scotland Review of Police Reform: Joint Update from SPA and Police Scotland****14. Date of Next Meeting: 23<sup>rd</sup> October 2014, The Royal Scots Club, Edinburgh.****STANDING ITEMS****OPENING REMARKS****1. Chair's Welcome: (Brian Barbour)**

The Chair (BB) welcomed attendees and observers to the sixth public Audit & Risk Committee Meeting of the Scottish Police Authority and advised attendees that the meeting would be recorded for the purpose of minutes and action logs. BB welcomed Vic Emery, Chair of the Authority as an observer to the meeting. BB advised attendees that it was Catherine Macintyre's last direct involvement with the Audit & Risk Committee (ARC) and thanked her for her hard work over the past 12 months in assisting with the progress of the ARC. BB informed attendees that item 19, Productions: Criminal Justice Team Process Improvements had been placed into the closed session in error and that it would be discussed as item 14 of the public session. BB addressed the issue of late paper submission and advised it had caused problems to the Clerk to the Committee and Members were unable to provide proper scrutiny. BB suggested that for the next meeting, late papers should be marked as late on the agenda. MA added that marking the papers as late would not address the problem. MA proposed that if papers are not submitted, on the date provided, then with the Chairs approval, they should be submitted late only with exceptional circumstances. MA advised that this should not be an issue and that it came down to proper scrutiny. BB suggested that there was a process started in order to reject late papers. MA advised that she thought that papers should be rejected immediately. BB asked Members if they were content with that. DH stated that it needed to be at the Chairs discretion. BB stated he would exercise the discretion diligently and stated that if late papers are accepted, then the reason for being late should be recorded. VRE supported the comments of MA and referred to a similar situation of Members Meetings where papers have been submitted late.

**090614-ARC-001: Late submitted Committee papers to be put to the Chair of Committee to be either accepted or rejected. Any accepted late papers will be provided with an adequate reason for being late.**

**Apologies:**

Apologies were received from Committee Member Iain Whyte and Amy McDonald, Director of Financial Accountability, SPA.

**2. Declarations of Interest**

Members were invited to declare if they had any financial or non-financial interests in respect of the items of business on the agenda. No declarations were made.

**3. Any Other Competent Business**

Police Scotland submitted a paper titled "Ethical Quality Assurance" which would be

discussed under AOB of the closed session.

**ITEM NO 4. Approval of Minutes and Action Log:**

**ITEM NO 4.1 Minutes from Meeting held 10<sup>th</sup> March 2014 (Brian Barbour)**

Reference item 4.1 within pack.

BB asked Members if they had any comments on the minute of the 10<sup>th</sup> March 2014.

JM asked for her correct designation to be included within the minute.

MA referred to page 15 and asked for an insertion of "old document as it appeared not to present latest position" to be placed in order to make her question clearer.

BB asked if Members, subject to amendments, were they content that the minutes from the meeting held on 10<sup>th</sup> March 2014 were an accurate record.

**DECISION**

Members **APPROVED** the Minute of the Audit & Risk Committee Meeting held 10<sup>th</sup> March 2014 as an accurate record, subject to the amendment noted above.

**ITEM NO 4.2 Action Log from Meeting held 10<sup>th</sup> March 2014 (Brian Barbour)**

Reference item 4.2 within pack.

Refer to commentary within Action Log.

**DECISION**

Members **APPROVED** the action log of the Audit & Risk Committee Meeting held 10<sup>th</sup> March 2014.

**5. Matters Arising (Brian Barbour)**

There were no matters arising.

**ITEM NO 6. Review of Risk:**

**ITEM NO 6.1 Scottish Police Authority Risk Register (Graham Stickle)**

Reference item 6.1 within pack.

GS provided the SPA Risk Register and informed, as per previous Committee Meeting, that there would be a reporting of the top 10 risks with the caveat that any risks with 15 or above they would also be reported. GS advised that risk FIN-009 had reduced reflecting work complete to achieve savings for 2014/15 in a balanced budget. GS advised that risk FIN-013, savings beyond this financial year, was being reported for the first time. GS informed Members the Risk GOV-018 and HR-014 had both reduced, removing them from the top ten. GS advised that as a result 2 new risks had emerged into the top 10, HR-013 and GOV-014.

BB sought clarity on whether all the finance and HR risks were being dealt with and managed through the appropriate Committees. GS advised that was the case. BB referred to risk Oth-046 and asked if it was monitored through the Complaints Committee. GS advised that the risk itself was not reported to the Committee. JF advised Members that risk Oth-046 was being managed, actions were in process and that the Chair of the Complaints

Committee was informed regularly.

