

# **GWENT POLICE AUTHORITY**

## **AUDIT AND RESOURCES COMMITTEE**

17<sup>th</sup> April 2008

Present: R Leadbeter (Chair)  
Councillors M B Dally, P Clarke and C Mann  
Together With: D Ansell – Director of Finance & Administration (DFA)  
M Coe - Wales Audit Office  
J Martin – Wales Audit Office  
A Wathan – Chief Internal Auditor  
D Walton – Internal Audit  
N Phillips – Treasurer  
M Lambert – Committee Clerk

### **Action**

*The meeting commenced at 1.10 p.m.*

### **APOLOGIES FOR ABSENCE**

1. Apologies for absence were received from Cllr R C Truman, Mrs C Davies (Authority Business), Mrs S Bosson (Authority Business), the Deputy Chief Constable, and Mr A Barrett, Wales Audit Office.

### **DECLARATIONS OF INTEREST**

2. There were no declarations of interest.

### **MINUTES**

3. The minutes of the meeting held on 26<sup>th</sup> February 2008 were received and confirmed.

### **Matters Arising**

#### **Tax Implications**

Members noted that Dyfed-Powys and Gwent now use the same tax advisors and have jointly commissioned them to make a formal application for a PAYE settlement agreement in respect of the personal tax liability of officers seconded to Operation Tarian. The DFA informed Members that pending the result of this application and in accordance with a decision taken previously, it was proposed to start reimbursing Officers for tax deducted in respect of secondments to Tarian from the start of this month.

#### **Internal Audit Summary Report – January to February 2008**

Notable practice - new key lines of inquiries had been provided to the DFA which would be discussed following the meeting.

**WAO**

#### **Annual Audit Letter 2006/2007**

We noted that there was no further information regarding the increase in

**Action**

Audit fees. Mr Coe would contact the Treasurer as soon as information was received.

**Finance Report to 31<sup>st</sup> January 2008**

We noted that the Treasurer and the DFA had had discussions regarding the timeliness of budget setting meetings and related matters and would be reporting on the subject in due course.

**Treasurer/  
DFA**

**MEMBER REPORT**

4. We received and noted a Member report from the Chief Executive which outlined the issues discussed at the APA Financial Resources Policy Group on the 27<sup>th</sup> March 2008.

The following was highlighted:

**Objective Costing**

A presentation had been given by the Finance Director of West Midlands Police - Derek Smith. Copies of the paper circulated with the agenda had been sent to Treasurers of Authorities and Directors of Finance of Forces. It was reported that there did not seem to be any loosening of the Home Office's grip on ABC, despite the pressures, including the Flanagan report. However, it had been stressed that in talking to the Home Office, it should be emphasised that Objective Costing should not be an addition to ABC, but a replacement.

The DFA confirmed that he was already engaged in discussions and work was ongoing.

**Financial Management Code of Practice**

The Chair of the Committee asked the Treasurer and the DFA to pass any comments they may have on this document to the APA by 20<sup>th</sup> May 2008.

**Treasurer/  
CC**

**2012 Olympics and Paralympics**

Members discussed the potential costs and operational requirements for this event. Further discussions would take place when more details are received.

**CC**

**SUMMARY REPORT FEBRUARY TO APRIL 2008**

5. We received and noted the summary report from Internal Audit which provided a commentary of performance against the agreed Audit Plan for the 2007/2008 financial year.

The following areas were highlighted:

Since the previous meeting of the Audit and Resources Committee, four

5. reports had been finalised, namely:

- Payroll System
- Implementation of Financial Procedures
- Treasury Management System;
- Estate Management follow-up

Draft versions of a further five audit reviews had been issued to the relevant Force managers and would be finalised as soon as possible. The reports concerned were:

- Information Security;
- Freedom of Information;
- Procurement;
- Income Collection Follow-up; and
- Compliance Testing – Divisions.

In a further four cases, draft reports had been completed and were being reviewed prior to issue. In each case the draft report should be issued before the end of April. These reports were:

- Post Implementation Review of the Police Authority IT Project;
- Police Surgeons;
- Training Review; and
- Compliance Testing – Systems.

