



**PAPER AC21/10**

## **AUDIT COMMITTEE**

A meeting of the Suffolk Audit Committee was held via Microsoft Teams on Friday 12 March 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**

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), Mark Hodgson (Associate Partner, Ernst and Young – External Auditor) and Claire Lavery (Audit Manager, TIAA).

### **Apologies**

Chris Bland (OPCC Chief Finance Officer) and Chris Harris (Head of Internal Audit, TIAA).

## **PUBLIC AGENDA**

### **1 ELECTION OF AUDIT COMMITTEE CHAIR**

- 1.1 The Chief Executive opened the meeting and asked for nominations for Chair. David Rowe was elected as Chair to the end of the calendar year by unanimous vote.

1.2 The Chair thanked the committee and welcomed everyone to the meeting. Apologies for absence owing to being unwell were noted from the Chief Finance Officer and the Chair expressed the Committee's very best wishes to him for a speedy recovery.

**2 DECLARATIONS OF INTERESTS**

2.1 There were no declarations of interests.

**3 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 27 NOVEMBER 2020 AND MATTERS ARISING (PAPER AC21/01)**

3.1 The minutes of the Audit Committee held on 27 November 2020 were agreed as a true record. The Chair will formally sign them at a future date when it is possible to do so.

3.2 The actions were reported as complete as follows:

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

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

- 3.4 TIAA Customer Surveys: It was noted the TIAA responses were not as many as expected. An Audit Committee Member asked what proportion have been received and what else could be done to encourage response. The Director of Internal Audit advised that not many responses were being received and it was proving very difficult to encourage clients to respond.
- 3.5 Training for Audit Committee Members provided by TIAA: The Chair said he would address this later in the meeting.
- 3.6 Occupational Health Management System go live date: The Assistant Chief Officer confirmed that the system went live on 24 February 2021. The planned date of 9 December 2020 was held up by the lockdown due to the pandemic.
- 3.7 Timing of Statement of Accounts: An Audit Committee Member asked for confirmation that the Statements of Accounts were signed off, unqualified by the auditors, meeting the filing deadline of 30.11.20 as the EY Audit Letter suggests they were not signed until 08.12.20. The Assistant Chief Officer explained that amendments were required to the pension fund amounts contained in the financial statements (further to a divergence of views between actuaries) which led to final changes being made after 30.11.20 and final sign off on 08.12.20.
- 3.8 Records of individuals with unknown leaving dates: The Assistant Chief Officer confirmed that the data has been identified and extracted – the work being completed by December 2020. Further cases have been identified, with work upon which planned to be completed by the end of March 2021. In addition, the vetting team implemented a new process with HR in December 2020 to check all joiners and leavers.
- 3.9 TIAA briefings: The Assistant Chief Officer confirmed that responses to the various briefings to the recent TIAA briefings received could be compiled and circulated.  
**ACTION: Assistant Chief Officer to compile and circulate responses to TIAA briefings**

#### 4 SUMMARY INTERNAL CONTROLS ASSURANCE (SICA) REPORT (PAPER AC21/02)

- 4.1 The Internal Audit Director presented this report, highlighting key areas and questions raised by Audit Committee Members were addressed.
- 4.2 Towards the beginning of the report TIAA states that it feels it would be prudent for the PCC and Chief Constable to undertake a formal review/comparison of the policies, procedures and internal control processes in place prior to the pandemic and during. The Assistant Chief Officer said that there were no plans to undertake such a process as all learning from the pandemic is continually being actioned. OpResponse20 remains ongoing with the Gold, Silver and Bronze command structure in place, dealing with current issues and will start to hand over to the Modern Workplace Programme to take forward as restrictions are lifted.

- 4.3 The Chief Constable emphasised that all processes are constantly reviewed and any changes necessary are implemented. In addition, learnings are taken from joint work with Norfolk, regional work and national work. The Force is currently planning for what looks to be an incredibly busy summer as restrictions lift, and a possible third wave of C19. Therefore it is important to strike the correct balance between future planning and reflecting on the past. The Chief said that he is comfortable with the ongoing reviews which have been taking place and felt no additional review would be necessary.
- 4.4 The PCC added that his weekly meetings with the Chief Constable continued and that they also spoke by phone as and when necessary. He was also comfortable with the processes the Force has in place and how these are reviewed and evolve.
- 4.5 The Chief Executive said that the systems of internal control and governance were flexible to accommodate any significant changes to the environment such as the pandemic. Indeed, emergency response is innate to the organisation. Changes such as authorisations of the use of digital signatures and holding meetings remotely have all been accommodated and the Chief Executive said he had no particular concerns and none had been raised to him.

