

Minute of Scottish Police Authority Audit and Risk Committee

Meeting	Scottish Police Authority Audit & Risk Committee	Date/Venue	Wednesday 15th April 2015
Meeting Called By	Brian Barbour, Chair	Start Time	10:00
Reference Meeting No	SPAARC-150415	End Time	13:00

Members Present		In Attendance	
Name	Title	Name	Title
Brian Barbour (BB)	Chair, Authority Member	John Foley (JF)	Chief Executive, Scottish Police Authority (SPA)
David Hume (DH)	Authority Member	Catherine MacIntyre (CMacI)	Strategic Business Advisor (SPA)
Iain Whyte (IW)	Authority Member	Sarah Jane Hannah (SJH)	Head of Financial Accountancy, Police Scotland
Moi Ali (MA)	Authority Member	Karen Vallance (KV)	Business Services Assistant (SPA)
Morag McLaughlin (MM)	Authority Member	Amy McDonald (AMcD)	Director of Financial Accountability (SPA)
		David McLaren (DMcL)	Senior Manager (PwC)
		Tom McMahan (TMcM)	Director of Strategy and Performance (SPA)
		Lindsey McNeil (LMcN)	Director of Governance and Assurance (SPA)
		DCC Neil Richardson (DCCNR)	Deputy Chief Constable, Police Scotland
		Janet Murray (JM)	Director of Finance, Police Scotland
		Susan Mitchell (SM)	Director of Corporate Services, Police Scotland
		Supt. Alan Waddell (AM)	Superintendent, Police Scotland
		CI Fergus Bryne (FB)	Chief Inspector, Police Scotland
		Gillian Woolman (GW)	Assistant Director, Audit Scotland
		Esther Scoburgh (ES)	Audit Manager, Audit Scotland

AGENDA	
MEMBERS ONLY SESSION – 09:30 – 10:00	
1. Closed <u>Committee Members Only</u> discussion with Audit Scotland	Gillian Woolman
PUBLIC SESSION – 10:00 – 11:30	LEAD
2. Chair’s Opening Remarks - Apologies - Declarations of Interest - Matters Arising	Brian Barbour
3. Minutes for APPROVAL 3.1 Minute from meeting held 22nd January 2015	Brian Barbour
4. Rolling Action Log	Brian Barbour
5. Forensic Services Governance & Partnership Forum Report	John Foley
6. Review of Risk 6.1 Scottish Police Authority Risk Register 6.2 Police Scotland Risk Register 6.3 Recent Incidents	Tom McMahon Supt Alan Waddell Supt Alan Waddell
7. Internal Audit 7.1 Post External Audit review update 7.2 15/16 Audit plan – for APPROVAL	David McLaren
8. Improvement Tracker 8.1 SPA Improvement tracker 8.2 Police Scotland Improvement tracker 8.3 Crime Recording Audit	Tom McMahon CI Fergus Byrne CI Fergus Byrne
9. Refreshed FoI Policy	John Foley
10. Finance 10.1 Section 22 Report and Action Plan Progress Report	Amy McDonald Amy McDonald

<p>10.2 Audit Recommendations 2013/14 Update</p> <p>10.3 2014/15 Annual Audit Plan</p> <p>10.4 Audit Progress Update, April 2015</p>	<p>Gillian Woolman</p> <p>Gillian Woolman</p>
<p>11. AOCB</p>	<p>Brian Barbour</p>
<p>12. Date of Next Meeting: 30th June 2015</p>	<p>Brian Barbour</p>
<p>CLOSED SESSION – 11:30 – 13:00</p>	<p align="center">LEAD</p>
<p>13. Chair’s Opening Remarks</p> <ul style="list-style-type: none"> - Apologies - Declarations of Interest - Matters Arising 	<p>Brian Barbour</p>
<p>14. Minutes for APPROVAL:</p> <p>14.1 Minutes from Closed Meeting held 22nd January 2015</p> <p>14.2 Minutes from Closed Meeting held 11th March 2015</p> <p>14.3 Minutes from Closed Meeting held 31st March 2015</p>	<p>Brian Barbour</p>
<p>15. Rolling Action Log</p>	<p>Brian Barbour</p>
<p>16. Fraud & Security to Scottish Government (Action 220115-ARCCLD-01) – verbal update</p>	<p>Amy McDonald</p>
<p>17. SPA Assurance Map</p>	<p>Tom McMahon/Supt Alan Waddell</p>
<p>18. Review of Risk:</p> <p>18.1 Scottish Police Authority Risk Register</p> <p>18.2 Police Scotland Risk Register</p> <p>18.3 Recent Incidents</p> <p>18.4 Update on 101 Outtage (Action 220115-ARCCLD-012)</p>	<p>Tom McMahon</p> <p>Supt Alan Waddell</p> <p>Supt Alan Waddell</p> <p>Martin Leven</p>
<p>19. Internal Audit</p> <p>19.1 14/15 Audit Plan Progress Update</p> <p>19.2 Update on Whistleblowing Audit progress – verbal update</p>	<p>David McLaren</p>
<p>20. Performance Data Assurance Group – verbal update</p>	<p>John Foley</p>
<p>21. Forensics Update – verbal update</p>	<p>Lindsey McNeil</p>
<p>22. AOCB</p>	<p>Brian Barbour</p>
<p>23. Date of Next Meeting: 30th June 2015</p>	<p>Brian Barbour</p>