Members noted the control ratings specified in Section 3 of the report and were particularly pleased with the control rating of 1 for the Treasury Management system and the positive comments relating to the Estate Management follow-up.

We noted that the 07/08 Annual Report would be presented later in the year.

**Internal  
Audit**

### **INTERNAL AUDIT OPERATIONAL PLAN 2008/2009**

6. We received and noted the Operational Plan from Internal Audit which showed the proposed work to be completed under the contract for the financial year 2008/09. Members noted that the Plan provided 159 days of internal audit coverage, which included six days for the completion of work outstanding from the 2007/08 Work Plan. Members were asked to note that draft versions of all outstanding reports had now been completed, although several reports were still to be finalised.

We noted that Internal Audit would be meeting with the Treasurer and the DFA in order to have further discussions regarding the Plan following which a further report would be produced for Members consideration.

**Internal  
Audit**

**FINANCE REPORT TO 29<sup>TH</sup> FEBRUARY 2008**

7. We received and noted a report from the Chief Constable which provided details of the financial position of the Authority at 29<sup>th</sup> February 2008. We

noted that the report only covered changes for the month of February 2008 and that only minor changes had been made.

We noted that the Capital Programme for 2007/2008 stands at £9,367,000. The majority of the Capital Programme was being progressed and expenditure of £4,370,000 had been incurred to date. We noted that approximately £2.8m had been scheduled to go through the system during March but an exact figure could not be given at this time.

Appendix 3 was signed off by the Chair of the Committee and the DFA. Members noted that the balance brought forward was £33,000,000 and requested that the brought forward figure be fully detailed in the schedule twice a year.

CC

**OUTSTANDING AUDIT RECOMMENDATIONS**

8. We received and noted a report from the Chief Constable which contained schedules of the outstanding recommendations from previous external and internal audit reports and the current status of the work necessary to implement the required actions

We agreed that any completed actions would be removed from the action plan and that all current plan dates should be updated to fit in with the current status.

The following was highlighted:

**External Audit Recommendations**

**Police Use of Resources - Item R06**

Members agreed to accept this as completed and for it to be deleted from matrix.

Members expressed their concerns about the slippage to current plan dates specified within the matrix. The DFA stated that he considered staff had been too optimistic and had not inserted realistic dates. The matrix would be updated for presentation to the next Committee meeting.

CC

**DEBTORS ANALYSIS AS AT 31<sup>ST</sup> MARCH 2008**

9. We received and noted a report from the Chief Constable which provided Members with the status of outstanding debts to the Authority as at 31<sup>st</sup> March 2008.

We noted the current position of outstanding debts which was presented on a twice-yearly basis. Members asked for the outstanding debts shown as months 0-1 to be deleted from the report table and also removed from the Status Report (Appendix 1).

**CC**

### **REMOVAL OF FLOOR FUNDING – POSSIBLE IMPLICATIONS**

10. We received and noted a report from the Chief Constable which briefed Members on the possible implications of removing “floors and ceilings” from the process for allocating central funds to police authorities using the police funding formula.

Members gave consideration to the following:

- The APA response to the original consultation proposal to reduce ‘top up grants’ was that any increase of funds to ‘gaining’ authorities should come from additional funding and not from transfers from other police authorities.
- The Gwent response had been similar, in that the proposal was that floor funding should be permanently built in to police authorities’ funding. Changes to the funding formula including removing “floors” and “ceilings” should only be applied to increases in funding after that time.
- This was still likely to result in lower levels of increased funding to Gwent, but not as great as if there was no “floor” position.
- The projected budgetary imbalance of between £10m and £14m used to inform the 2011 Review, reflects the loss of the £2.3m top up grant in the £14m figure.

Members agreed the recommendation to support the retention of the principle of floor funding in any future policing funding mechanism.

### **MANAGEMENT OF CAPITAL SCHEMES**

11. We received and noted a report on the Management of the Capital Programme from the Chief Constable which provided an explanation as to how the annual capital programme was managed and which also provided comments on performance in 2006/07.

