

Meeting	Public SPA Board Meeting
Date	24 February 2017
Location	Stirling Court Hotel, Stirling
Title of Paper	Audit Committee Chair's Report
Item Number	15.1
Presented By	David Hume
Recommendation to Members	For Noting
Appendix Attached:	NO

PURPOSE

To provide the Board with an update on business progressed through the Audit Committee during the period 12 December 2016 – 24 January 2017.

ONGOING COMMITTEE BUSINESS

1. Police Scotland Whistleblowing and Integrity Matters Overview

1.1 A report was provided by Police Scotland addressing HMICS Recommendations 20 and 22 and an ongoing request of the Audit Committee for the past 3 years to address the matter of Whistleblowing.

1.2 Members considered that the SPA and Police Scotland Whistleblowing Policies should follow a common, consistent approach, and await sight of the SPA draft policy with interest.

1.3 There was a further discussion around the need for the SPA Policy to have a mechanism suitable for Members to report on.

1.4 Members sought assurance from Police Scotland on a delivery date for the policy and were advised that following the review of consultation feedback a more definitive answer would be provided. This could be April 2017, however, Police Scotland could not offer any definite assurance around a delivery date.

1.5 The personnel issues surrounding the policy were discussed and Police Scotland took an action to consider the best way of approaching this with the People Committee.

1.6 Some discussion took place about the reporting of data from the policy and Police Scotland are considering how best to approach that along with managing the risk around the volume of referrals.

1.7 The People Committee is supportive of the work as it is developing and are keen for the development of the strategy to ensure a longer term approach to achieving a genuinely diverse workforce. It was noted that a joint meeting between the Audit and People Committees would be helpful in providing Members' views on the developing policies.

2. Internal Audit Reports

2.1 Members were provided with the following reports by Internal Auditors and comments noted: -

- Payroll – Scott Moncrieff found areas which required improvement in key control procedures, expressed in control objective grading's

risk ratings attached to the recommended management and related actions, these concerns will be considered in the planned development of the single payroll system. Management accepted 12 of the 17 recommendations, accepted four in part, and did not accept one. Members challenged and sought further clarification of the five recommendations not accepted by management.

- Agency Workers Payments Report – Pleased with management responses and Scott Moncrieff expect a quick turnaround to green definitions for the Control Objective Assessments.
- Contract Register – Police Scotland's Deputy Chief Officer (DCO) will provide a yearly overview which will provide a rolling log of NCAs and tenders.
- Quarterly Follow Up of Audit Actions – Members asked that an evidence base was provided to support closure of recommendations and for a separate appendix that captured priority 4 and 5 risks.
- Internal Audit Progress Update – Scott Moncrieff were content with responses received from Police Scotland and confident that there would be a move away from any red status noted within the progress against 2016/17 Internal Audit Plan. The DCO indicated that the preparation of management responses to Audit Reports would feature as a management KPI.

3. Risk Management

3.1 The Committee was provided with an updated risk report from both SPA and Police Scotland, and noted four new risks, one deleted risk, two amended risks, and a number of other changes in accordance with the procedure.

3.2 The Committee was advised of fraud and theft reported in the organisation from 1 October – 31 December 2016.

3.3 The Committee was provided with a summary of data loss incidents reported from 1 April – 31 December 2016. Members were not fully content with the report and it was decided that Police Scotland would in future provide their own report and bring a staff member with knowledge on the area to future committee meetings.

3.4 The Committee was updated on recent high impacting IT incidents from October to December 2016. The Committee was assured that management sought to achieve organisational learning on the basis of these experiences.

4. Finance and External Audit:

4.1 Members welcomed an positive report from Police Scotland's Chief Financial Officer (CFO) setting out the process and timetable for the production of the 2016/17 Annual Accounts. The CFO assured Members that they would receive regular formal and informal reports of progress.

4.2 Audit Scotland advised that The Auditor General would be presenting her Section 22 report to the Scottish Parliament's Public Audit and Post Legislative Scrutiny Committee on 26 January 2017.

4.3 Members welcomed the presentation of an Action Plan dedicated to the delivery of action in response to the Section 22 report and noted their concern around the Review of Governance section not being completed by the SPA in advance of the Committee. Police Scotland agreed that they would engage with the SPA Chief Executive and bring a fuller report to Members prior to the next Audit Committee.

4.4 Members accepted assurance that Police Scotland were working to the Non-Current Asset – Draft Action Plan.

4.5 Members welcomed receipt of the first Technical Update report presented by the CFO.

4.6 The Committee considered a number of additional issues identified by Audit Scotland as arising from the 2015/16 Audit, and it was agreed that a consolidated action tracker bringing together actions required from the Annual Audit Report, the Section 22 Report, and the Additional Issues letter should be prepared to allow oversight of all these issues, and incorporated into the PS Improvement Tracker (see below).

5. Police Scotland Improvement Tracker Overview:

5.1 Members were updated on overlap issues between the Policing and Audit committees and were advised that on matters such as the Improvement Tracker, the Audit Committee had a legitimate interest in seeking assurances that improvement actions are being undertaken, and that there is a managed programme of implementation in place. The Policing Committee, for its part, would be concerned with the substantive focus of the improvement actions and how efficacious they are, in terms of improving policing performance.

6. Audit Development Day

6.1 On 9 February 2017, the Audit Committee held its first Development Day. The Day was attended by Committee Members, the Head of Internal Audit and lead officers from Police Scotland, and the SPA. The agenda for the day comprised items on: the role and remit of the Committee, the annual workplan, CIPFA self-assessment framework and Committee Improvement Plan, and a workshop on risk led by Scott Moncrieff.

6.2 Recommendations were made throughout the day for improvements to the operation of the Committee. The Committee Improvement Plan will be updated in the light of the recommendations. The Development Day was judged to be successful by Members, with the outcomes set for the Day having been deemed to have been achieved.