



PAPER AC21/01

AUDIT COMMITTEE

A meeting of the Suffolk Audit Committee was held via Microsoft Teams on Friday 27 November at 09:30.

PRESENT:

Audit Committee Members

Ian Blofield, Hugh May, Robert Millea, Andrew Peck and David Rowe (Chair).

Office of the Police and Crime Commissioner

Chris Bland (Chief Finance Officer), Christopher Jackson (Chief Executive), Anna Parkinson (EA to the PCC and CEO/Business Administration Officer) and Tim Passmore (Police and Crime Commissioner).

Constabulary

Ivan Fearn (Head of Financial Accounting and Specialist Functions), Steve Jupp (Chief Constable), and Kenneth Kilpatrick (Assistant Chief Officer).

Present by invitation

Vicky Chong (Assistant Manager, Ernst and Young – External Auditor), Fiona Dodimead (Audit Director, TIAA), Chris Harris (Head of Internal Audit, TIAA), Mark Hodgson (Associate Partner, Ernst and Young – External Auditor) and Claire Lavery (Audit Manager, TIAA)

The Chair welcomed everyone to the meeting and introduced Hugh May, a new member of the Audit Committee.

PUBLIC AGENDA

1 DECLARATIONS OF INTERESTS

1.1 There were no declarations of interests.

2 **MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 30 JULY 2020 AND MATTERS ARISING (PAPER AC20/22)**

2.1 The minutes of the Audit Committee held on 30 July 2020 were agreed as a true record. The Chair will formally sign them at a future date when it is possible to do so.

2.2 The actions were reported as complete as follows:

Item	Action	Outcome
2.4	Limited Duties Audit Report: Director of Internal Audit to circulate Limited Duties Audit Report	The report was circulated immediately prior to the meeting and was therefore noted. The Chief Constable provided reassurance that recommendations are adopted. He emphasised that those on restricted duties are still delivering.
3.2	Potential New Ways of Working: Chair to work with officers to make specific proposals based on the general proposals contained in the briefing note.	One of the suggestions was briefings on particular subjects – and on the agenda for this meeting are briefings on the force response to C19 and preparation for Brexit.
3.3.3	Training for Audit Committee Members: Assistant Chief Officer to establish details of costs – if any – of training provided by TIAA	The Assistant Chief Officer confirmed the costs for any training would be met by the Force. Now that Hugh May has joined the Committee, the Chair will speak to TIAA about the training that is available.
4.2	TIAA Customer Surveys: Director of Internal Audit to confirm the scale of satisfaction used and the proportion of responses above satisfactory.	The Director of Internal Audit said that they didn't get many responses to the surveys as they are optional and TIAA need to push these more.
4.4	Working with Partner Audit Committees: Chair to consider meeting annually with Chair of Norfolk Audit Committee	The Chair said that this remains under review.
4.5	Audit Committee / External Auditors separate meeting: Consider whether a separate meeting of Audit Committee Members and the External Auditors would be of benefit.	This remains under review.

6.12	Dog Unit – Recommendations: TIAA to provide opinion whether or not the deadline date of 31.07.20 for implementation of recommendations has been met.	The Director of Internal Audit confirmed the deadline was met.
6.16	Strategic Risk Register: A briefing to be brought to a future meeting	The Assistant Chief Officer confirmed this could be brought to the next meeting.

2.3 Points raised by Audit Committee Members in notes circulated prior to the meeting and any additional questions were then addressed:

2.4 Workplace Health – Occupational Health Management System – Implementation
The Assistant Chief Officer advised that implementation had been delayed due to C19 and that the system was now due to go live on 09.12.20.

2.5 Pensions – estimated figures
This is covered within the next agenda item.

2.6 Audit of 7Force Procurement Function
The Chief Executive confirmed that this had taken place and the report is currently in draft form, showing reasonable assurance. The report will be on the agenda for the next meeting of the Audit Committee.

2.7 Internal Auditor site visits
The Committee was pleased to note that site visits by the Internal Auditors had resumed to an extent and this was to be encouraged if safe to do so. With that in mind an Audit Committee Member noted that there has not been a Health & Safety audit since 2016/17 and there are no immediate plans for one. While an audit isn't planned, the Assistant Chief Officer confirmed that the Force was operating a COVID-secure workspace with internal COVID marshals within departments checking compliance. ACC Megicks will cover this further in his briefing.

