



PAPER AC19/08

AUDIT COMMITTEE

A meeting of the Audit Committee was held in the Strategic Co-ordination Centre, Police Headquarters, Martlesham on Friday 22 March 2019 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), Anna Parkinson (EA to the PCC and CEO) and Tim Passmore (Police and Crime Commissioner).

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

Suffolk Constabulary

Ivan Fearn (Head of Financial Accounting and Specialist Functions) and Gareth Wilson (Chief Constable).

Present by invitation

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

In attendance

Kate Fitzsimons (Support Officer, OPCC).

PUBLIC AGENDA

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

2 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 30 NOVEMBER 2018 and MATTERS ARISING (PAPER AC19/01)

2.1 The minutes of the Audit Committee held on 30 November 2018 were agreed as a true record with two amendments as follows: at 6.5 the word “Member” had been omitted so the amendment was made so it reads “Another Audit Committee *Member.....*”; at 7.1 an Audit Committee Member asked that the first sentence be amended to read “An Audit Committee Members asked what the impact was on the MTFP as a result of the increased cost of meeting annual individual pensions contributions.”

2.2 With regard to 5.1 / 5.2, the Chief Constable said that the results of the employee survey had been received and a report highlighting the key findings could be brought to a future meeting, May if possible.

Action: Employee survey highlight report to be brought to July meeting.

3 INTERNAL AUDIT FOLLOW UP REVIEW (PAPER AC19/02)

3.1 The Internal Auditors presented this report. In addition, the Chief Constable circulated an updated version of this report with additional commentary.

3.2 The Internal Auditor drew attention to the fact that a review had taken place of the outstanding recommendations and new more realistic deadlines applied where appropriate. Where responses to recommendations had not been received, these have been escalated to the Organisational Board. The support of the Organisational Board and Chief Constable has helped to increase the number of responses.

3.3 The Chief Constable added that he had been extremely frustrated at the lack of response from individuals within the organisation to the internal auditors’ recommendations. While the Organisational Board has an overview of the situation, he has suggested to the Deputy Chief Constable that individuals who have not been responding go through a performance process due to their neglect in this area. However, the Chief Constable said that he was more comfortable now a more methodical process had been established – first whether management agrees to a recommendation and if so, discussion to agree a realistic timescale.

3.4 With reference to the Executive Summary, the PCC asked the Internal Auditors if they could explain further their comment that the majority of recommendations continue to remain outstanding largely due to resource and IT requirements to be sourced.

3.5 In response, the Internal Auditor used the example of the backlog of recurring vetting. The process could be sped up either with more resources or with the introduction of a piece of computer software, which obviously has a cost attached. The Chief Constable added that such instances are presented to the Organisational Board where investment in IT v human resources is considered.

3.6 The Chair said that notwithstanding this process, it would be useful to have realistic timescales on these recommendations as it could seem that projects are being delayed for

no apparent reason. The Chief Constable said that IT priorities are constantly reviewed, plans can be in place but then other priorities emerge. An example of this was when the issue of installing telematics arose. Other priorities remained, but telematics had to come first which obviously absorbed money and resources. Therefore timescales could be realistic when originally agreed but need to be under constant review due to changing circumstances.

- 3.7 Also in the Executive Summary, two urgent recommendations were listed as remaining outstanding and past the agreed deadline. The Chair asked whether these would indeed be delivered. The Internal Auditor said that revised and realistic dates for delivery had been agreed, albeit the risk remains until implementation and it is up to the organisation as to whether or not the risk is tolerable.
- 3.8 One of the urgent recommendations relates to the skills data held by Learning and Development (L&D) which is not accurate. The risk in this area is with regard to overtime as a limited pool of officers could be being called in for their skills in a particular area whereas in reality a larger number of individuals within the organisation hold the skills and could be called instead. While the full data exists it is not currently all held within L&D and lies within departments. The Chief Constable said that no individual is listed with skills they do not have, it is simply that each department/discipline knows who they have trained but this has not been communicated to L&D so that their records can accurately reflect skills held across the Force.
- 3.9 The Internal Auditor added that previously any department across the Force had access to the L&D budget so they could arrange training without L&D being aware. This is what led to the mismatch in records held. Stopping this access was a previous recommendation of the Internal Auditors so now departments have to request training formally through L&D so they will now be fully aware when individuals increase their skill sets.
- 3.9 Turning to the main body of the report, an Audit Committee Member asked whether there was any concern around GDPR compliance, given the very significant financial penalties in this area should there be any breach. The Internal Auditor said that she would be having a meeting with regard to GDPR compliance in the near future and her understanding is that all policies have/are being reviewed and while it looks like all the necessary changes have been implemented, final verification is needed.
- 3.10 Also with regard to GDPR compliance, it has been recommended that the anticipated impact of the increased numbers of Subject Access Requests (SARs) is assessed and how it will be managed to ensure compliance with the new one month response timescale required by GDPR. Performance against statutory deadlines in this area has reduced to 77% for Suffolk and 83% for Norfolk. An Audit Committee Member asked why there was such a difference between the Forces. The Internal Auditor said that she would look into this and added that she is currently seeing a similar trend across all clients as SARs increase.
- Action: Internal Auditors to establish reasons for the difference in performance between Norfolk and Suffolk in responding to SARs.**