Executive Summary: Police Education Qualification Framework (PEQF) (Reasonable Assurance)

- 4.6 The first recommendation refers to an apparent lack of resilience within the project management team as there is no deputy assigned to support the Project Lead. An Audit Committee Member, commenting on this, asked whether there was a risk of “silo thinking” having workstream leads rather than a designated deputy could take more of an overview.
- 4.7 The Assistant Chief Officer stated that PEQF is a large portfolio of work which has been assessed and resourced accordingly. While there is not sufficient resource to have a Deputy per se, the workstream leads have been nominated as deputy project leads and are well placed to progress implementation and business as usual in the event of the Project Lead’s absence. In addition there are a number of subject matter experts with the knowledge to mitigate any risks in this area.
- 4.8 The second recommendation in this report states the need to review resources within the vetting team to establish whether there are enough to undertake the vetting of new recruits for the PEQF programme. The Assistant Chief Officer explained that vetting plans are to be submitted by 31.03.21, which will include the number of Anglia Ruskin (the provider) staff to be vetted, not the student officers. Anglia Ruskin staff will be vetted under national vetting arrangements by Warwickshire Constabulary. Student officer vetting will be handled locally and Management is confident that there is sufficient resource in place to handle the volumes.

Executive Summary: Use of Vehicles and Telematics (Substantial Assurance)

- 4.9 An Audit Committee Member expressed his concern that some vehicle users, albeit a minority, are failing to activate the telematics system when driving and asked whether consideration had been given to a “non-start” of the vehicle if “non activation” occurs. The Assistant Chief Officer said that this was not being considered as the Force being an emergency response service, priority is for the driver/vehicle to respond to calls rather than activation of telematics. Communication to remind drivers to activate telematics of course continues.

Executive Summary: Outcome Based Budgeting (OBB) (Substantial Assurance)

- 4.10 No comments or questions were raised.

Executive Summary: Corporate Health and Safety (Reasonable Assurance)

- 4.11 Audit Committee Members had a number of questions about the first two recommendations in this report – with these questions covering how the Force planned to monitor compliance of fire safety requirements/checks, whether consideration had been given to using an external specialist resource, whether fire checks not being completed indicates a resource issue, whether 6 months as per the implementation date was too long a time to wait to implement a dedicated resource and whether the lack of fire checks has any impact on insurance. The Assistant Chief Officer offered responses to each of these questions.
- 4.12 Suffolk Fire Service were due to carry out an announced visit at Bury St Edmunds in January 2021. This was postponed due to the pandemic. Instead a meeting was held via Microsoft Teams which turned a “non-compliant” premises in their view to “broadly-compliant”.
- 4.13 Compliance levels are reported to the Joint Health and Safety Committee each quarter and to the Joint Chief Officer Team (JCOT) in routine reports. The Health and Safety Committee falls within the portfolio of the Deputy Chief Constables of Norfolk and Suffolk and they meet monthly to ensure they are full briefed (in order to take action if necessary) in all areas of the business, including Health and Safety.
- 4.14 Consideration has been given to an external source to undertake fire checks, however this does not provide for a resource to manage compliance levels and to provide advice and guidance in a timely manner. Options for an internal resource to provide this are currently being considered.
- 4.15 Lack of compliance with fire checks is due to resourcing and also linked to lockdown and the requirement for officers/staff to work from home where possible. This is being addressed.