2. Chair's Opening Remarks: (Brian Barbour)

BB welcomed all attendees to the meeting and extended a welcome to members of staff from An Garda Siochana who were attending to observe.

There were no apologies.

There were no declarations of interest.

DH noted that at the Business Change Working Group there was a paper on procurement strategy in which it had been suggested it be brought to the Audit and Risk Committee which BB agreed.

ACTION - 150415-ARCPL-001 - Business Change Working Group, paper on procurement strategy to be brought to ARC for discussion.

BB advised to attendees that Agenda Item 5 – Forensic Services Strategic Partnership Forum, would be taken in the closed session due to information being publically sensitive. BB also advised attendees that the meeting was not being live streamed but was being recorded to assist with the preparation of the Minute.

3. Minute from Meeting held 22nd January 2015: (Brian Barbour)

Reference ITEM NO 3.1 for the papers contained within pack.

Approval was sought for the Minutes of the meeting held 23 January 2015.

AMcD highlighted that she was at the meeting so her name should be added to the list of attendees.

MMcL noted she had corrections to the wording on page 3 of the Minute regarding Forensic Services Governance & Partnership Forum Report. The change in wording did not alter the meaning or outcome of the discussion but the request for change was made for clarity. MMcL confirmed that the word change would be offered to KV for amending. MMcL also highlighted that it would be useful for the name of the risks being discussed to be noted for reference.

BB suggested that it would be useful for any wording changes to be highlighted after the circulation of draft Minutes so they can be amended before the meeting.

MA highlighted that the meeting title should be amended from "Board Meeting" to "Audit And Risk Committee".

DECISION

Members **APPROVED** the minutes from the meeting held on the 22 January 2015 subject to the amendments above.

4. Rolling Action Log: (Brian Barbour)

Reference ITEM NO 3.1 for the papers contained within pack.

Refer to the updated action commentary reflected in the Rolling Action Register.

DECISION

Members **NOTED** the updates and status of actions as recorded in the Rolling Action Register.

5. Forensic Services Strategic Partnership Forum (Brian Barbour)

Paper deferred to Private session.

6.1 Scottish Police Authority Risk Register (Tom McMahon)

Reference ITEM NO 6.1 contained within pack.

TMcM referred Members to appendix B within the paper which highlighted changes since risks were last reported to the Audit and Risk Committee and invited any questions or comment.

MMcL referred to Risk Fin 014 (insufficient investment funds result in failure to deliver further organisational financial efficiency in 2016/17 and beyond) and questioned the risk description, asking if it was a risk about not meeting the budget 2016/17 and beyond or if it was a risk of failing to meet transformational change. AMcD advised that with it being a financial risk it was to do with not meeting the budget in 2016/17 and beyond. MMcL suggested that the wording be amended to make it clearer that it was a financial risk within the description.

MMcL highlighted that there were Police Scotland risks which were similar, such as SPA Risk Fin 014, and questioned if there had been done work to link the two in terms of the measures taken to manage them. JF confirmed that there is regular contact between SPA and Police Scotland to monitor and reflect collectively risks that were similar.

