



PAPER AC19/01

AUDIT COMMITTEE

A meeting of the Audit Committee was held in the Strategic Co-ordination Centre, Police Headquarters, Martlesham on Friday 30 November 2018 at 09:30.

PRESENT:

Members

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

Office of the Police and Crime Commissioner

Christopher Jackson (Chief Executive) and Anna Parkinson (EA to the PCC and CEO).

Chris Bland (Chief Finance Officer for the PCC and Chief Constable).

Suffolk Constabulary

Rachel Kearton (Assistant Chief Constable).

Present by invitation

Fiona Dodimead (Audit Director TIAA), Chris Harris (Head of Internal Audit, TIAA) and Chris Hewitt (Audit Manager, Ernst and Young).

Apologies

Tim Passmore (PCC) and Gareth Wilson (Chief Constable).

PUBLIC AGENDA

- 1 DECLARATIONS OF INTERESTS
 - 1.1 There were no declarations of interests.

- 2 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 20 SEPTEMBER 2018 and MATTERS ARISING (PAPER AC18/26)
 - 2.1 The minutes of the Audit Committee held on 20 September 2018 were agreed as a true record and signed by the Chair.

3 INTERNAL AUDIT PROGRESS REPORT (PAPER AC18/27)

3.1 The Internal Auditor reported that good progress had been made, with more reasonable and substantial assurances. However, there are 3 limited assurance reports: Management of Police Information (MoPI); Duty Management System (DMS); and Allowances. Work is ongoing to address these areas.

MOPI

3.2 An Audit Committee Member asked, with regard to MoPI, whether the urgent recommendation was indeed urgent, given the deadline of April 2020. The Internal Auditor explained that it is a priority 1 recommendation as the Force is non-compliant, however due to resources the organisation cannot move any more quickly therefore a realistic deadline has been set.

3.3 The Audit Committee Member also asked what the statutory penalties are for non-compliance with MoPI. The Internal Auditor said that there are no penalties at this stage and added that only one Force in the country is compliant with MoPI and Suffolk is therefore not an outlier. Forces are looking to replicate the model of the one Force which is compliant and work is being undertaken in Suffolk with a consultant who worked with the one compliant Force.

3.4 The Chief Executive added that MoPI is a Code of Practice to help Forces to comply with GDPR and the Data Protection Act and therefore of itself did not attract statutory penalties.

3.5 The Chief Finance Officer acknowledged the Committee's concerns and said that MoPI is a concern to the Force also. He said that the situation is dependent on securing funding through the Medium Term Financial Plan (MTFP) and that MoPI is a priority within the draft MTFP and it will be considered against the overall requirements.

3.6 An Audit Committee Member asked whether HMICFRS were concerned about non-compliance with MoPI. The ACC said that HMICFRS were aware that it is a national problem and Suffolk presented no specific cause for concern.

3.7 The Chair asked if the Committee could receive an update report next year and the Internal Auditor confirmed this would be done - MoPI is in the internal audit plan and there will be substantial follow up to ensure progress.

3.8 An Audit Committee Member asked whether the current situation with regard to MoPI represented an operational risk to the Force. The Internal Auditor said that currently more officer time has to be spent undertaking manual searches and that a large volume of work is required to enable the search engine to search across all computer systems.

3.9 The Audit Committee Member then asked what protocols there are in place regarding deletions of data from any of the systems. The Internal Auditor said that it was a three stage process, with deletion being the final stage after all data had been checked and tested. However, no data has yet been deleted as there is natural nervousness around this. The Audit Committee Member commented that MoPI is an important system for the Force so he

would be interested to know that once it is fully installed that it will be used effectively and therefore the protocols around adding/removing data are important.

- 3.10 Another Audit Committee Member asked whether the lack of ICT presence at Project Board Meetings had contributed to non-compliance with MoPI and asked for reassurance that action would be taken to address this. The Chief Financial Officer confirmed that this would happen.