- 4.16 The timeframe of six months to implement the recommendation is an estimate based upon the agreeing of a resource and then allowing for recruitment. The preference is of course that it could be more rapidly resolved.
- 4.17 The failure to complete all fire checks on a timely basis does not give rise to any possible restriction on, or voiding of, insurance cover held in respect of Employer's Liability and/or damage to premises.
- 4.18 With regard to the third recommendation in the report, Audit Committee Members were concerned that the loss of all health, safety and fire e-learning on NCALT meant that new recruits are not receiving the training they should and existing staff are not receiving refresher training. As the implementation dates for the recommendation have now passed, the Audit Committee Members asked whether the issues had indeed been resolved.
- 4.19 The Assistant Chief Officer explained that the problems with NCALT related to technology and it was due to the modules using a different "platform" that they were no longer compatible with the technology used by the Force. Health & Safety is currently working with Learning & Development to try and resolve this issue by either enabling use of the alternative platform or seeking an alternative training method.
- 4.20 The implementation dates stated within the report are incorrect and Management will follow up with TIAA and revise the dates as necessary.
- 4.21 With regard to the third and fourth recommendations (Covid marshals and submission of checklists), the Assistant Chief Officer responded as below.
- 4.22 All areas have a Covid marshal assigned and this is regularly monitored by the Health & Safety Team and the Covid Bronze lead as part of the "Working Safely During Covid" meeting structure.
- 4.23 Where Covid marshals are not providing returns, this is raised to their head of department through an escalation process with Covid Bronze and Silver. Work continues to improve response rates. If necessary, non-compliance issues are raised to OpResponse20 Gold meetings if appropriate.
- 4.24 In terms of the final recommendation of this report, an Audit Committee Member asked whether any failure by officers/staff to report incidents on a timely basis had any implications on the insurance cover held in respect of Employer's Liability and/or other employment risks. The Assistant Chief Officer confirmed there was no impact on insurance cover in this situation.
- 4.25 As a point of interest, an Audit Committee Member asked how "non work" related injuries are adjudicated upon and any adjustments necessary are implemented. The Assistant Chief Officer explained that Workplace Health referrals are completed for anyone who has a non-work related injury which impacts upon their ability to work. This will allow for a clinician to

provide management advice in relation to fitness for work and any suitable adjustments. Adjustments are implemented via line management, DSE assessment, Access to Work, Wellbeing and supported by HR. HR hold regular meetings focusing on reviewing any such cases.

- 4.26 Audit Committee Members requested an update on all of these recommendations at the next meeting.

**ACTION: Updates on all Corporate Health & Safety recommendations to be brought to next meeting.**

#### Appendix C – Progress against Annual Plan

- 4.27 The Director of Internal Audit advised that TIAA looks to complete these audits by the end of April and not rush them to complete by the end of the financial year. This delay by a month is not caused by resourcing issues but more about the number of people working from home and the various changes caused by the pandemic.

- 4.28 Members of the Audit Committee were pleased to note that site visits continue to take place where possible, having undertaken risk assessments on both sides. The wearing of masks and social distancing has worked well and TIAA have valued being able to continue attending on site where possible.

#### Appendix D – Follow up of Recommendations – Progress Update

- 4.27 All were pleased to note the progress of the implementation of recommendations and the number overdue was reducing.

- 4.28 An Audit Committee Member asked whether it would be possible for brief details of the recommendations (including their priority status and original and/or extended due dates) where the action is more than twelve months overdue. TIAA confirmed that this information could be provided.

**ACTION: TIAA to provide further detail of the history of the recommendations in Appendix D.**

- 4.9 It was confirmed that where no deadline dates had been quoted for the outstanding recommendations that dates have now been agreed between managers and TIAA. They are shown on individual reports and held on the central action tracker.

### **5 INTERNAL AUDIT STRATEGY AND ANNUAL INTERNAL AUDIT PLAN (PAPER AC21/03)**

- 5.1 The Internal Audit Director presented this report, covering questions raised by Audit Committee Members. She also confirmed that the report was correctly marked as “draft” and would become “final” once all agreed they were content.

## Appendix A – GUARD Risk Analysis

- 5.2 It was confirmed that Brexit considerations, along with C19, would be considered within each audit which is why Brexit is not explicitly mentioned as a specific area of consideration but appears in the Risk Analysis.