IW noted that his understanding on the risk was that it was being unable to do the change process through investment rather than not being able to meet the budget because there was not an ability to invest. AMcD clarified that the risk was related to the organisational financial efficiencies that would be generated through investment. DH noted he was comfortable with the description of the risk as it sat alongside Risk OTH -13 which was a change management risk. IW reiterated his belief that the risk does not clearly demonstrate whether the risk is due to investment as opposed to not meeting financial budgetary requirements. JF agreed that wording change was needed to provide clarity.

ACTION - 150415-ARCPL-002 - SPA Risk – Fin-014 - Wording of risk description and management plan to be simplified to make clear it is a financial risk. John Foley to circulate to Members once re-written

DCCNR added that there was no science or confirmation on the use of reform funding and this should be considered when re-wording. DH noted that the risk was that when reform funding finishes, change still continues and there needs to be another path to find efficiencies to deal with the continuing change.

MMcL referred to Risk FS057 (memo of understanding demand vs capacity years 2 & 3) and raised concern over the Audit and Risk being the only external meeting that scrutinises this risk and suggested it should also be a Board risk. BB agreed and added that none of the mitigating actions talk about demand reduction.

ACTION - 150415-ARCPL-003 - SPA Risk – FS 057 - External meeting for scrutinising to be amended to show ARC and Board meeting. Mitigating actions should be edited to include demand deduction.

MMcL referred to Risk Gov 23 (full knowledge and understanding of the risk profile across Scotland) and sought clarity on the reason for the reduction of the scoring and what evidence there was to show for it. TMcM replied the reduction was due to closer work between Police Scotland and SPA and JF added there was greater visibility, transparency and a sharing of knowledge between both organisations. MMcL noted this was reassuring but suggested there was a specific session for Members on risk. MA requested that more narrative be given in the covering paper on why a rating has increased or decreased which would give assurance to Members and provide an audit trail. BB suggested that, where practicable, steps are provided that detail when a rating will drop depending on progress or completion of work. JF and TMcM both agreed that this would be a significant piece of work and would be difficult to show for some risks but would attempt for some. AW added that reasons for decrease can be given but it would be difficult to give projections. DH noted that the

rating showed progress from ongoing to complete and target dates were given and felt this was satisfactory. DH added that the Committee should be conscious of the burden possibly placed on requesting this additional piece of work.

ACTION - 150415-ARCPL-004 - More reassurance given in either register or covering paper as to why there is a reduction in scoring or a potential reduction. Either evidence or interim steps taken with outcome to decrease rating to be provided within the covering paper.

BB referred to Risk Oth 057 (collaborative future policing strategy) and highlighted that Member time restrictions could have an impact on other risks and suggested that it be a stand alone risk. JF advised that there was an on-going piece of work in respect of Member time, Committees and meetings which will be presented in due course. JF proposed that a new risk is not introduced until the piece of work is completed, which BB agreed.

TMcM referred Members to the appendices: risk management policy and risk management process and invited any comment or questions. MMcL referred to page 6 of the risk management process document and sought clarity if there were no risks reported to the Complaints and Conduct meeting as shown in the risk process flow chart. JF confirmed that this should be added in. MA referred to page 5 of the risk management policy document, specifically on risk appetite, and sought clarity on whether the Board should have an opportunity to discuss risk which TMcM agreed that Members should have an opportunity to discuss risk appetite and this would be looked at within the strategy plan. MMcL requested if risk tolerance thresholds within the risk management policy be reworded and BB suggested it be reworded to state does not currently adopt thresholds but there is a plan to define them which TMcM agreed. DH noted he thought both papers were very good and, if approved, should be shared with all Members and suggested that a half day Board session on risk be set up to take place annually with 6-monthly reviews. MA agreed with this approach, stating it was of value to have the whole Board discuss risk as opposed to just Audit and Risk Committee Members.

ACTION - 150415-ARCPL-005 – Risk management policy, item 3 – Risk tolerance thresholds to be re-worded to note that there is a plan to define thresholds.

DECISION

1. Members **NOTED** the Risk Register and **AGREED** the actions.
2. Members **APPROVED** the Risk Management Policy with the following amendments:
 - (i) Re-word of non-appetite statement
 - (ii) Incorporate Complaints and Conduct Committee in the risk process flow chart
 - (iii) Incorporate the annual engagement and review of risk with whole Board.