- 3.11 An Audit Committee Member asked whether the audit covered the nature of the SARs or was it purely on number received. The Internal Auditor confirmed that it was purely on a statistical basis and not the nature of the requests. The Audit Committee member commented that it is concerning that now people are aware they are able to make such requests, the numbers are increasing to the point where three more positions need to be funded in the force to accommodate the requests at a time when finances are already under huge pressure. He also asked how many of the requests were deemed vexatious or time wasting. The Chair said that it could be difficult to determine what would be described as such to an extent it is about perception. The Chief Constable said that responding to SARs is a statutory responsibility so the costs have to be borne and demand managed.
- 3.12 An Audit Committee Member then asked whether there was any further update in regard to compliance with Contract Standing Orders (CSOs) on the Tranman system within Transport Services. The Chief Finance Officer reported that he had received an email from the Assistant Chief Officer (ACO) in Norfolk the previous day, detailing the mitigating controls which are in place. Long term the solution is likely to rest with the proposed Shared Services Transaction Centre but short term controls are in place to reduce risk in this area.
Action: Chief Finance Officer to share email with Internal Auditors to inform their forthcoming meeting with the Head Of Transport on this subject.
- 3.13 The Chair expressed concern that the outstanding recommendation with regard to compliance with CSOs has been showing as an area of risk for a significant amount of time, however the email referred to above indicates that mitigating controls are in place and he therefore questioned why the Audit Committee could not have been made aware of this before and therefore had reassurance the risk had been minimised.
- 3.14 The Chief Executive then added that now the 7Force Procurement Collaboration Agreement is in place, this could have an impact on the recommendation as new CSOs will now apply.

4 INTERNAL AUDIT PROGRESS REPORT (PAPER AC19/03)

- 4.1 The Internal Auditor presented this report. She said that very good progress has been made, with fieldwork being finalised shortly and completed by 31.03.19 and then draft reports issued. She drew attention to the fact that six Reasonable assurance reports had been issued and one Substantial – this being around Commissioner’s Grants.
- 4.2 The Chief Executive asked whether the Internal Auditors had any feeling that there would be any more Limited assurance reports this year, in addition to the existing two. The Internal Auditor said she was not expecting any and that there should indeed only be two Limited assurance reports for this year, which is a very positive position to be in.
- 4.3 The Chief Executive then noted that while in the summary the Commissioner’s Grants was listed as having Substantial assurance, on page 5 it is listed as having Reasonable assurance. The Internal Auditor confirmed this was an error and the Commissioner’s Grants should be listed as having Substantial assurance.

- 4.4 The Chief Executive then provided the Audit Committee with clarification with regard to the Key Findings in the Commissioner's Grants Audit Report. He said that the first bullet point was misleading and reports were in fact already received across most of the grants – this recommendation was only in relation to the outgoing provider of the IDVA Service.
- 4.5 He went onto say that the wording of the second bullet point did not reflect what had been agreed with the Internal Auditors. The Head of Commissioning and Governance had agreed that while a business case proforma would be provided it would not be placed on the PCC's website. This could cause confusion with people thinking that they could fill in this form to apply for a grant which would not be the case. In addition, the majority of grants are through the PCC Fund, which is administered by the Suffolk Community Foundation not the PCC's office.
- 4.6 Turning to the Audit Report on Ethical Standards (Relationships Conduct), an Audit Committee Member said that he felt there was a slight contradiction between the Key Findings ie there is no policy in place for managing personal relationships at work and the assurance assessment being Reasonable. The Internal Auditor explained that whilst there is not a policy in place, from the testing undertaken, the ethics are in place. However, it does need to be made clear in a policy. The Chief Finance Officer added that the Professional Standards Department (PSD) had undertaken a huge amount of work in this area and updates are regularly provided to the Organisational Board. The Internal Auditor said she could obtain more detail around this and let the Audit Committee know (by email) what is in place.
- Action: Internal Auditor to email Audit Committee Members with details of what is in place around managing personal relationships at work.**

5 INTERNAL AUDIT DRAFT STRATEGIC AND ANNUAL PLAN 2019/20 (PAPER AC19/04)

- 5.1 The Internal Auditor presented this report.
- 5.2 An Audit Committee Member asked, given the Substantial Assurance around Commissioner's Grants, whether it was necessary to audit this area again in 2019/20. The Internal Auditor said that this audit was included every year following a previous request of the Audit Committee but would be happy to change the frequency going forwards.
- 5.3 Similarly, the Chief Executive questioned the need to audit the PCC's Specified Information Orders, given that the OPCC has been in annual receipt of an award for transparency from CoPaCC (the policing governance body) for a number of years which demonstrates the OPCC complies with the legislation. The days currently assigned for the Internal Auditors to audit this area could perhaps be better used on an alternative audit. The Internal Auditor agreed to discuss this further with the Chief Executive outside the meeting.
- Action: Internal Auditor and Chief Executive to discuss proposed OPCC audits.**
- 5.4 An Audit Committee Member noted that Emergency Planning and Business Continuity was not due to be audited until 2021/22 and suggested that perhaps it should be considered

sooner than this. The Internal Auditor said that other audits pick up elements of this area – such as IT – but agreed that this area of the business could be audited sooner, possibly instead of Commissioner’s Grants in 2019/20.