## Appendix C – Rolling Strategic Plan

- 5.3 Cyber-Security: This audit has been undertaken in Q4 20/21 and therefore the next one is planned for 2023/24.
- 5.4 Workplace Health: This is scheduled for 2022/23 and not 2021/22 as there are no immediate concerns in this area, despite the impact of the pandemic. Currently any Workplace Health requirements are responded to quickly through the Gold, Silver and Bronze command structure.
- 5.5 Health & Safety: Audit Committee Members were concerned, particularly following the issues highlighted in the SICA report, that the review of this area is scheduled for 2022/23 and not 2021/22. TIAA confirmed that a Corporate Health & Safety review has just been undertaken as part of audit work in Q4 2020/21 therefore a date of 2022/23 for the next review is appropriate.
- 5.6 Stores and Uniform; Ethical Standards: No audits are planned for these as there are no concerns in these areas or high risks requiring attention.
- 5.7 Dog Handling: Despite being audited recently, it remains an area of concern and therefore an audit is planned for 2021/22. As it is an operational and public facing unit it is of increased significance in terms of audit. The allocation of 10 days for the audit has been agreed and discussed with management.
- 5.8 Allocation of days Norfolk/Suffolk: 15 days have been allocated for a Norfolk only audit. Audit Committee asked whether this means Suffolk would pay a reduced fee accordingly due to the imbalance in days between Force areas. The Internal Audit Director and Assistant Chief Officer said that any imbalance between Norfolk/Suffolk fluctuates throughout and is considered to ultimately level out. However, the Assistant Chief Officer reassured the Committee he would speak to his counterpart in Norfolk to ensure both Force areas are content with the allocation of days and payment thereof.  
**ACTION: Assistant Chief Officer to speak to Norfolk Assistant Chief Officer to ensure both Force areas are content with the allocation of days and payment thereof.**
- 5.9 Procurement: The planned audit of Procurement will consider how it is operating at a local level which therefore will not duplicate the recent audit by RSM of 7Force Procurement as this was taking a higher overview of the whole structure.



- 5.10 HR Audit – Online Recruitment: e-Recruitment is just at the business case/project start stage. Therefore a project audit could be undertaken during implementation as part of the HR audit.
- 5.11 Duty Management System: This is a key audit area of risk with outstanding recommendations from previous audits. Following upgrade of the system and a review of the “exceptions” rules, another follow up is planned once the recommendations have been implemented and given the opportunity to “bed in”.
- 5.12 Transport Management – Maintenance etc: This will not duplicate the vehicle and telematics audits already undertaken and will focus on the many other aspects of this area such as MOTs, servicing etc.
- 5.13 Follow up – 12 days allocated: Audit Committee Members were concerned 12 days may not be enough. The Internal Audit Director said that while more time would of course be welcome, there are 12 days available within the plan. She added the significant support from management now in place helps considerably when working within a relatively tight timeframe.

## **6 ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2020 (PAPER AC21/05)**

- 6.1 The External Auditor (Associate Partner) presented this report.

### Executive Summary

- 6.2 An Audit Committee Member asked if management have accepted the material uncertainty over the valuations of Property, Plant and Equipment. The Assistant Chief Officer said that the external valuers, NPS, in fact altered their position before Final publication, stating that there was no longer material uncertainty around these valuations and EY was advised of this.

### Financial Statement Audit

- 6.3 An Audit Committee Member observed that the Materiality was changed (lower) from the original Audit Plan. The External Auditor said that Materiality was always likely to change.

### Value for Money

- 6.4 The new regulations do not stipulate a de facto positive conclusion regarding VfM. Therefore from now on it is only reported by exception.

### Focused on Your Future

- 6.5 The Head of Financial Accounting and Specialist Functions confirmed with regard to IFRS16 that all leases have been identified and documented and all relevant information captured. Whilst the implementation of IFRS16 has again been postponed, Suffolk was ready to implement IFRS16 prior to the two postponements.

## **7 PROVISIONAL EXTERNAL AUDIT PLAN – YEAR ENDING 31 MARCH 2021 (PAPER AC21/04)**

- 7.1 The External Auditor (Assistant Manager) presented this report, highlighting key areas. Questions raised by the Audit Committee Members were then addressed.

### Valuation of the Police Pension Scheme Liability

- 7.2 Audit Committee Members raised a number of questions about the change of actuary.
- 7.3 Explaining the rationale for the change of actuary, the Assistant Chief Officer said that the Government Actuaries Department (GAD) provides a reporting service to many public sector bodies, more so than any other provider. They also collate the valuation data of all schemes for the Government and therefore have the latest valuation data to hand. Service is also provided at competitive cost and GAD was the least expensive of the 3 providers approached for quotations.
- 7.4 The issues that EY experienced with Hymans' actuarial reporting model also contributed to the review of the Suffolk Police Officer Scheme actuarial service, along with the additional costs incurred as a result of the issue.
- 7.5 Management did not feel it necessary to consult the Audit Committee with regard to a change of actuary as it is a management responsibility and no different to the procurement of any other professional service. The Audit Committee's role would be to challenge any issues that arise following the change of actuary.
- 7.6 Using GAD should "de-risk" the audit as Suffolk should not encounter the same issues as experienced with Humans.

