



Making Suffolk a safer place in which to live, work, travel and invest

PAPER AC13/6

AUDIT COMMITTEE

A meeting of the Audit Committee was held in the Strategic Co-ordination Centre, Police Headquarters, Martlesham on Monday, 25 March 2013 at 9.30 am.

PRESENT:

Members

Sandra Cox, Liz Harlaar, David Rowe and Annie Tyler.

Office of the Police and Crime Commissioner

Chris Bland (PCC Chief Finance Officer), Sarah Carter (Business Co-ordinator), Christopher Jackson (Chief Executive) and Tim Passmore (Police and Crime Commissioner).

Suffolk Constabulary

Phillip Clayton (Constabulary Chief Finance Officer).

Present by invitation

Peter Frost (Interim Head of Audit Services, Suffolk County Council) and Neil Harris (Audit Director, Ernst and Young)

PUBLIC AGENDA

1. **ELECTION OF CHAIRMAN**
 - 1.1 The Committee resolved that Annie Tyler be elected as Chairman of the Committee.
2. **ROLE OF THE JOINT AUDIT COMMITTEE** (Paper AC13/1)
 - 2.1 Paper AC13/1 outlined the purpose and functions of the Audit Committee as detailed in the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance for Local Authorities on Audit Committees (2005). It was recognised that the Committee had been formed as an interim joint Committee for both the Chief Constable and Police and Crime Commissioner (PCC).
 - 2.2 Members were reminded that there would be three meetings of the interim Committee in 2013, with dates for the next two meetings to be confirmed.
 - 2.3 In terms of reviewing internal audit reports it was agreed that members would receive a summary of the findings and actions taken or outstanding. On an exception basis and where an 'ineffective' conclusion had been reached would consideration be given to sharing the whole report. It was noted that the Constabulary's Chief Finance Officer (CFO) and PCC's CFO and Chief Executive received a copy of all completed reports.

NOT PROTECTIVELY MARKED

- 2.4 For completeness it was agreed that vetting renewals would be carried out for Committee members where necessary. Further the Government's protective marking scheme would be followed to determine the public and private elements of agendas. It was also agreed that in future the agenda would include a 'declarations of interests' item.
- 2.5 Members were keen to ensure openness and transparency wherever possible.
- 2.6 **The Committee noted and supported the PCCs decision to adopt the CIPFA guidance on the purpose and function of the Audit Committee.**
3. AUDIT PLAN FOR THE YEAR ENDING 31 MARCH 2013 (Paper AC13/2)
 - 3.1 Paper AC13/2 was introduced by Neil Harris, Audit Director for Ernst Young and set out how the external auditors intended to carry out their responsibilities. He advised that as corporations sole, separate audit opinions would be provided for the PCC and Chief Constable. Whilst some draft guidance on accounting treatment and presentation was being developed by CIPFA, clarity around whether the Chief Constable should produce separate accounts, and what should be included in them, was awaited. Members were advised that Ernst and Young audited 10 PCCs and Chief Constables and were therefore well represented in progressing matters at a national level.
 - 3.2 The PCC queried how the audit fees had been divided given that the fee for the PCC was £47k and the Chief Constable was £20k. It was explained that the Audit Commission had set the scale of fees and the proportions had been split in accordance with the level of work required. Given that the PCC held the majority of the assets, the fee was greater. For 2013/14 it would become clearer what work was required for the two entities.
 - 3.3 Members were assured that the accounts for 2012/13, albeit covering the change period, would be treated under the 'merger principles' as a full year of accounts and would not need to be split between April to November 2012 for the Police Authority and between November 2012 to end of March 2013 for the PCC and Chief Constable. In issuing two Value For Money (VFM) conclusions both entities would be able to review the transition period.
 - 3.4 An explanation was requested for the focus on determining whether 'challenging targets were set for the PCC and Chief Constable' and how it would be established whether the targets were challenging enough. Members were advised that the targets were not yet set but the external auditors would look at the Police and Crime Plan, the Medium Term Financial Plan, corporate planning, joint working and collaboration. They would also look at joint working with partners to achieve stretching savings. In the same section members queried the stance that would be taken in respect of focusing on 'whether costs and productivity of key services were consistent with or better than other forces providing similar levels and standards of service' for fear of working in a 'figures and targets'. Members were assured that a local context would be considered and it would be more about how effectively management measured their own costs and productivity.
 - 3.5 The Audit Director advised that Ernst and Young worked closely with Her Majesty's Inspectorate of Constabulary (HMIC) to avoid duplication and they used the HMIC VFM profiles as benchmarking measures.
 - 3.6 **The Committee agreed the Audit Plan for the year ending 31 March 2013.**
4. INTERNAL AUDIT PLAN 2013/14 (Paper AC13/3)
 - 4.1 Peter Frost, Interim Head of Audit Services, advised that the plan for 2013/14 remained at 180 audit days which took into account the outcomes of the work for

2012/13. He assured members that, given Suffolk's history of good financial controls and action taken to address recommendations where necessary, he felt that number was appropriate. Members were reminded that the number had reduced over the past two to three years and that in comparison with other areas the planned number of days was relatively low. They were assured that there was close liaison with Norfolk Constabulary and the Plan took into account their planned work.

4.2 In discussing the Plan members queried the need for the planned audit work on sustainability given it was something the Constabulary was striving for on a day-to-day basis. It was suggested that the sustainability audit should be reviewed against other priorities and perhaps a self-assessment process could be adopted. Given discussions in the past about firearms licensing, and level of risk associated with that area of work, members asked that thought be given to whether firearms licensing should be subject to an internal audit.

4.3 **The Committee approved the proposed Internal Audit Strategic Plan and annual Internal Audit Plan for 2013/14 subject to the comments in paragraph 4.2 above regarding the need to review the proposed sustainability audit against other priorities.**

5. CODE OF CORPORATE GOVERNANCE (Paper AC13/4)

5.1 The Chief Executive advised that he had developed the Code of Corporate Governance against the CIPFA guidance and adapted as necessary utilising key elements from the Suffolk Police Authority version. The document had been approved approximately a month ago by the PCC and was a pre-requisite to drafting the Annual Governance Statement (AGS) which would need to be agreed with the Statement of Accounts in September. An AGS was required by every public body subject to the Accounts and Audit Regulations and both the PCC and Chief Constable required separate Annual Governance Statements.

5.2 It was agreed that members would be sent a copy of the Chief Constable's Code of Corporate Governance in due course.

5.3 **The Committee noted and supported the Code of Corporate Governance adopted by the PCC.**

6. RISK MANAGEMENT STRATEGY (Paper AC13/5)

6.1 The Chief Executive explained that the PCC's Risk Management Strategy and Register had been developed on the basis of what the Police Authority had in place but updated to reflect the PCC environment. The documents ensured a basic structure was in place and their explanation would form an essential element of the AGS. An annual check on Risk Management was carried out by Internal Audit on behalf of the Chief Executive and the same process would apply for 2013/14.

6.2 It was noted that the Chief Constable was working on a Strategy for the Constabulary which would be shared with members in due course. Members were reminded that the Constabulary had its own Strategic Risk Register, listing the highest risks. This was considered by Accountability and Performance at each Panel meeting.

6.3 It was acknowledged that members need only be concerned that the Strategy and appropriate Risk Management arrangements were in place and adhered to but did not need to be updated on the individual risks in the same way as the Police Authority was.

6.4 **The Committee noted and supported the Risk Management Strategy adopted by the PCC.**

The meeting closed at 10.47 am