6.2 Police Scotland Risk Register (Alan Waddell)

Reference ITEM NO 6.2 contained within pack.

AW referred Members to the paper highlighting that one risk is recommended for closure, one risk has reduced in score and two risks had had a change of risk title to reflect nature and terminology of the risks.

MA referred to Risk SRR 015 (conduct) and sought clarity over where whistleblowing fits within the risk. SM confirmed that it is included within risk under 'integrity matters'.

BB referred to Risk SRR 059 and sought clarity on how the current probability rating of 3 was decided. AW confirmed that the current scoring was decided while other work in on-going when, once complete, will allow more assessment and sense checking. SM added that once the survey is complete there would be more information available and it can then be discussed at Human Resource and Remuneration Committee.

ACTION - 150415-ARCPL-007 – Police Scotland Risk – SRR 059: Ongoing engagement of staff/officers at a time of significant change: More information will be available once

survey completed. To be brought forward to HRRC for discussion

IW noted that the wider risk of trade unions could have an impact which is not factored into the risk. AW agreed to review and check if risk should be on Human Resources and Remuneration Committee.

ACTION - 150415-ARCPL-008 - Police Scotland Risk – SRR 059: Ongoing engagement of staff/officers at a time of significant change: Risk potentially should be on Police Scotland HRRC risk register. Alan Waddell to confirm.

DH referred to Risk SRR 051 (public space CCTV) and advised he had a number of questions from a local scrutiny body perspective and suggested he meet with the risk owner for further discussion which DCCNR agreed. TMcM added he would be willing to meet along with DH to provide more information.

ACTION - 150415-ARCPL-006 - Police Scotland Risk – SRR 051: Public Space CCTV: Alan Waddell, in consultation with risk owner to bring update to next ARC on funding issues related to CCTV.

DECISION

Members **NOTED** the paper and **AGREED** the actions.

6.3 Recent Incidents (Alan Waddell)

AW advised there were no recent incidents to update.

7.1 Post External Audit Review Update (David McLaren)

Reference ITEM NO 7.1 contained within pack.

DMcL referred Members to the paper and invited any questions or comment. AMcD provided additional information, citing that the internal audit team are looking at the works being carried out within Police Scotland finance area, particularly around the actions that came out of the external audit review last year. This work is due to be completed by the end of June and will be followed up and reported on at the next Audit and Risk Committee in June 2015.

BB questioned if there was confidence that the June date for completion on the national fixed asset register would be met. SJH noted that there was confidence it would be met as it was part of the year end procedures that it would be completed by end of June in time for Audit Scotland's visit in August 2015. BB sought further clarity on how there would be assurance that the date would be met which SJH confirmed there were individual deadlines for pieces of work which would accumulate in meeting the final target date. BB requested that an update be circulated to ARC Members at the end of May advising that work was on track for completion.

ACTION - 150415-ARCPL-009 - Creation of a "national" fixed asset register – Asset 4000 system: Update on progress to meet June 2015 completion date to be provided to Members by end of May.

DECISION

Members **NOTED** the paper and **AGREED** the actions.

AMcD requested that closed item 19.1 be brought forward as the information provided was appropriate for the public session which BB agreed.

19.1 14/15 Audit Plan Progress Update (David McLaren)

Reference ITEM NO 19.1 contained within pack.

DMcL referred Members to the paper highlighting that the budget monitoring and reporting has been carried forward along with joint ledger, scope system, IT project delivery and business cases and corporate strategy. DMcL that there would be update on whistleblowing within the closed session. DMcL highlighted that the audit action follow up had a significant number of recommendations that had a 31 March 2015 year end date and it had been decided it would be better if it were to be brought to the June Audit and Risk Committee so there was time for a follow up.

MM questioned if it was a healthy report in terms of progress. AMcD replied that the overall report would be brought to the June Committee which would show level of progress.

BB referred to IT project delivery and sought clarity if there would be any review in plan for developmental process. AMcD confirmed that was noted as being reviewed in quarter 3. JF added that there were a number of activities going on around data integrity which PWC were involved in and some outcome from this would give additional assurance to ICT prior to quarter 3.