### Overview of 2020/21 Audit Strategy

- 7.7 The External Auditor confirmed that the risk around the valuation of Property, Plant and Equipment and changed (downwards) from "Significant Risk" to "Other Area of Focus" as there was no triggering event as had been the case previously.

### Materiality Thresholds

- 7.8 The materiality has been set at £1.5m, using 2% of the prior year's assets. EY uses a range from 0% - 2% therefore threshold is at the top of the range from an auditor perspective.

- 7.9 Performance materiality has been set at 75%. The methodology for this used by EY is in line with standard practice and a threshold of 75% sits at the top of the range.

#### Audit Scope

- 7.10 An Audit Committee Member asked whether Management had any comment on the final paragraph as regards to “the changing requirements of external audit”.
- 7.11 Management had a number of comments. First it was noted that the Redmond Review recognised the concern around the disproportionate time spent by audit on asset and pension valuations that do not have immediate impact on the charge to the general fund for the delivery of services. Management supports this concern around Audit Focus and the following escalation of costs.
- 7.12 Management disagrees that having “new accounting standards to consider” should be relevant to the varying of fees. Future implementation of new accounting standards is known in advance and indeed were known when the fees were set – therefore management would expect them to have been included in any initial bid fee.
- 7.13 In response, the External Auditor commented that all organisations have their own regulatory frameworks within which to operate.

#### Significant Risk: Police Pension Scheme

- 7.14 Audit Committee Members and Management questioned the increased level of risk being based, in part, on the change of actuary. It was felt that the change should in fact reduce the risk of material misstatement.
- 7.15 Management confirmed that the original actuary, Hyman Robertson, are still appointed by the Suffolk Pension Fund with regard to the Staff Pension Scheme and this is separate to the appointment of GAD to the Suffolk Police Officer Scheme.

#### Audit Team – Use of Specialists

- 7.16 An Audit Committee Member expressed concern that the multiplicity of “pension specialists” referred to could lead to work being duplicated and an escalation of costs. The External Auditor said that a range of experts is needed in line with required audit standards. Unnecessary multiplicity and duplication is avoided.

#### Audit Timeline

- 7.17 The External Auditor confirmed that they would be working to 31 December 2021 as the deadline for issuing their Annual Report and Opinion. Management, supported by the Audit Committee, expressed their dissatisfaction with regard to this as Suffolk has a statutory duty to publish the Statement of Accounts by 30 September 2021.

- 7.18 The External Auditor said that working to 31 December 2021 is the appropriate amount of time needed to discharge their responsibilities as auditors and so as not to compromise the quality of the audit, this deadline was “non-negotiable”.
- 7.19 Management and the Audit Committee emphasised that they felt for EY to issue their opinion 9 months after the end of the financial year was not reasonable.
- 7.20 It was agreed that this matter would not be immediately resolved and discussions would remain ongoing outside the meeting.

**ACTION: Management and External Auditors to discuss/agree audit timeline**

#### Audit Fees

- 7.21 It was confirmed that the proposed additional fees have been agreed between EY and management and are currently with PSAA for ratification.
- 7.22 The proposed increased scale fee is not agreed and is with PSAA for adjudication.
- 11.25 *Short break. Mark Hodgson left the meeting – apologising as he had another meeting to join.*

### **8 7FORCE PROCUREMENT AUDIT RESULTS REPORT (PAPER AC21/06)**

- 8.1 The Chief Executive presented this report and addressed questions raised by Members of the Audit Committee.
- 8.2 He stated that the report had been to the 7F Strategic Procurement Government Board (SPGB) which the PCC Chairs, and the Assistant Chief Officer and himself also attend. (The report has or will also go to the other Audit Committees across the region. This should therefore provide reassurance that this area is under close scrutiny.)
- 8.3 The actions arising from the report are progressing as per the timescale and an updated action log considered at the meeting of the SPGB on 10.03.21 was circulated to Audit Committee Members prior to this meeting.
- 8.4 Staff training on procurement has been delivered and well received by attendees.
- 8.5 The Chief Executive said he had no concerns with the governance arrangements in place for the 7F Procurement Function. The SPGB meets monthly, under the terms of the Collaboration Agreement. Indeed Suffolk played a key part in drawing up the Collaboration Agreement and Contract Standing Orders etc. to ensure that Suffolk’s requirements were met. For example different contract thresholds apply in Norfolk/Suffolk compared with the rest of the region for spend up to £50,000 to ensure appropriate levels of control.