- 5.5 Another Audit Committee Member noted that the Duty Management System (DMS) was not due to be audited but had received limited assurance in the last two audits. The Internal Auditor explained that it was felt auditing this area again would not add any value and all the recommendations from the previous audits has been incorporated into the DMS project. The recommendations will be tracked going forwards.
- 5.6 An Audit Committee member asked what would be considered in the audit of Strategic Control and Corporate Governance. The Internal Auditor said that they had not decided exactly what would be looked at yet. There have been/are a number of changes in this area and therefore the detail of the audit will be considered nearer the time. This is usual in areas undergoing change.
- 5.7 The PCC noted that Budgetary Control was to be looked at and asked whether the Internal Auditors had any particular concerns in this area. The Internal Auditor said it was a routine audit, undertaken every few years.

6 PCC AND CC FOR SUFFOLK AUDIT PLAN 2018/19 (PAPER AC19/05)

- 6.1 The External Auditor presented this report and highlighted a few key areas.
- 6.2 An Audit Committee Member asked whether lessons had indeed been learnt from last year and could assurance be given that the problems would not be repeated. The External Auditor confirmed that, all things being equal, this was the case, following a good debrief and actions taken following this. He said that the interim audit had started two weeks previously and is progressing as it should. The Head of Financial Accounting added that he was pleased with the timetable and how it was progressing.
- 6.3 Referring back to the report, the Chief Finance Officer picked up on the Value for Money Risks. He said that the latest figures from the Medium Term Financial Plan (MFTP) now show a budget gap of £1.4m not £1.8m and the stated £7.7m of cumulative savings required has reduced significantly and is now £3.1m.

7 TREASURY MANAGEMENT REPORT (PAPER AC19/06)

- 7.1 The Chief Finance Officer introduced this report.
- 7.2 Following a conversation with an Audit Committee Member prior to the meeting, the Chief Finance Officer said that the wording of the recommendation would be changed to reflect that the Audit Committee is asked to “note” the report. The wording “and feedback their findings to the PCC” would be deleted. The Chief Finance Officer acknowledged that the

Audit Committee Members are not expected to be specialists in this field and therefore are not required to approve the report, but instead note it.

- 7.3 An Audit Committee Member highlighted use of other wording throughout the report which would need to be altered. On page 3 of the Strategy Statement in relation to training it is stated “This also applies Audit Committee members responsible for scrutiny”. He said that his view was that the Audit Committee Members are not responsible for scrutiny so no training is required. Then on page 2 of the Monitoring Report it states that regular monitoring reports are presented to the Audit Committee throughout the year, which is not in fact the case. Finally, on page 10 it says that “It is recommended that Audit Committee *endorses* the Mid-Year Treasury Management Monitoring Report 2018/19” and this should be amended to reflect that the Audit Committee “... *notes* the Mid-Year...”.
- 7.4 The Audit Committee Member concluded by emphasising that as a Committee they do not have the qualifications around Treasury Management to advise or endorse the reports but instead to note the reports and be assured in this area.
- 7.5 The Head of Financial Accounting said that he had held a training session for the Audit Committee in Norfolk and would be happy to do so for the Suffolk Audit Committee. The Committee agreed this would not be necessary.
- 7.6 The Head of Financial Accounting then talked through the detail of the report and took questions.
- 7.7 An Audit Committee Member said that he had experience in Treasury Management and said that there is a lot that is commendable in the report. He said that he was very pleased to see the prudent approach taken.
- 7.8 The Chair confirmed that as a Committee they were happy to note this report.

8 AOB

- 8.1 The Chair noted that this was the Chief Constable’s last Audit Committee meeting before retiring. He thanked him not only for his service to Suffolk as a police officer but also the way in which he has supported the Audit Committee. The Chair said that the Chief Constable has helped the Committee enormously which is greatly appreciated and wished him all the best in his retirement.

CLOSED AGENDA

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

- 9 CLOSED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 30 NOVEMBER 2018 AND MATTERS ARISING (PAPERS AC19/07)
- 9.1 The closed minutes of the Audit Committee held on 30 November 2018 were agreed as a true record

The meeting closed at 11:24

Item	Action	Owner
2.2	Employee survey highlight report to be brought to July meeting.	Chief Constable
3.9	Internal Auditors to establish reasons for the difference in performance between Norfolk and Suffolk in responding to SARs.	Internal Auditors
3.12	Chief Finance Officer to share email with Internal Auditors to inform their forthcoming meeting with the Head Of Transport on this subject.	Chief Finance Officer
4.6	Internal Auditor to email Audit Committee Members with details of what is in place around managing personal relationships at work.	Internal Auditors
5.3	Internal Auditor and Chief Executive to discuss proposed OPCC audits.	Internal Auditors/Chief Executive