BB referred to Oth-043 and asked why that was not an HR risk. GS advised that this could be renamed. BB advised that if it was changed it would ensure consistency and assurance that the appropriate Committee was managing it.

**090614-ARC-002: Risk Oth-043 to be renamed to HR-XXX to ensure consistency and assurance that the HR Committee are managing the risk.**

MA referred to the layout of the SPA Risk Register and asked if future submissions could reflect the format of the Police Scotland Risk Register, particularly with the additional "further action required" area. AW advised that he would work with GS in order to provide that standardisation.

**090614-ARC-003: Graham Stickle to liaise with Police Scotland and produce the SPA Risk Register using the same format as the Police Scotland Risk Register.**

BB asked Members to note the Scottish Police Authority Risk Register.

## DECISION

Members **NOTED** the Scottish Police Authority Risk Register.

### ITEM NO 6.2 Police Scotland Risk Register (Sam Perry)

Reference item 6.2 within pack.

SP provided the Police Scotland Risk Register and highlighted the work that had been carried out over the past quarter. SP informed Members that the paper had previously been submitted to the Corporate Governance Board within Police Scotland and advised it would continue to be reported to that forum. SP advised the proposal was to review all of the risk management processes. SP highlighted that the 2 key points as being a 3 tier approach and the completion of risk registers and whole processes by December 2014.

BB stated that the format of the risk register was very useful and advised that a useful addition would be 'expected completion date of target score'. AW advised that the risk owner assessment is something Police Scotland are keen to implement in the next quarter and advised that may indicate expected completion dates. AW advised that it would be difficult with certain risks to provide an expectant completion date.

DH referred to the difference between the treated score and the target score and asked if they were both treated risks. SP stated that the treated is current score and when the target score was reached, this indicated that all mitigating actions had been completed.

BB referred to risk SRR-019 and asked how staff morale would be measured. MM stated that it was something that was ongoing consideration with the HR Committee. BB advised

that he would indicate his surprise of it not being an indicator at the June Board. BB thanked both GS and SP on the significant progress made with both Risk Registers.

BB asked Members to note the Police Scotland Risk Register.

## **DECISION**

Members **NOTED** the Police Scotland Risk Register.

### **ITEM NO 6.3 Definition of Treated & Untreated Risk (Graham Stickle)**

Reference item 6.3 within pack.

GS provided the paper and stated that the Risk Registers presented to the Committee showed the untreated risk score, which meant no mitigating action had been taken and the treated score based on mitigating actions taken to date. GS advised that the proposal was to Replace the term "Treated Score" with "Current Score" to emphasise that the score reflected the risk at the moment and was not the target score after mitigating actions were fully completed. GS advised the untreated score would be the assessment of the risk before any action was taken to mitigate the risk. GS advised that mitigating actions would be reported with a target date for completion.

GS thanked FB for his input on the paper.

BB asked Members to note the paper on Definition of Treated & Untreated Risk.

## **DECISION**

Members **NOTED** the paper on Definition of Treated & Untreated Risk.

### **ITEM NO 7. Internal Audit 2013/14:**

#### **ITEM NO 7.1 Work Plan and Progress Report (Mark White)**

Reference item 7.1 within pack.

MW provided the paper detailing the progress against the revised Internal Audit Work Plan 2013/14 and addressed some of the background detailed within the paper.

BB advised there had been good progress done within the year. MW stated that it had been challenging but advised he was happy with the outcome.

BB asked Members if they had any questions on the report. No questions were provided by Members.

BB asked Members to note the on the Workplan and Progress Report

## **DECISION**

Members **NOTED** this update Workplan and Progress Report

### **ITEM NO 7.2 Summary of Audits (David McLaren)**

Reference item 7.2 within pack.

DM provided the paper and advised its purpose was to review credit and debtors (across four legacy areas) and seek assurance over the controls in place at each division over the following:

- System access;
- Creation and authorisation of new suppliers;
- Processing and payment of Creditor Invoices;
- Processing and payment of Debtors Invoices; and
- Debt Recovery.

DM advised that there were significant volumes of money involved within the credit and debtors. DM stated that a large amount of work had been undertaken by the in-house team and advised that a bulk of the findings were generic and the same circumstances were coming across the 4 legacy areas audited. DM informed the Members of risks identified and the advisory recommendations for management consideration.