We noted that as a result of an internal audit report on the Estate Department in November 2007 which had noted a high level of slippage in 2006/07, a report had been requested detailing how capital schemes were managed.

We noted that during 2006/07, the annual budget for the Capital Programme was £11,566,000 and slippage of £3,922,000 occurred on this total. Members noted the main reasons for this slippage specified in the

report and recognised that whilst there had been a significant amount of slippage of the capital programme in 2006/07, large elements of the slippage had been due to prudent management decisions or to delays which were beyond the Force's control and could not have been reasonably foreseen at the time of budget setting.

Members requested that monitoring of schemes be continued and stressed the need for future large schemes to be managed efficiently.

**CC**

**UPDATE REPORT ON THE REVIEW OF FINANCIAL AUTHORISATION LIMITS UNDER GWENT POLICE AUTHORITY STANDING ORDERS, PT2- CONTRACTS**

12. We received and noted a report from the Chief Constable which updated members on the progress of work taking place under all-Wales collaboration on the harmonisation of Financial Authorisation Limits.

We noted that the report proposed that the existing limit of £1,000, where competition need not be sought under GPSO Pt 2 Item 4.8, be increased to £2,000 on an interim basis pending the outcome of the all-Wales work referred to above.

The following was highlighted:

The analysis of expenditure had shown that the nature of commodities purchased at this value level generally represented minimal risk to the Authority in terms of the likely consequences of failure against specification, financial liability or challenge due to the possible inappropriate award of business. In addition, the cost involved in sourcing and running competitive processes for small values made it unlikely that the benefit derived from this would exceed that gained from the use of the Purchasing Card.

The increased limit would allow the Authority to;

- (a) maximise the benefit of reduced transaction costs through the use of the Procurement Card,
- (b) avoid the necessity to use exception procedures for single tender approval for values often marginally in excess of the present £1,000 limit.

Members noted the progress on harmonisation of limits and approved a revision to Gwent Police Authority Standing Orders (GPSO), Pt 2-- Contracts, item 4.8 from £1,000 to £2,000.

**EXCLUSION OF THE PRESS AND PUBLIC**

13. We resolved to exclude the press and public from the meeting during consideration of the following items of business in accordance with the

provisions of the Local Government Act 1972 on the grounds that they may involve the likely disclosure of exempt information as defined in Part 4 of Schedule 12(A), paragraph 14 of the said Act.

**SUPPLY OF FORENSIC MEDICAL SERVICES**

14. We received and noted a report from the Chief Constable which informed Members of the outcome of the tendering exercise for the provision of Forensic Medical Services.

Following discussions Members noted that the Force would be withdrawing from a collaborative agreement with the South West and Wales region for Forensic Medical Services and would continue with the current service provision. Members agreed to meet the TUPE costs as specified by the DFA.

**SUPPLY OF AIRWAVE HARDWARE**

15. We received and noted a report from the Chief Constable which sought approval to upgrade the airwave terminal equipment using the Metropolitan Police led consortium framework agreement.

Members approved the recommendation to use the Airwave Consortium Agreement to purchase airwave hardware from Sepura.

**UPDATE REPORT ON THE ACQUISITION OF A DIGITAL AIRCRAFT COMMUNICATIONS SYSTEM BY SINGLE TENDER**

16. We received and noted a report from the Chief Constable which updated Members on the present position concerning the acquisition of an air to ground microwave communications system for use by the Consortium Air Support Unit.

Members agreed the request that the acquisition be made by means of single tender action under Gwent Police Standing Orders, Pt2-Contracts, Item 5.1(a). However, this agreement was subject to the DFA obtaining clarification from Procurement regarding item 2.1 of the report and obtaining confirmation that this was satisfactory.

**CC**

**RISKS IDENTIFIED**

17. No new risks were identified. Members asked that the DFA be mindful of the implications should 'floors' be removed and the possible loss of a top-up grant.

**CC**

***The meeting concluded at 3:05 p.m.***