GW sought clarity if it would be Ernst and Young that would be carrying out the audit areas that were being carried forward. AMcD confirmed that there would be a transitional period between the appointment of Ernst and Young and the departures of PWC and any work carried over that has been started by PWC will be completed by them and any new work will be started by Ernst and Young.

DECISION

Members **NOTED** the paper.

7.2 15/16 Audit Plan – for APPROVAL (David McLaren)

Reference ITEM NO 7.2 contained within pack.

DMcL referred Members to the paper, confirming that the paper is the most up to date draft – as at 5th April. AMcD confirmed that she had engaged with all the Committee Chairs and had built in the appropriate comments into the various audit scopes and the finance audit area had been further clarified. AMcD further added that audit plan would not change drastically as a consequence of the appointment of Ernst and Young and DMcL would present the year end audit summary and Ernst and Young would present the updated version following this.

GW confirmed she had given a number of comments to AMcD with regard to the proposed audit plan.

DH requested that governance and assurance be added to the list of topics reviewed in project management.

ACTION - 150415-ARCPL-010 - Governance and Assurance to be added to list of projects reviewing in project management.

DECISION

Members **APPROVED** the paper and **AGREED** the actions.

8.1 SPA Improvement Tracker (Tom McMahon)

Reference ITEM NO 8.1 contained within pack.

TMcM referred Members to the paper highlighting that the scrutiny review of Police Scotland's Stop and Search policy and practice would be brought to the June Committee and that crime recording would become a standing item at future meetings.

BB requested that "on-going" should not be within the completion date column and should be amended to show either exact or expected dates.

ACTION - 150415-ARCPL-011 - "Ongoing" to be removed from completion date column. Exact or approx. dates to be given.

JF added, for awareness, that the PIRC report will be circulated to ARC Members once it had gone to the Complaints and Conduct Committee.

DECISION

Members **NOTED** the paper and **AGREED** the actions.

8.2 Police Scotland Improvement Tracker (CI Fergus Byrne)

Reference ITEM NO 8.2 contained within pack.

FB provided a brief summary of the paper and sought any questions or comment.

DH asked JF if there was any update on sharepoint which JF replied that it would be discussed at the ICT Governance and Assurance forum due to take place on 5th May 2015.

GW noted the reference in the cover paper that the Audit Scotland recommendation, that SPA and Police Scotland should continue to work together to identify accurate baseline data for non-operational areas, has recently re-opened.

DECISION

Members **NOTED** the paper.

BB advised that Item 8.3 would be deferred until the end of the public session.

9. Review of FoI Policy (Lindsay McNeill)

Reference ITEM NO 8.2 contained within pack.

LMcN referred Members to the paper and invited any questions or comments.

IW noted that if the Senior Management Team review every request this would automatically bring the Chief Executive into a knowledge and understating of it which could be too much if they have to independently review it. LMcN confirmed that it was a review and information sharing but not discussing the detail. IW felt that this process would need to be clearer within the policy.

DH asked if the reviewer role would be taken away from the senior management team and agreed with IW that the policy needed to be clearer on the role of the Chief Executive. LMcN advised that there was an information management team that were fully trained in the relevant pieces of legislation and were on hand to give relevant advice and to make sure there was a separation between the Director replying and the Chief Executive. DH advised he was still not fully content and reiterated that the role of Chief Executive needed to be made clearer.

JF advised that the information management team offer advice and therefore also review the requests so there is the ability to get legislative advice and make an independent review. JF highlighted that the turnaround period for meeting timescales for requests is improving and matters are being addressed more quickly.

DH noted that there was nothing in the policy on reporting performance and that this should be added so there was clear feedback. JF replied the reporting performance is being brought to the Members Meeting under a different guise.

MMcL advised she had a number of comments or questions for clarity but advised she would send them to LMcN for review. MMcL sought clarity on what happens if Police Scotland and SPA both hold

data and what are the arrangements between the two organisations in making sure that there are sights of FoI requests. SM replied that Police Scotland have approx. 200 requests at any time and anything that has a reputational risk or if data is held elsewhere, the risk is brought to SPA by Executive Support for a shared discussion. MMcL noted the response and questioned if that process should be captured in the policy.

BB requested that Members comments be sent to LMcN for review and an amended document brought back. BB also requested that SM bring a Police Scotland FoI document be brought forward.

