



JOINT INDEPENDENT AUDIT COMMITTEE

**POLICE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE
AND NORTH YORKSHIRE POLICE**

**1PM MONDAY 21 SEPTEMBER 2015 CONFERENCE ROOM ONE, POLICE HEADQUARTERS, NEWBY
WISKE, DL7 9HA**

REPORT FOR DISCUSSION

Title of Report

DECLARATIONS OF INTEREST

1. Report Purpose

- 1.1 To provide an overview of the activity undertaken following the declaration of a potential conflict of interest of the Chair of the Joint Independent Audit Committee (JIAC) to allow the Committee to come to a view in relation to the appropriate action.

2. Key Information including Implications

- 2.1 During the procurement process to secure an Internal Audit provider, the Chair of the Joint Independent Audit Committee (JIAC), David Portlock recused himself from participation in the assessment process due to a potential conflict of interest. The conflict of interest arose due to Mr Portlock's wife, Lesley Fidler, holding a Directorship at one of the suppliers (Baker Tilly) who had expressed an intention to compete for the contract.
- 2.2 Following the assessment process, Baker Tilly were confirmed as the preferred supplier and arrangements made to award the contract. As a consequence this raised the question of whether there is a continuing conflict of interest for Mr Portlock, and if so the extent of this conflict.
- 2.3 A review of the available material produced locally "the JIAC handbook" was undertaken to explore whether there is any reference to conflict of interest matters. The locally produced material (developed in 2012) refers to HM Treasury "Audit Committee Handbook – March 2007" in relation to conflicts of interest. A refreshed iteration of this publication exists as HM Treasury "Audit and Risk Assurance Committee Handbook – April 2013".
- 2.4 The provisions in the latest Treasury guidance relevant to conflicts of interest is set out in section 3.6 of the document as is copied below:

“Normally the process for recording declarations of conflicts of interests in the Audit and Risk Assurance Committee should mirror the processes used at Board level. Each member of the Committee should take personal responsibility to declare pro-actively any potential conflict of interest arising out of business undertaken by the organisation(s), arising on the Committee’s agenda or from changes in the member’s personal circumstances. The Chair of the Committee should then determine an appropriate course of action with the member. For example, the member might simply be asked to leave while a particular item of business is taken; or in more extreme cases the member could be asked to stand down from the Committee. If it is the Chair who has a conflict of interest, the Board should ask another member of the Committee to lead in determining the appropriate course of action. A key factor in determining the course of action will be the likely extent and duration of the conflict of interest: a conflict likely to endure for a long time is more likely to suggest that the member should stand down.”

- 2.5 On the basis of this guidance the Statutory Officers sought clarification from Baker Tilly on the nature and extent of the conflict. In the interests of transparency all of the correspondence was transmitted using the procurement portal. The clarification questions and the response from Baker Tilly are available at annex A.
- 2.6 On receipt of that information the Statutory Officers of both the Commissioner and Chief Constable were of the view that the interest was not one that would restrict the role of neither the JIAC nor Mr Portlock in the role of Chair of the Committee subject to the following:
- Submission of a Related Party / Conflict of Interest form for Mr Portlock
 - Inclusion of a standard JIAC agenda item for declaration of interests
 - Provision for dealing with Declaration of Interest being referenced in the JIAC terms of reference or a related “ways of working” document.

3. Proposals

- 3.1 The JIAC is independent of the two organisations (the Commissioner and the Force) and therefore on matters which could affect the independence of any of its members, it is for the JIAC to consider such matters to ensure that their independence is retained. Items for consideration could include (in no order of priority):
- Deciding there is no impact on independence;
 - Asking the member to leave the meeting for a particular issue;
 - Asking the member to resign from the JIAC;
 - In the case of the Chair, appointing another member as Chair;
- 3.2 The JIAC is asked to consider the report and annex and decide whether the membership and chair of the committee should continue in its current format and whether any changes are needed to the way business is undertaken by the committee in light of the contents of this report.

Report Information

Author(s): Donald Stone – Risk & Assurance Manager – amended by Michael Porter 10/09/2015
Head of Department: Maria Earles – Head of Organisation & Development
Executive Group Sponsor(s): Joanna Carter

Date created: August 2015

Response to the questions in your letter are below:

1. The position held by Lesley Fidler at Baker Tilly LLP. **Associate Director specialising in employment tax matters**
2. What / if any interest Lesley Fidler will have in the operation of the contract. **No involvement in the Internal Audit Contract whatsoever is anticipated, Lesley works in a completely different part of the business and has never been used on any of our Internal Audit contracts.**
3. How you would intend to notify us of the identification of and changes to any conflicts of interest. **We do not intend to use Lesley on this contract at all. Should you require some specialist input in this area via the IA contract we would utilise another specialist in this area from across the firm.**
4. Any additional action you intend to take on receipt of this letter. **Not required due to the fact that we do not intend to use Lesley at all in the deliver this contract.**

Kind Regards,

Kathryn Styler