2.8 Audit Plans affected by pandemic
This is covered in TIAA's progress report later on the agenda.

2.9 Mobile Device Management
The Assistant Chief Officer confirmed that following the introduction of telematics, the Force is now starting to get good data on how vehicles are being driven. This data is informing discussions at the Driver Standards Group, chaired by ACC Megicks.

3 **STATEMENT OF ACCOUNTS 2019/20 (PAPER 20/23)**

Ernst & Young LLP Audit Results Report for the Year Ended 31 March 2020

- 3.1 The External Auditor presented this paper. He explained that he was unable to issue an unqualified opinion at this time due to a number of challenges made to the assumption of the Police Pension Fund liability with the Force's actuary Hymans Robertson remained unresolved. In particular it was the assumptions around the McCloud impact which were creating the difficulties. Discussions will continue following the meeting to resolve these issues as soon as possible.
- 3.2 All expressed their concern at the extent to which the view of the External Auditor differed from the Force's actuary and why it should be so.
- 3.3 Concerns were also raised with regard to the External Auditors' proposed fee increase and it was agreed this would be discussed further in the closed part of the meeting.

PCC Letter of Representation and CC Letter of Representation

- 3.4 The Chief Finance Officer presented the letters of Representation. There were no substantive questions or comments.

PCC Annual Governance Statement and CC Annual Governance Statement

- 3.5 The Chief Executive presented the PCC's Statement and the Assistant Chief Officer presented the CC's Statement. Both were broadly the same as the draft Statements brought to the committee in May, with some minor alterations as circumstances changed.
- 3.6 The Assistant Chief Officer confirmed that where reference was made in the Statements to reimbursement by the Home Office of expenditure on medical grade Personal Protective Equipment (PPE) that the money has indeed been received. The regional procurement expenditure has been reimbursed as has the purchase made on behalf of UK policing. The Government will also cover the cost of the non-medical grade PPE.

PCC's Group and PCC Statement of Accounts - Narrative

- 3.7 An Audit Committee Member asked whether there had been an increase in domestic abuse (DA) since lockdown in March and whether the Force had sufficient resources to tackle this. The Chief Constable replied that while DA had indeed shown increases this is not unique to Suffolk and is the case across the UK. In addition, an increase in crimes being reported and changes to recording standards have both contributed to the rise in figures. The Chief Constable reassured the Committee that DA remained an important area of work for the Force.

3.8 The Assistant Chief Officer confirmed that the under spend of £3.150m arising from the re-profiling of the capital programme had been brought forward into the current financial year.

3.9 In the section “Treasury Management” there is a disclosure regarding the overall return on investments (0.68%). An audit committee member asked what disclosure of this information achieves; *if* it is the case that the treasury management strategy does not set a target return of 3 month LIBOR, why would this be referenced here? The Head of Financial Accounting and Specialist Functions said that it was included for historical purposes but might remove reference to LIBOR in future as it is not a performance target any longer.

3.10 An Audit Committee Member was pleased to note the cash flow management position and asked if management was confident that the flow of grants from Government would not cause any issues and that, for example, suppliers could be paid promptly. The Head of Financial Accounting and Specialist Functions confirmed that there was no problem with liquidity and cash flow forecasts remain positive. All grants were expected to flow in as usual.

3.11 In terms of plans for recovery, the Audit Committee Member was pleased to note that there was a “People” workstream and asked whether staff have access to appropriate technology and that it is secure for home working. The Assistant Chief Officer confirmed that a significant number of laptops had been purchased during the first lockdown and much of this was bringing forward expenditure earmarked for laptop replacement. However, the older laptops have been retained as they are still serviceable and can be used as temporary replacements if the newer ones fail and need to be returned to ICT for fixing. The Security is NEP (i.e. Home Office compliant) and communications from the Information Security team have been sent out advising colleagues working from home how to remain safe and secure online. The Chief Constable added that a great deal of attention was paid to security and safety and the guidance issued was constantly under review.

CC Statement of Accounts

3.12 The Assistant Chief Officer presented this paper. No additional substantive points further to the above were raised.

Recommendations

3.13 The Chair stated that recommendation one was complete ie that the Committee had considered the PCC’s and Chief Constable’s Annual Governance Statements and their respective Statements of Accounts.

3.14 Audit Committee Members confirmed that they were happy to recommend for approval the Statements of Accounts and adoption of the Annual Governance Statements by the PCC and Chief Constable, subject to resolution of the challenges to the assumptions around the McCloud impact (which would be as soon as possible after the meeting).