BB asked Members if they had any questions on accounts payable. SJH stated that the findings reflected what was expected. VRE sought clarity on whether there were processes and aging profiles in place in order to redeem debt and monitor outstanding payments. JM advised that processes were in place and those areas were looked at as a basis of provision for the start of the financial year. VRE asked DM what issues were identified. DM advised that issues were not being raised around payment not being made. DM advised that the applications of different processes were being identified and staff were being informed in order to bring everyone into line. BB asked if there were triggers and actions for figures that went beyond a particular date in terms of debt. JM advised that there was a process in place with letter writing, cold calling with legal being a final option. JM advised that these areas would be exhausted before a debt would be considered for write off. BB sought clarity of whether the monitoring of that would go to the F&I Committee. JM advised that the Finance and Investment Committee had requested a review of the debt to be included within the next report to them.

DM referred to the detailed recommendations and responses to the debtors and creditors. DM advised that there was a target agreed with the Audit & Risk Committee in order to put in place dates and times and stated that it was a working progress. VRE sought clarity on the debtors and asked if there were few. SJH stated that the debtors were wide ranged. BB stated that he was happy to see names and dates now mentioned within the report. MM asked what the process was with findings that were not agreed. DM stated that PwC would then engage with central finance in order to identify who would take responsibility for that action. DM advised that he was content that the process was working well. DH asked for the management response, once received, to be noted as 'accepted' within the report.

**090614-ARC-004: On receipt of Management responses the word "Accepted" to be placed onto future reports by PwC if appropriate.**

DM referred to the risk within the report and advised that the work that had been undertaken was for March/April 2014. DM advised that the findings were, 1 high, 2 medium, 1 low and 1 advisory point. DM referred to section 2 and the response from Police Scotland and stated that there were agreed actions. BB asked DM to identify the high finding and DM advised that it was the divisional risk registers. AW stated that he found the PwC report to be reassuring and advised that the new management team had a plan in place to resolve issues. MM referred to the Risk Appetite Statement and Risk Tolerance Strategy and asked if there was a date to when that would be shared with the Audit & Risk Committee. SP advised that the interim arrangements within the report was that any risk scoring 15 or above would be on the risk register which was the interim risk appetite.

DM moved onto the SPA risk processes and advised that it showed to have the similar restructuring risks that Police Scotland had with findings of, 1 high, 2 medium, 1 low and 1 advisory point. DM identified the responses from GS within the report. BB referred to the previous point of the importance of having the wording of 'accepted' on reports and advised that the wording within the SPA section suggested that the management response was 'not accepted'. MA asked if there was not a robust enough management response, what mechanism was used to record that information within the report. MW stated that PwC would look at why it had not been accepted and if it was valid then potentially return to the Committee if further work was instructed. BB advised that it would be helpful to know if the risk or the recommendation had been accepted. JF highlighted that it was important to note that none of the recommendations had been rejected. JF stated that the tier one management team would be in place and that more time would be devoted to that piece of work over the summer. DH asked what the high risk was and DM advised that it was Process and Procedure not being in place.

**090614-ARC-005: Future update on the findings within the Summary of Audits, following discussions with the SPA Management Team, to be brought to the October Committee Meeting.**

GW referred to the later agenda item of the Governance Framework for the year ahead and advised that as external auditors they had an interest in the year 2013/14. GW stated that they had every expectation that management would be taking on-board all individual internal audit reports and how those manifest in the content of the Governance Statement for 2013/14. GW advised that Audit Scotland place reliance on the work of Internal Audit.

## **DECISION**

Members **NOTED** this update Summary of Audits.

### **ITEM NO 7.3 Legacy Issues – Final Report (David McLaren)**

Reference item 7.3 within pack.

DM provided the paper and advised that it addressed the issue around the accessibility of payroll records within Lothian. DM advised that Iain Gray, Interim Head of Information

Management, Police Scotland, had advised that it was no longer considered a risk. DM advised that SM had been informed that Iain Gray's name had been passed over in April as the responsible name to that action. GW added the concerns that Audit Scotland had over the legacy issues both on balance sheet and off balance sheets. GW advised that as a consequence of FOI requests that had been received, a significant legacy issue had been brought to their attention to which they had sent legal letters to the most senior legal person in both Police Scotland and SPA asking them to disclose all outstanding areas that may have implications for liabilities. BB asked JF if he was aware of that. JF advised that he was.

## DECISION

Members **NOTED** Legacy Issues – Final Report

### ITEM NO 7.4 VR/ER Review (Mark White)

Reference item 7.4 within pack.