ACTION - 150415-ARCPL-012 - Morag McLaughlin to provide Lindsey McNeill a list of comments regarding the policy. Lindsey McNeill to review policy with Members comments

ACTION - 150415-ARCPL-013 - Police Scotland FoI policy to be brought to ARC for awareness.

DECISION

Members **NOTED** the paper and **AGREED** the actions.

10.1 Section 22 Report and Action Plan Progress Report (Amy McDonald)

Reference ITEM NO 10.1 contained within pack.

AMcD referred Members to the paper and invited any questions or comments.

There were no questions.

DECISION

Members **NOTED** the paper.

10.2 Audit Recommendations 2013/14 Update (Amy McDonald)

Reference ITEM NO 10.2 contained within pack.

AMcD referred Members to the paper and invited any questions or comments.

BB requested that target dates be included in future report.

ACTION - 150415-ARCPL-014 - Accurate target dates to be included in future update reports

DECISION

Members **NOTED** the paper and **AGREED** the actions.

10.3 2014/15 Annual Audit Plan (Gillian Woolman)

Reference ITEM NO 10.3 contained within pack.

GW provided a brief summary of the report. AMcD added that at paragraph 59 there was not a board vacancy but the Member with that skillset had left.

IW referred to the audit approach on understanding the organisation, specifically having one set of accounts for two organisations and questioned whether that was referenced within Section 22 and further sought clarity on whether there will be more of an attempt made in clarifying this in the final reporting this year. GW advised that members of the audit team stay very engaged with SPA and

note all papers to Board and Committee meetings. However, the audit team intends to enhance their understanding of the business of Police Scotland. GW also advised that there were regular meetings with both AMcD and JM to understand the business. IW sought further clarity on how that will be reflected in improvement plan. GW confirmed any action plan from external audit would be worded accordingly.

DH sought clarity on the thinking of the identification of significant risk 1: management commentary. GW advised that the management commentary is the narrative in the annual accounts and describes the financial performance of the organisation. In her view the management commentary as drafted last year could be improved on. Audit Scotland have to give assurances that what is within the Management Commentary accurately reflects the underlying financial data.

MMcL enquired whether the reference to severance payments applied to the voluntary redundancy scheme and GW confirmed it did.

DECISION

Members **NOTED** the paper.

10.4 Audit Progress Update, April 2015 (Gillian Woolman)

Reference ITEM NO 10.4 contained within pack.

FB provided a brief summary of the report.

MMcL sought clarity that there was assurance provided on the management and governance of i6. JF confirmed that was a gateway review carried out on i6 which got a green/amber status which was reported to the Board.

MMcL referred to efficiency of prosecuting criminal cases through the sheriff courts and sought clarity on how this would be reported. JF confirmed that it would be reported through the Justice Board.

DECISION

Members **NOTED** the paper.

8.3 Crime Recording Audit (CI Fergus Bryne)

Reference ITEM NO 8.3 contained within pack.

GW provided a brief summary of the report.

MMcL asked if there were targets for all three formal audits which FB confirmed it was 95% and that results were significantly stronger than England and Wales were delivering. FB also confirmed that trend lines would be shown for further reports.

MA referred to Appendix 4 and sought clarity if there was any external validation. FB confirmed that HMICS would pick up on external validation.

IW questioned how the 95% target relates to HMICS and asked if the target was achievable. FB replied that 5% failure seems a high number but there will always be human error. IW further questioned if the levels noted are what would have been expected from legacy forces. FE confirmed that the audit teams in Police Scotland are fit for purpose and were working to a common approach.

AW added that he supported the work undertaken by FE and his team, noting the results were similar to ones HMICS independently found. AW highlighted to Members that there was confidence in the crime recording audit.

BB requested that any actions go through the tracker so that the covering report is a summary and any exceptions.

ACTION - 150415-ARCPL-015 - Crime Recording Update: Actions brought to ARC are entered into the tracker, and that the ARC report is a summary and any exceptions.

DECISION

Members **NOTED** the paper and **AGREED** the actions.

11. AOCB (Brian Barbour)

AMcD advised to Members that the paper tabled at the Closed 31st March Audit and Risk Committee was now a public paper due to the tendering process being complete and was brought to AOCB for awareness as a public paper.

12. Date of Next Meeting: 30th June 2015

End.

DRAFT FOR APPROVAL