4 SUMMARY INTERNAL CONTROLS ASSURANCE REPORT (PAPER AC20/24)

- 4.1 The Head of Internal Audit introduced this report. He said that audits were now proceeding as planned despite a slow start at the beginning of the year due to the pandemic. He thanked the staff and officers of the Force in their assistance in ensuring this happened and then handed over to the Internal Audit Director.
- 4.2 The Internal Audit Director also confirmed that the internal audit plan was on track and as an overall observation was pleased to report that the Force had responded well to a crisis.
- 4.3 The Audit Committee Members were reassured by this report as it contains significant and encouraging progress.

COVID-19 Governance, Risk and Control Considerations during “lockdown phase”

- 4.4 An Audit Committee Member observed that management capacity and focus is not included on the list of risks and asked for reassurance that this has been considered, given the unprecedented circumstances. The Director of Internal Audit explained that questions around management capacity were continually asked so this area was indeed being considered. It will be included as part of the HR audits later in the year which will identify key people and resilience around them.

Executive Summary: COVID-19 Controls Resilience (Reasonable Assurance)

- 4.4 An Audit Committee Member asked if management were satisfied that goods/services for which there was no purchase order raised were required and properly approved for payment. The Assistant Chief Officer confirmed this was the case – in these instances approval had been given at the OpResponse20 Gold Group for the emergency purchase of PPE. PPE was purchased both regionally, through 7F Procurement and the PCC and CC agreed to purchase PPE on behalf of UK policing. Deviations from process were permitted under the CSOs, but were documented, e.g. application of regulation 32(2)(c) of the Public Contract Regulations 2015 i.e. direct award and section 72 of the Public Contract Regulations 2015 to extend contracts with key suppliers and not go out to tender.
- 4.5 The term “Emergency Purchase” is not defined. The Assistant Chief Officer explained that in certain situations, such as that of national emergency, decisions have to be taken quickly and then the paperwork follows. The decisions are taken at Gold/Silver Group level where there is representation from both the Finance and Procurement teams. Direct award was taken advantage of rather than tendering and other regulations were applied to extend any existing contracts due to come to an end as there was no market in which to go out to tender. All of these decisions were documented and have been through the governance process of the Strategic Procurement Governance Board where all actions were found to be appropriate.

Executive Summary: Transformation and Business Case (Reasonable Assurance)

- 4.6 The Director of Internal Audit reported that there has been significant improvement in this area. There is consistency between cases and increased co-ordination between departments. For example, historically there has been disconnect between ICT and a proposed business case but the process is now much more aligned.
- 4.7 The majority of cases audited were joint Norfolk/Suffolk projects – the Director of Internal Audit will circulate the breakdown.
- 4.8 In terms of post-project evaluation, it was confirmed that all projects subject to project boards go under post-project evaluation. A concern had been that the Project Manager themselves had been undertaking the evaluation rather than an independent view being sought.
- 4.9 The Assistant Chief Officer confirmed that individual outstanding project updates are indeed sought, as well as sending staff general reminders.

Executive Summary: Estate Strategy and Policy (Reasonable Assurance)

- 4.10 An Audit Committee Member said that he took reassurance from the mention of home working risk assessments as it is clear it is regularly coming up in audit reports. The Director of Internal Audit commented that it has been interesting as internal auditors, to see how home working is playing out across different organisations. In some cases productivity has increased but in others it hasn't. The assessments are useful from both business and mental health aspects. TIAA is keeping an eye on whether longer term mental health issues are now coming into play and this will be included in the HR audit.

Executive Summary: Vetting (Reasonable Assurance)

- 4.11 An Audit Committee Member asked how it was the case that around 300 individuals have unknown leaving dates. The Chief Constable said that the problem has arisen due to limited resourcing in the vetting team trying to work with an historic database issue. The data is held by the Force and identifying and extracting it is being addressed.
- 4.12 Another Audit Committee Member asked if there is a risk that vetting will be approved by an assistant without full evidence/interrogation given that the system only provides for a sample check of the assistant's work and the Report suggests there is a high error rate. The Assistant Chief Officer will follow this up outside the meeting.

Action: Follow up risk that vetting will be approved by an assistant without full evidence/interrogation

Executive Summary: Payroll (Substantial Assurance)

- 4.13 The Committee was pleased to see substantial assurance in this area.