DMS

- 3.11 The Internal Auditor confirmed that DMS is a high risk area which needs addressing, hence only limited assurance given. The key issues discussed were around the recording of overtime; the potential for data to be recorded inaccurately/fraudulently; and the number of exception reports generated.
- 3.12 The Chair noted the issues raised. However he commented that there is a balance between checking staff are inputting data correctly and trusting that people are doing what they should be. He added that it seemed a relatively old fashioned system which focused on hours worked rather than the work being undertaken in those hours. The system does not appear to be able to cope with more agile and flexible working. Whilst understanding that police officers need to “clock on and off”, the Chair was not sure it was a fit for purpose system across the wider organisation. However, he acknowledged that this was the system in place and therefore the system that had to be audited.
- 3.13 With regard to the recording of overtime, an Audit Committee Member commented that this implied that Police Officers are working extra long hours and asked what is done to ensure the welfare of Officers. The ACC said that overtime was monitored closely by the Overtime Working Group and supervisors are aware of the importance of health and wellbeing in their teams.
- 3.14 In terms of data being recorded inaccurately/fraudulently, an Audit Committee Member said that dealing with this must come down to proper authorisation by senior management. The Internal Auditor said that the audit had identified that while the recording of working hours could be authorised, there was then a 7 day period in which the hours could be altered but maintain the authorisation – therefore an area of risk which needs addressing.
- 3.15 Another area which needs addressing is the number of exception reports the system generates. The Internal Auditor said that the system needs altering as currently it is hard to identify in amongst the thousands of exception reports where there could actually be a problem.
- 3.16 The Internal Auditor said that a working group had been set up to address all the issues. An Audit Committee Member said that while he understands this, the timescales appeared quite long and could not see, in terms of the auditor’s recommendations, that proactive checks are being made in the interim. The Internal Auditor confirmed that proactive work was ongoing and meetings are held every 2-3 weeks to check progress. In addition, the Joint Chief Officer Team (JCOT) is also discussing the issue and deciding how to manage it.

ALLOWANCES

- 3.17 An Audit Committee Member asked for some context to the overall allowance figures, ie are they rising or falling. The Internal Auditor will establish this.
- 3.18 The Chair noted the one urgent recommendation with regard to the policy and processes for dog handler allowances as currently there is inconsistent practice. He suggested looking at what other Forces do in this area. The Assistant Chief Constable said she thought there were some national standards and these are being looked into.
- 3.19 An Audit Committee Member questioned whether this was really an area of concern given the small amounts of money involved. The Internal Auditor said that it was not a big concern in terms of the audit but was more about colleagues feeling that they are being treated equally.

VETTING

- 3.20 The Chair noted there were four important recommendations in this area.
- 3.21 An Audit Committee Member said that he was not convinced that the management response with regard to the vetting policy was satisfactory. If the vetting unit is not operating effectively then that creates a risk around employing people without proper vetting taking place. The Internal Auditor said that vetting on new starters is very strict, the problem lies around existing staff and when they should be re-vetted. National guidance is awaited, and in the meantime the Force is working to a 7Force policy which will be reviewed when the national guidance is received.
- 3.22 The Audit Committee Member added that he was also concerned that the problems were arising from a resourcing point of view. The Chief Finance Officer said that the resourcing issues are being considered as part of the MTFP. In addition, discussions will be taking place about the Force's risk appetite and whether or not the Force is content to carry the risk of not re-vetting staff who are already employed. Following these discussions, proposals will be taken to the PCC.
- 3.23 An Audit Committee Member asked whether there is a requirement that officers and staff have to report themselves if they are convicted of anything during employment. The Chief Finance Officer confirmed this was the case. The Chief Executive also confirmed this and added that there are different periods of validity for different vetting levels and that teams should be monitoring when they expire, as is the case in the OPCC.
- 3.24 The Chair asked for an update on the status of the vetting policy at the next meeting of the Audit Committee.

POLICE STATIONS

- 3.25 An Audit Committee Member noted that the recommendations in this area all had an implementation date of today and asked whether this was taking place. The Internal Auditor confirmed this was the case and would be following up in the forthcoming week.

LONE WORKING

- 3.26 An Audit Committee Member observed that some of the dates for implementation of the recommendations had expired and asked whether the issues had indeed been addressed. He added that much work had been done a number of years ago around lone working and hoped that the same issues were not being addressed again. The Internal Auditor confirmed that the recommendations had been implemented and that it was tightening up on the work carried out previously.

PRESENTATION OF REPORT

- 3.27 The Chief Executive asked whether in future it could be more clearly stated whether a report was joint for Norfolk and Suffolk or whether it was Suffolk only. While noting this is covered in the summary table of reports, he felt it would be helpful if it was clearly stated on each report. The Internal Auditor confirmed this would be possible.
- 3.28 The Chief Executive added that it would also be helpful to compare with Norfolk where the Forces received different levels of assurance in order to consider the reasons for this and an indication of whether the same issues are being faced.

