

Meeting	Public SPA Board Meeting
Date	25 May 2017
Location	Golden Jubilee Conference Hotel, Clydebank
Title of Paper	Committee Annual Report - Audit
Item Number	16.1
Presented By	David Hume
Recommendation to Members	For Noting
Appendix Attached:	No

PURPOSE

The attached report provides the Board with an annual review of business conducted through the Audit & Risk Committee from 1st April 2016 – 31st March 2016 and Audit Committee from 1st January 2017 – 31st March 2017.

1. Background

In line with sound governance principles, an Annual Assurance Report is submitted from the Audit Committee to the Board. This follows the procedure for all SPA Governance Committees and will provide the supporting document for the Audit Committee exert within the Governance Statement of the SPA Annual Report and Accounts 2016/17.

2. Overview

This report covers the period from 1 April 2016 to 31 March 2017 during which time the Audit Committee met formally 7 times and held a development day.

The Audit Committee exists to:

- Provide oversight, scrutiny and assurance to the Board on all significant audit and risk matters, concerning the Authority and Police Scotland; and
- Provide advice and assurance to the Board that the appropriate levels of internal controls are in place both across Police Scotland and the SPA; and
- The Committee will seek to provide advice and assurance to the Board on these matters and any other specific items which the SPA Board requests of it in relation to audit, risk and assurance.

The Audit Committee is Chaired by Board member David Hume with the support of 2 other members being Elaine Wilkinson and Robin McGill. Other invitations may be extended as follows:

- Authority staff
- Police Scotland representatives
- External stakeholders
- Partner organisations
- Chair and Chief Executive of the SPA have standing invitations.

During the year there were changes to the operation of the Audit Committee following the SPA Governance review. These changes saw Committee change its name from the Audit & Risk Committee to the Audit Committee from January 2017. Meetings moved to closed session only from October 2016 with the Committee becoming none decision making. The Committee membership also changed as noted at Section 3 below.

In order to improve visibility of Committee business a report from the Audit Committee is taken to each subsequent SPA Board meeting. All audit, risk and assurance decisions are now deferred to the SPA Board or the appropriate senior executive as per the new SPA Scheme of Delegation which was Board approved on the 15th of December 2016.

The Committee Terms of Reference were also updated to reflect the scope of work and new Governance arrangements. Apart from a revision to the delegated authority changes there were no other significant changes made which impacted the Audit Committee.

3. Audit Committee and Dates of Meetings

Membership of the Audit Committee for 2016/17 was made up of the following SPA Board members:

- David Hume (Chair)
- Elaine Wilkinson
- Robin McGill (joined 18th of October 2016)
- Moi Ali (till 12th December 2016)
- Iain Whyte (till 12th December 2016)

Name of Board Member	Possible Number of Meetings	Number of Meetings Attended
David Hume	8	8
Elaine Wilkinson	8	8
Robin McGill	5	3
Moi Ali	7	6
Iain Whyte	7	7

Other key attendees who reported to the Committee during the year were:

- Gary Devlin – Head of Internal Audit (Scott Moncrieff Partner)
- Helen Berry – Internal Audit Director (Scott Moncrieff)
- Shelley Hughes – Internal Audit Director (Scott Moncrieff)
- Gillian Woolman – Audit Scotland Assistant Director
- Stephen Boyle – Audit Scotland Assistant Director
- Liz Maconachie – Audit Scotland Senior Manager
- Esther Scoburgh – Audit Scotland Manager
- John Foley – SPA Chief Executive Officer
- David Page – Deputy Chief Officer, Police Scotland
- James Gray – Interim Chief Financial Officer, Police Scotland

- Karen Kelly – Interim Chief Financial Officer, SPA
- Amy McDonald – SPA Director of Financial Accountability
- Martin Leven – PS Director of ICT
- Sarah Jane Hannah – Head of Financial Accounting, Police Scotland
- Fergus Byrne – Corporate Governance, Police Scotland
- Graham Stickle – Risk Reporting, SPA

Meetings of the Committee have been held on:

- 19th April 2016
- 28th July 2016
- 4th August 2016
- 18th October 2016
- 14th November 2016
- 12th December 2016
- 24th January 2017
- 9th February 2017 – Development Day
- 8th March 2017

4. Main Committee Business during 2016/17

During the year the main work the Committee has undertaken, in line with the Committee Terms of Reference, is as follows:

- Overseeing the Internal Audit Statement of Assurance for the 2015/16 Annual Report and Accounts
- Overseeing the Audit Scotland Interim Audit Report on Internal Controls for 2015/16
- Monitoring the progress on the 2015/16 draft Annual Report and Accounts completion
- Reviewing the Audit Scotland Annual Audit Reports for 2015/16
- Reviewing and recommending to Board from the 2015/16 SPA Annual Report and Accounts
- Reviewing the latest National Fraud Initiative report
- Monitoring the progress of the 2016/17 Internal Audit Plan and recommendations
- Reviewing the 2017/18 Internal Audit plan for Board approval
- Monitoring organisational risk, data loss, recent ICT incidents, fraud and theft reporting
- Monitoring the progress of External Audit recommendations
- Overseeing the 2016/17 External Audit Plan
- Appraising the SPA Financial Regulations for Board Approval
- Overseeing Whistleblowing and Integrity Matters procedures.
- Reviewing 15 Internal Audit Reports

- Reviewing 4 Internal Audit Progress Reports
- Reviewing 2 versions of the Internal Audit Annual Plan
- Reviewing the 2015/16 Annual Report

5. Annual Statement of Assurance

The Audit Committee bases its opinion for the year on:

- the audit processes undertaken;
- review and scrutiny of reports presented;
- the information, explanation and assurances provided by Senior Officers;
- reports brought forward for Committee approval; and
- identification and closure of known issues.

It is the Audit Committee's opinion that the SPA's governance in relation to audit matters requires continuing improvement. The controls in place within the Scottish Police Authority are not yet robust enough to provide complete assurance regarding the efficient and effective achievement of objectives. The Committee has brought high risk audit findings to the Board's attention where required.