Executive Summary: Performance Management (Substantial Assurance)

4.14 The Committee was pleased to see substantial assurance in this area.

Executive Summary: Strategic Control and Corporate Governance – Coronavirus Resilience (Substantial Assurance)

4.15 The Chair noted the exceptional performance in this area. No recommendations arose from the audit which is a considerable achievement. The Director of Internal Audit commented that in terms of C19 response, it really highlighted that as a Police Force the crisis was “taken in the organisation’s stride” – a marked difference from other organisations TIAA have audited.

4.16 As an overall comment, an Audit Committee Member noted that Management have committed by specified dates to complete actions arising from Internal Audit’s recommendations in respect of the reviews reported in pages 1 – 18. However as there are a significant number of P1 and P2 issues identified in previous reviews (see AC20/25) which remain outstanding he asked whether Management is confident that the agreed timetable for these new actions is realistic and achievable, particularly as resource constraints are identified as a key factor in those unmet deadlines. The Assistant Chief Officer commented that there is the usual issue of tendency to be overoptimistic in setting completion dates. However, progress is closely monitored via Organisation Board and through COMG.

Executive Summary: Risk Management Advisory

4.16 The Director of Internal Audit advised that she meets the Risk Manager regularly and has seen a shift in how risk management has been taken forward and rolled out across the organisation. It is expected that regular reports will come to future meetings of the Audit Committee.

Progress against Annual Plan

4.17 The Director of Internal Audit re-iterated that the plan remains on course. Audits have been allocated and resources are available. Another member of staff is being added to the team to increase resilience, and is just awaiting vetting clearance. In addition, to reduce the risk of C19 sickness the auditors do not work together in the same place.

Briefings on developments in Governance, Risk and Control

4.18 These briefings have arisen from constant horizon scanning by TIAA. The Assistant Chief Officer said that some of the notes are relevant and some less so. A consolidated response to all the briefings will be put together and circulated.

Action: Management to compose a consolidated response to all briefings and circulate

5 INTERNAL AUDIT FOLLOW-UP REVIEW (PAPER AC20/25)

- 5.1 The Director of Internal Audit presented this report. She commented that the position was very encouraging with Management focusing on the recommendations – taking them more seriously and managing them more effectively than had been the case in the past. Realistic revised dates for implementation of recommendations are being received where necessary and TIAA is comfortable that any delays are for good reason.
- 5.2 The Audit Committee was pleased to see the progress in this report.

6 UPDATE ON EMBEDDING OF THE CODE OF ETHICS (PAPER AC20/26)

- 6.1 The Chief Constable presented this paper. He said he was confident that the code was well embedded in all aspects of the Force's business and was now "business as usual".
- 6.2 Members of the Audit Committee offered their congratulations to the Chief and the Force on their efforts to embed the code.
- 6.3 All agreed that this annual paper could now be discontinued.

7 ANY OTHER BUSINESS

- 7.1 Brexit: An Audit Committee Member had raised potential issues arising from Brexit – these will be covered on the private agenda.
- 7.2 Circulation of questions and comments: It was agreed that Audit Committee Members should submit any questions/comments for circulation by 12 noon on the Wednesday prior to a meeting.
Action: Audit Committee Members should submit any questions/comments for circulation by 12 noon on the Wednesday prior to a meeting.

This part of the meeting closed at 11:20. TIAA and EY left the meeting.

PRIVATE AGENDA

[A more detailed account of the discussions and decisions on the following items is contained in the confidential minutes]

8 DISCUSSION OF FEES (additional item)

8.1 The Audit Committee discussed the proposed fee increase by EY.

9 OPRESPONSE20 AND BREXIT BRIEFINGS

9.1 ACC Simon Megicks provided briefings on OpResponse20 and Brexit.

Item	Action	Owner
2.2	Risk Register briefing to be brought to next meeting	Assistant Chief Officer
4.7	Business cases: The majority of cases audited were joint Norfolk/Suffolk projects – the Director of Internal Audit to circulate the breakdown.	TIAA
4.12	Vetting: Follow up whether there is a risk that vetting will be approved by an assistant without full evidence/interrogation	Assistant Chief Officer
4.18	Briefings: Management to compose a consolidated response to all briefings and circulate	Assistant Chief Officer
7.2	Circulation of questions/comments: Audit Committee Members should submit any questions/comments for circulation by 12 noon on the Wednesday prior to a meeting.	Audit Committee Members