DM provided a brief summary of the paper and advised that the review looked at the application and process of the design and not the effectiveness. DM advised that 102 applications had been sampled over both VR/ER scenarios. DM advised that a number of findings emerged. DM advised that the medium issues were around keeping a record of the decisions made and the other around redundant roles in ensuring that roles were not advertised. DM advised that the low issue was around procedural guidance within a spreadsheet. DM advised that a note was made around significant time delays but advised that by the time of the review it had changed dramatically. DM advised that the report would be brought to the HR Committee.

BB asked Members if they had any questions. No Questions were provided.

## DECISION

Members **NOTED** this update

### ITEM NO 7.5 Internal Audit Annual Report (Mark White)

Reference item 7.5 within pack.

MW advised that PwC were obliged to complete the Internal Audit Annual Report and stated that it provided their opinion on the adequacy on Framework of Governance of Risk Management and Process of Control. MW advised that it covered the period from mid October 2013 until mid-March 2014 and provided an opinion on the work they had performed. MW advised that PwC offered opinion on page 2 which effectively stated that a number of issues had been identified; however there are systems of governance and control in place. BB referred to the recommendations that had largely been accepted with plans and owners in place and asked if PwC would comment on that. MW advised that PwC were comfortable with the level of actions therefore he did not believe a comment would be required.

BB asked Members for questions. JF referred to the front cover of the Internal Audit Plan which stated 'approved in December 2013', JF advised that it was approved in June 2013. MW advised that he would have that amended.

**090614-ARC-006: PwC to update the approval date on the Internal Audit Plan from December 2013 to June 2013.**

## **DECISION**

Members **NOTED** the Internal Audit Annual Report

### **ITEM NO 8. SPA Governance and Assurance:**

#### **ITEM NO 8.1 SPA Governance Framework (Graham Stickle)**

Reference item 8.1 within pack.

GS provided a brief overview of the paper and advised that the SPA Governance Framework was linked to the SPA Assurance Map. GS advised that the appendice demonstrated that there are appropriate structures in place across the authority.

BB asked Members for questions and comments. DH thanked GS for including previous comments into the diagram. BB referred to forensics and asked if they should be specifically mentioned. JF advised that Forensics was seen as part of the SPA reporting line.

GW welcomed clarification on the cascade of assurances that would be in place for the Annual Governance Statement and conscious that it needed to be in place for 2014/15. GW advised that a number of items had not been in place for 2013/14 and stated that it would be interesting to see how the Governance Statement for 2013/14 Annual Accounts reflects non-compliance with a number of those areas. JF stated that those comments were well recognised and accepted. JF asked the Committee to note that this was a significant piece of work carried out in recent months in order to reach a position where is needed to be. BB stated that the period of enormous changed needed to be recognised and stated that it would have been remarkable if this had been reached to 2013/14.

## **DECISION**

Members **APPROVED** the SPA Governance Framework.

#### **ITEM NO 8.2 Final Draft SPA Assurance Map (Graham Stickle)**

Reference item 8.2 within pack.

GS provided the paper and advised that the Assurance Map was now being presented with the appropriate population giving a single view of assurance. GS thanks FB and his team at Police Scotland for their support in the development of the map. GS advised that the data that was presented had been received and was based on face value of input. GS advised

that no quality assurance had been provided against the checks. GS advised that part of the following steps would be to consider the input and complete sample auditing of that. BB asked for an example to be worked through in order to provide some context. FB provided the example against function and processes of risk management which was demonstrated on the 2<sup>nd</sup> page of 'functions and processes'.

BB asked Members for questions and comments.

MM advised that it was a very helpful piece of work and asked for a timescale for the next steps when Members will be able to assure themselves that assurance is in place. FB advised that audit of input would be looked at next and reported to the Corporate Governance Board on the 30<sup>th</sup> September with the view of bringing an update to the next Audit & Risk Committee in October.

BB advised that the document was still a work in progress and advised that if anybody had specific comments they were to be fed back to either GS or FB. DH advised that it was an excellent piece of work and advised that he would like further discussion around the areas that had not been populated. DH stated that approval should be given subject to any other changes.

**090614-ARC-007: Graham Stickle and Fergus Byrne to continue populating the SPA Assurance Map and to return to the next Audit & Risk Committee with a further update.**

## DECISION

Members **APPROVED** the content subject to feedback and approved the next steps as outlined with a report returning to the next Audit & Risk Committee Meeting.

### ITEM NO 9. Internal Audit 2014/14:

#### ITEM NO 9.1 Internal Audit 3 Year Strategy (Mark White)

Reference item 9.1 within pack.