4 INTERNAL AUDIT FOLLOW UP REPORT(PAPER AC18/28)

- 4.1 The Internal Auditor presented this report, noting the increase in the number of outstanding recommendations. As before, many of these remain outstanding due to resourcing problems.
- 4.2 An Audit Committee member commented that the point has been made at a number of meetings about the number of outstanding recommendations, with revised dates long into the future. He suggested that there should be a thorough reassessment of long outstanding items and questioned whether it was worth continuing to carry forward all of these recommendations.
- 4.3 The Chair agreed with this view and suggested a form of risk assessment against the recommendations. In future the recommendations could be presented with realistic deadlines and/or management commentary, with evidence, as to why the various risks are acceptable to the organisation.
- 4.4 The Internal Auditor confirmed that the report could be in the form that the Audit Committee would like, to assist with understanding and focus.
- 4.5 The Internal Auditor added that part of the reason for the increased number of outstanding recommendations was due to changes in personnel, absences and vacancies in key posts. Now officers are back in these posts the situation will be such that the recommendations can be implemented. Therefore the next report should show a decrease in the number of outstanding recommendations.
- 4.6 An Audit Committee member then commented on a specific part of the report, with respect to recommendations re Pensions Administration. In the "Latest Response" commentary, it

states “the audit committee accepted these mitigations”. The Audit Committee Member was not happy with this wording and suggested it should say “noted” as it is the Audit Committee’s role to monitor, not to take responsibility. Other Audit Committee members agreed with this position.

5 UPDATE ON EMBEDDING THE CODE OF ETHICS (PAPER AC18/29)

- 5.1 The Assistant Chief Constable presented this report. She said that the code had been embedded into all Force activities from back office functions to operational fast time decision making. A Joint Norfolk/Suffolk Integrity Board meets regularly and learning is taken in terms of both good and poor practice across Norfolk and Suffolk. In addition an employee survey is currently underway with a finishing date of 7 December 2018.
- 5.2 An Audit Committee Member asked whether the Committee would have sight of the results for reassurance. The Assistant Chief Constable said this should be possible.
- 5.3 The Chair asked if the Assistant Chief Constable was confident that the Force has a culture where people feel that they can step forward and how can this really be ensured. The Assistant Chief Constable said that she was confident that all staff are aware of the code ethics as it is embedded into every training and aspect of work. It is a code which is simple and easy to understand. Varying levels of confidence to step forward are likely to depend on factors such as the individuals themselves, who their supervisor is and the nature of the issue rather than any lack of understanding of the code.

6 THE PCC FOR SUFFOLK AND CHIEF CONSTABLE OF SUFFOLK CONSTABULARY ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2018 (PAPER AC18/30)

- 6.1 The External Audit Manager presented this report. He drew the Committee’s attention to the pages containing Data Analytics, a new addition to the letter. He explained that the information will be refined as their tools develop but feels that the information could be useful to Management going forward.
- 6.2 Attention was then drawn to the extra audit fees for 2017/2018 following the problems encountered during the audit process. The External Audit Manager said the fees were currently proposed to be £9k each for Norfolk and Suffolk, and once agreed will then be subject to approval by the Public Sector Audit Appointments (PSAA Ltd).
- 6.3 The Chief Finance Officer confirmed that he had received an email from the External Auditors setting out the detail behind the additional audit fee charge. He said that he would be discussing this with the Joint Head of Finance and Chief Finance Officer for Norfolk before formally responding as the additional fee proposed does not appear to be justified.
- 6.4 In relation to the recommendations contained within the letter, an Audit Committee member asked whether management accepted these. The Chief Finance Officer confirmed that broadly speaking yes, the recommendations were accepted and were already being considered.

6.5 Another Audit Committee asked whether there were concerns around IFRS 16 Leases. The Chief Finance Officer said that he did not anticipate it would be a significant issue but that the Head of Financial Accounting and Specialist Functions is looking into it.

7 AOB

7.1 An Audit Committee Member asked what the impact was on the MTFP as a result of the potential pensions liability. The Chief Financial Officer replied that it could represent a cost pressure to the Constabulary budget of £1.6m in the next financial year and over £4m the year after. These costs are not reflected in the current MTFP but are included in the new draft which is currently underway. The pensions liability is a national problem and news from the Home Office is awaited as to whether or not the Force will receive a contribution to cover the liability.

CLOSED AGENDA

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

8 NOTES AND ACTIONS FROM AUDIT REVIEW MEETING 01.11.18 (PAPERS AC18/31 and AC18/32)

8.1 The Chief Financial Officer presented this paper.

The meeting closed at 11:55