Item No 2b on the Agenda

**STAFFORDSHIRE PROBATION BOARD**

**Notes of the (inquorate) meeting of the Audit Committee held at 2.00pm on Friday, 19th February 2010 at Stafford Head Office**

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| 137. Present | Members – Alan James (Chair) and Graham Tritton<br><br>Officers – Bob Simpson (Board Treasurer) and Norman Stott (Board Secretary)<br><br>Also in attendance – Mark Jones (PWC – External Auditors); Mark Caddle (NOMS Internal Audit) and John Ryan (Board Chair) |
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| 138. Apologies | Rob Mandley (Chief Officer) and Marc Rainforth (NOMS Internal Audit). Bob Simpson explained that he had excused Ian Hewitt and Linda Clewlow for attendance on the basis that they were not likely to be involved with any items on the agenda. |
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| 139. Declarations of Interest | Alan James declared his position as (part time) Treasurer of the Derbyshire Probation Board |
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| 140. Minutes of the meeting held on 22nd January 2010 | Agreed as accurate, with the Chair authorised to sign as such, |
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| 141. Matters arising | a) Minute 132 – Confirmed by Mark Jones that he saw External Audit as having a role to play in assuring good governance in the transition to Trust status<br>b) Minute 133 c – Confirmed by Alan James that he and Bob Simpson had met to review the areas arising from establishment of the new Trust for consideration by Internal Audit. |
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| 142. Reports from NOMS Internal Audit | In introducing this item, Alan James expressed his concerns about the delay in submission of any final reports, and the implications for External Audit being able to do their job properly. Graham Tritton agreed, and pointed out that he felt it was not acceptable for the Audit Committee still to be receiving |

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| | only draft reports so late in the financial year. Mark Caddle acknowledged that these points were well made, and indicated that he would report back to Marc Rainforth.<br>a) Approved Premises – Graham Tritton repeated his earlier general comments, and highlighted this by reference to the ambiguity about the date of the investigation, plus the inconsistency between the “Amber/ green” overall rating and the number of concerns which he felt potentially suggested sloppy management. He was particularly concerned about whether the manager appreciated the need to respond promptly to the recommendations, the lack of firm dates for implementing these, and whether the audit itself had been sufficiently searching. Alan James agreed that the issues raised were such that a robust and urgent management response was required, as a result of which Bob Simpson agreed that he would ask Rob Mandley to give a verbal update at the Board meeting next week.<br><br>b) Financial Control Framework – Alan James repeated his comments that the lack of clarity to the report raised the issue of the extent to which External Audit could place reliance on it. Graham Tritton was also concerned that the auditors were making a number of recommendations which management were resisting on the basis of uncertainty about the context in which they were being made, and/ or ignored the real issues. Mark Jones (External Audit) confirmed that he too felt the number of recommendations being rejected significantly undermined the credibility of the report, and the reliance which PWC could legitimately place on it.<br><br>c) Risk Management – No report<br><br>d) Information Systems – See previous comments about the late submission of the (draft) report, and the inability of the Audit Committee to discharge its governance responsibilities. |
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| 143. Risk Log | Explained by Bob Simpson that no updated Risk Log had been produced given the lack of any final reports. See again previous comments about the late submission of the final Internal Audit reports, and the inability of the Audit Committee to discharge its governance responsibilities. |
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| 144. Internal Audit Progress Report | The Committee members repeated their earlier concerns about the unacceptable delay in preparing and submitting final reports. |
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| 145. Draft agenda for 19th March meeting | The Committee members repeated (again!) their earlier concerns about the unacceptable delay in preparing and submitting final reports, and concluded that they saw little point in any new work being started with so little time remaining in the current financial year. Graham Tritton in particular said that he felt starting work on Local Delivery Units as late as 15th March was effectively a waste of everyone's time. Whilst understanding members' concerns, Mark Caddle indicated that some of the outstanding work represented national priorities, and that Internal Audit accordingly regarded themselves as committed to the work.<br><br>Mark Jones indicated that his priorities (from an external audit perspective) were making sure that work was done on systems of financial control and risk management. These impacted on the work which PWC would need to do, the reliance External Audit was able to place on those areas of work might in turn influence the assessment they felt able to give. He also indicated that if the Committee felt it would be helpful to receive a letter setting out his concerns, then he would be prepared to write this.<br>.<br>John Ryan queried whether the situation was so serious that another extra meeting needed to be arranged before 19th March. Alan James agreed to keep this under review, and promised that he would raise the Committee's concerns with Joyce Drummond-Hill (Head of NOMS Internal Audit) as a matter of urgency. |
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| 146. Use of Resources 2009/ 10 | The Committee noted (and accepted) the paper from Bob Simpson, subject to the references on pages 1 – 3 being changed from Trust to Board. |
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| 147. AOB | Norman Stott reported that he understood NOMS had finally confirmed the new Probation Trusts would be designated as Non Departmental Bodies, which in turn raised the question of how internal audit function would be delivered. In particular, would the new Trusts still be required to use NOMS Internal Audit or would they be permitted to procure internal audit as they saw fit? |
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| 148. Date of next meeting | Provisionally confirmed as Friday 19th March, but to be reviewed at the Board meeting on 26th February. See also the final para of minute 145 above. |