MW provided the paper and advised that it was closely linked to the Internal Audit Charter and that it was best practice to have both of these documents. MW advised that across both documents the purpose of Internal Audit was detailed and how it fitted into the organisation. MW advised that both documents covered the approach, how PwC would work with the in-house team and how the model of delivery fitted. MW advised that some of the quality control measures were addressed along with the suite of KPI's at the back of the Charter.

BB asked Members for comments of the Strategy document. BB referred to value added and asked if any thought within the strategy had been taken towards looking ahead in order to prevent issues arising. MW responded that in terms of looking at the 2014/15 plan there were a number of areas that should do that. MW stated that some of the work that was being proposed around savings plans, project assurance and ICT would provide more real time auditing in order to provide management with some steers. BB referred to the number

of audit days and asked if there was feeling about how much audit resource would need to be deployed. MW advised that within the 2014/15 plan a number of days were allocated against each one which PwC felt was adequate. JF advised that the number of days associated with the plans were presented at a previous Members Meeting. BB advised that he was looking for a Head of Internal Audit View that they have the resource they thought was necessary. MW advised he did think the resource was adequate. BB advised that a rolling 15 months internal audit to improve continuity compared to a 12 month approval process. MW advised that the plan within the strategy was that it would remain a rolling document, with any changes of more than 20% being brought to the Audit & Risk Committee for approval.

## DECISION

Members **APPROVED** the Internal Audit 3 Year Strategy

### **ITEM NO 9.2 Internal Audit Charter (Mark White)**

Reference item 9.2 within pack.

MW addressed this item within the opening statements of the Internal Audit 3 Year Strategy and advised he was happy to take questions. DH referred to the quarterly service meetings referred to within the document and asked what those were. MW advised that those were meetings with management. DH asked if the Chair of the Committee could be involved in those meetings. MW advised that was now taking place. DH referred to the independent service review, mentioned at the back of the document, and asked if the results of that could be fed back into the Audit & Risk Committee. MW advised that this information could be fed into the agenda planning meetings going forward. JF accepted the comments from DH but recommended that Management Meetings should take place prior to Meetings with the Chair of the Committee.

**090614-ARC-008: PwC to feed the results of both Quarterly Service Meetings and Independent Service Reviews to the Audit & Risk Committee.**

## DECISION

Members **APPROVED** the Internal Audit Charter

### **ITEM NO 9.3 Final Draft Internal Audit Plan (Mark White)**

Reference item 9.3 within pack.

MW provided the paper and advised that Meetings had taken place with DCC Neil Richardson and his team around it. MW advised that comments that had come from the recent Members Meeting had been fed into it, but advised there were no significant changes. MW advised that they had broadened the potential review of ICT to include some

data loss work. BB noted the plan shown for 2014/15 and advised again that it would be good to see a rolling 2015/16 plan.

**090614-ARC-009: PwC to provide a rolling 15 month Internal Audit Plan in order to approach each year with the following years audits already approved.**

BB asked Members if they were happy to approve the Internal Audit Plan. Members agreed to approve.

#### **DECISION**

Members **APPROVED** the Final Draft Internal Audit Plan.

#### **ITEM NO 9.4 Quarter 1 Audit Work (Verbal) (David McLaren)**

DM provided a verbal update and informed the Committee that a plan was now in place in order to move forward. DM advised that the 2014/15 planned items were now being worked on in order to agree scheduled dates of delivery. DM advised that field work of draft reports had not progressed for this year's plan, but advised that the intention was to move forward between now and October, in order to report at the next Audit & Risk Committee.

BB asked Members for any questions or comments. No questions or comments were put forward.

#### **DECISION**

Members **NOTED** the verbal update on Quarter 1 Audit Work.

#### **ITEM NO 9.5 Draft Scope of Whistleblowing Review (Mark White)**

Reference item 9.5 within pack.

DM provided the paper and advised that the document showed the initial draft terms of reference in order to cover all the basis of existence and awareness of Whistleblowing. DM advised that it looked at the effectiveness of Whistleblowing at that point in time, how they were reported and how they were closed. DM advised that the document showed how that process would be reported and how it could be shared at a governance level. BB reminded Members that the Committees Terms of Reference had a specific responsibility for Whistleblowing oversight. MM advised that there was a lot of reference to Police Scotland staff and asked that SPA were also reflected within the document. JF advised that it was not normal practice for a Scope like this to come to the Committee in order to set expectations for Members going forward. BB agreed but due to the Committee having a responsibility to Whistleblowing they were keen to see its progress.

BB asked Members if they were content with the Draft Scope of Whistleblowing Review.

**090614-ARC-010: PwC to ensure that both Police Scotland and SPA staff are both reflected within the Draft Scope of Whistleblowing Review.**

## **DECISION**

Members **NOTED** the Draft Scope of Whistleblowing Review.

### **ITEM NO 10. Police Scotland Business Assurance:**

#### **ITEM NO 10.1 Business Assurance Report (Fergus Byrne)**

Reference item 10.1 within pack.

FB provided the paper and advised that it was a collection of a number of different business areas from his staff. FB advised that it was an evolving document and addressed the key themes. FB referred to the scanning document and advised that it highlighted information relating to and impacting the policing environment. FB informed Members that Environmental scanning was now being progressed by the Strategic Planning function of Organisational Development Department and that product would now be taken forward by that Unit.

FB referred to External Scrutiny and advised that a full review had been undertaken of all the outstanding recommendations made against legacy forces which were still considered live following dialogue between Police Scotland and HMICS. FB advised that a paper would be presented to the June Senior Leadership Board, however, at this stage it is considered that the vast majority have now been discharged, although further information is still awaited from HMICS. FB advised that The Police Scotland Corporate Governance Board would be the forum, in which governance is exercised over such recommendations.

FB referred to Incident and Crime Recording and advised that further work had been undertaken in respect of the recommendations made by HMICS in relation to the review of Incident and Crime Recording. FB informed Members that further detail on the progress of those recommendations was contained in Appendix B.

FB advised that an update on the Audit Scotland report would be reported separately to the Audit & Risk Committee.

FB referred to the HMICS and advised that they had undertaken three inspections over the course of the year which had not yet been published:-

- CONTEST Prepare – May 2014
- Roads Policing – June 2014
- Custody & Care of Prisoners – July 2014

FB advised that once they had been published Police Scotland would take forward the recommendations as part of the Service and Improvement Plan.

FB referred to the Commonwealth Games and advised that some work had been done in terms of the delivery of a safe and secure event whilst still delivering the 24/7 policing. FB advised that and HMICS inspector had provided an update of content with plans in both regards.

FB provided Members with a short update on Joint Assurance Map, Service Improvement Plan, Business Continuity arrangements and updates, Crime Recording – audits and reviews, Corporate Governance Board.

BB asked Members for questions or comments. BB stated that it was good to see the scanning now being done more formally. MA referred to the 'comment' column alongside the horizon scanning and stated that in some, there was a clear line about what was seen and how it affected Police Scotland but not within other and asked why. FB responded that it came down to finding an appropriate home for scanning and advised that it needed to be formalised, but that a better product would be seen going forward. DH stated that he was surprised not to see reference to the SPA Stop and Search Scrutiny Review. FB advised that the paper was prepared prior to the Stop and Search Scrutiny Review.

DH advised that he found the paper to be very helpful and asked if other SPA staff Members would benefit from having sight of it. CM advised that it was issued to staff after that last meeting. DH advised that it would be good to have that done as routine.

**090614-ARC-011: Colette Craig to ensure that the Police Scotland Business Assurance Report is sighted to all SPA Board Members after each update.**

#### DECISION

Members **NOTED** the Business Assurance Report

#### **ITEM NO 10.2 Business Assurance Work Plan 2014/15 (Fergus Byrne)**

Reference item 10.2 within pack.

FB advised that the purpose of the paper was to update Members regarding business assurance and to detail the proposed 'interim' business assurance plan. FB addressed key areas within the paper and asked Members to note the current position with Business Assurance and approve the proposed interim work plan for quarter 2.

BB asked Members for questions or comments. No questions or comments were provided.

#### DECISION

Members **NOTED** the Business Assurance Work Plan 2014/15

#### **ITEM NO 11. External Audit:**

#### **ITEM NO 11.1 Review of the Adequacy of Internal Audit Provision 2013/14 (Gillian Woolman)**

Reference item 11.1 within pack.

GW provided the paper and advised that as we move into the final accounts audit process there was a need to evaluate internal audit to see if they comply with what was

Government Internal Audit Standards and now Public Services Internal Audit Standards. GW advised that it was a complicated year and that the letter did capture that. GW advised that it was important that the profile of internal audit is respected at all time in order to ensure that the Audit & Risk Committee receive clear messages to support them in their work. GW advised that the letter had no standalone recommendations obliging a management response at that time and noted that it would be picked up within the interim management letter, but advised that the detailed response to the letter was welcomed.

BB asked SJH if she would like to provide an update in response to the letter. SJH advised that within section 12.1 of the agenda there was the reply to the letter to GW. SJH advised that when writing the response to the letter, she spoke to employees within internal audit, PwC and Catherine MacIntyre who provided good information of what had happened within the first 3 months of the year. SJH advised that many of the points had been taken on board, especially in regards to the recommendations for the Internal Audit Charter. SJH advised that those recommendations had now been caught up on in order to provide a much clearer and more transparent process.

BB stated that in recognition of the period of change, it was a difficult period for the Finance Team within the first quarter last year. BB stated that it did feel like we were now more stable with appropriate controls in place.

MM agreed that the letter and the response reflected the difficult period but highlighted the positive outcome.

BB asked Members to note both 11.1 and 12.1.

## **DECISION**

Members **NOTED** the Review of the Adequacy of Internal Audit Provision 2013/14 and the Reply to Review of the Adequacy of Internal Audit Provision 2013/14.

### **ITEM NO 11.2 Interim Review of Internal Controls and Governance Arrangements 2013/14 (Gillian Woolman)**

Reference item 11.2 within pack.

GW provided the paper and advised that it reflected the external audit findings for the year 2013/14. GW informed Members that the draft report was issued on May 9<sup>th</sup> 2014, seeking a management response. GW advised that there had been much discussion with Management in order for the report to be concluded and for management responses to be worded in such a way that was helpful and forward looking.

GW addressed pages 4-7 of the report and highlighted key areas. GW referred to the audit findings and advised that there were 32 findings captured, with a number of them being themed. GW addressed some of the key findings, associated risks and management responses and actions.

GW referred to paragraph 11 of Internal Financial Controls (page 5) and advised that this information was important.

BB asked JF and NR if they had any response to provide. JF advised all of the recommendations had been accepted and were either being actioned or were in the process of being put into action. JF noted that GW had previously referred to a shadow set of accounts not being provided and advised that it was not decided not to provide these but that the issue came down to resource at that point in time. JM agreed with the comments of JF with regards to prioritisation of resource. SJH referred to reconciliations and advised that they were now on track and that delays were due to lack of resource and experience. BB referred to paragraph 11 or page 5 and asked SJH if she was content that there would be a position of being able to place reliance on those controls. SJH advised that with the Police Scotland finance team going through restructure it was a chance to look at a more coherent approach with regards to those areas. JM advised that the finance team would be fully implemented by the 1<sup>st</sup> September 2014.

MM sought clarity on how progress is tracked on what had been recommended. JF advised that weekly finance meetings took place to which items were addressed and target dates set. JF stated that regular meetings took place with Audit Scotland in order to advise and take advice. JF advised that this information would be reported back to the Audit & Risk and Finance Committees. MM asked if there will be a future update at the next Committee, JF responded that there would be.

**090614-ARC-012: Finance to provide a progress update on the recommendations provided by Audit Scotland within the Interim Review of Internal Controls and Governance Arrangements 2013/14 at the next Audit & Risk Committee.**

VRE stated that the Finance Committee should have a strong interest in ensuring that those recommendations/actions are in place. BB agreed and stated that the Audit & Risk Committee should be comfortable that they are following through with it.

MA referred to the Register of Interests and stated that the management response did not address the issue about the individual forms that were completed, being pulled together and being published as a register of interest that was publicly available online. CM advised that piece of work was currently being worked on and once complete the relevant areas would be extracted. CM advised that now the revised code of conduct was in place, both items would be placed onto the website together. CM advised that this was an area of work that she was monitoring. SJH advised that it was part of the year end process to audit the Register of Interest and ensure that any transactions were being recognised. GW disagreed that it was a year-end exercise and advised that a current Register of Interest should be available 365 days. SJH advised that she did not disagree and stated that it was still part of the audit process.

DH referred to the Interim Review and addressed how Audit Scotland was not in a position to conclude on the overall satisfactory operation and asked when the full review would happen. GW advised that it was part of the final accounts audit and it will be concluded at

that stage.

**090614-ARC-013: Catherine MacIntyre to ensure that Code of Conduct and Register of Interests are placed onto the SPA Website.**

## DECISION

Members **NOTED** the Interim Review of Internal Controls and Governance Arrangements 2013/14.

## ITEMS FOR INFORMATION:

### ITEM NO 12. Finance:

#### **ITEM NO 12.1 Reply to Review of the Adequacy of Internal Audit Provision 2013/14 (Sarah Jane Hannah)**

Reference item 12.1 within pack.

This item was covered under item 11.1.

#### **ITEM NO 12.2 Technical Update (Sarah Jane Hannah)**

Reference item 12.2 within pack.

SJH provided a summary of the paper and advised that all technical updates and queries that came out of year end process went through a national audit office checklist and would be addressed back to Audit Scotland for assistance.

## DECISION

Members **NOTED** the Technical Update.

#### **ITEM NO 12.3 Update on Progress of Draft Annual Accounts (Verbal) (Sarah Jane Hannah)**

SJH referred to the draft annual accounts and stated that the first draft would be send to Audit Scotland at the end of June 2014. SJH advised that Audit Scotland would not be onsite to perform audit testing until the 4<sup>th</sup> August 2014. BB asked what would be presented to the October Audit & Risk Committee. SJH advised that a conclusion would be presented.

**090614-ARC-014: Sarah Jane Hannah to provide the conclusion of the Draft Annual Accounts to the October Audit & Risk Committee Meeting.**

## DECISION

Members **NOTED** the Update on Progress of Draft Annual Accounts

**ITEM NO 13. Audit Scotland Review of Police Reform: Joint Update from SPA and Police Scotland (Fergus Byrne)**

Reference item 13 within pack.

FB provided the paper and advised that its purpose was to provide Members with an update on the Police Scotland and Scottish Police Authority response to the Audit Scotland recommendations which were contained within their Report on Police Reform, published in November 2013. FB advised the action status of all the recommendations was that they are now complete. FB advised that the next stage for himself would be to go away and place an additional column which would essentially be the evidence column in terms of the documents that would support the comments made to then be passed back to Audit Scotland.

BB referred to the last paragraph under The Scottish Government and the SPA "*The HR area within Governance & Assurance has some outstanding work due to a dependency on Police Scotland completing their organisational design work in the HR area. This will ensure the two areas are aligned to avoid duplication and deliver best value. This work commenced in April 2014*" and asked what the outstanding work was as everything else appeared to be complete. JF advised that it was going through the HR Committee. FB advised that he would alter the text accordingly. JF advised that this was not a major issue; the structure had been defined and was only yet to go through the Committee.

**090614-ARC-015:** Fergus Byrne to alter the paragraph within the Audit Scotland Review of Police Reform: Joint Update from SPA and Police Scotland above when completed by the HR & Remuneration Committee.

**DECISION**

Members **NOTED** the Audit Scotland Review of Police Reform: Joint Update from SPA and Police Scotland.

**ITEM NO 19. Productions: Criminal Justice Team Process Improvements (CS Gordon Samson)**

Reference item 19 within pack.

BB advised item 19 was due to come to the March Committee Meeting but deferred to the June Committee.

CSGS provided the paper and advised that it was in response to Action no. ARC/04-3 – Report on Criminal Justice Division activity in relation to the management of Productions.

**The scope of this review in the nine Divisions was to cover Imprest, Revenue Income, Warrants, Productions and Inventory Records. Out of this review 10 findings were classed as high, 18 medium and 20 low priorities. Overall all reports have been assessed as a low to medium risk. The most common finding from this review was inconsistencies with productions. DCC Richardson commented that the Criminal Justice Team is**

currently reviewing its systems and processes to assist with streamlining. In the meantime it was agreed that it would be useful for Committee to have sight of Criminal Justice Team plans.”

**Action ARC/04-3 DCC Richardson to arrange for a report on Criminal Justice Team plans for streamlining for the working meeting on 10 March 2014.”**

CSGS informed Members that the paper had previously shown some media interest and advised that this was one of several areas of business covered by Criminal Justice. CSGS addressed the key paragraphs throughout the paper.

BB reminded the Committee that the reason the paper had come to the Committee was due to the number of internal audits of productions and Audit Committee reports showing the same thematic issues. BB hoped that the paper should now provide Members with comfort.

MM stated that there were clearly large resource implications required and asked if that translated into financial resource or was it planned to manage it in such a way that the resource is not an issue. CSGS advised that the plan would be to use existing local policing. CSGS advised that he was unable to provide figures but provided Members of a similar situation in Merseyside and informed them of the resource they intended on using. MM asked to what degree it depends upon actions by other organisations. CSGS advised that the main organisation was the Crown Office, who from February last year was sending through electronic disposals as and when cases came up. MA stated that the plan in place was good and noted the huge task involved. MA asked how risk was managed around productions being lost. CSGS stated that one of the options was to take all the deep clean productions out of the current 73 productions stores in order to allow a residual manageable resource, to which the custodians and productions need to look after.

BB thanked CSGS and asked Members to note the Productions: Criminal Justice Team Process Improvements

## **DECISION**

Members **NOTED** the Productions: Criminal Justice Team Process Improvements paper.

*End.*