- 8.6 The costs for Suffolk of the 7F Procurement Function are £232,045 for 2020/21, £227, 448 for 2021/22 and £213,657 for 2022/23. As the Function is new and just coming to the end of its first financial year, Value for Money will be discussed as part of the post-implementation review.
- 8.7 The External Auditors, to Management’s knowledge, have not raised concerns about any matters in relation to the 7Force Procurement Function.

## **9 MID-YEAR TREASURY MANAGEMENT REPORT AND INVESTMENT AND TREASURY MANAGEMENT STRATEGY (PAPER AC21/07)**

- 9.1 The Head of Financial Accounting and Specialist Functions presented this report, giving a comprehensive overview of the approach in this area and then addressed the questions raised.

### Short-Term Borrowing

- 9.2 Short-Term Borrowing is not frequently necessary at the present time. Costs of borrowing are kept to a minimum with cash deposits being utilised rather than borrowing longer term. In current conditions, short-term borrowing is cheaper than long-term.
- 9.3 The Pension Top Up grant is received in June/July. This is effectively drawn down as pension lump sums are paid in the following year. There is therefore a possibility that short-term borrowing may be required between March and June.
- 9.4 There is an underlying need to borrow represented by the “Capital Financing Requirement” indicator, so any borrowing is only against this capital measure.

### Counterparty Maintenance

- 9.5 An Audit Committee Member was reassured to see the counterparty list is informed and managed on a daily basis given the current uncertainties. He went on to ask whether there are procedures for addressing existing investments with parties who no longer meet the approved counterparty criteria.
- 9.6 For new investments, those not meeting the counterparty criteria would not appear on the availability list. Suffolk would look to liquidate existing investments for those counterparties where ratings drop below the lending criteria. However, this is determined by the lending agreement at the time of issue, for example consideration of the maturity date.

### Training for Audit Committee Members in Treasury Management

- 9.7 No training is currently scheduled though the Head of Financial Accounting and Specialist Functions would be pleased to provide this if so desired.

- 9.8 Previously, training was declined due to the Audit Committee’s role in “noting” the Treasury Management Strategy rather than “approving” or making any recommendations. This was discussed at length in previous meetings.
- 9.9 From a governance perspective, the Audit Committee said they would welcome the advice of the Chief Executive with regard to the appropriate vehicle to approve or recommend the Treasury Management Strategy. The Chief Executive felt this was a matter for the Chief Finance Officer who would address this on his return to work.  
**ACTION: Determine the appropriate/correct vehicle to approve or recommend the Treasury Management Strategy.**

#### Internal Audit

- 9.10 An internal audit of Treasury Management planned for 2021/22 will include a review of the services provided by Link Asset Services as advisers.

#### Counterparty Criteria

- 9.11 An Audit Committee Member asked whether it would be prudent to put limits in place so as to set a maximum amount which may be held with any one market sector so as to avoid any undue concentration of exposures where credit or systemic risk may be amplified within counterparties sharing key common characteristics or sensitivity profiles.
- 9.12 The Head of Financial Accounting and Specialist Functions said that this is something that can be considered with Link Asset Services. An initial view is that credit ratings are set high and creating a sector limit may in fact reduce the number of potential borrowers – to mitigate this the rating requirement may need to be revised down.
- 9.13 Sector limits could be used which would not necessarily significantly limit our options but it would need careful consideration to ensure it does not cause practical issues on a day to day basis. This is particularly relevant in Suffolk where cash levels tend to be relatively low.
- 9.14 Money Market Funds spread risk across a range of institutions and sectors therefore in effect diversification is achieved that way. If there are concerns about limits, a possible approach could be to set a lower monetary limit per institution/fund and limit exposure that way. At the end of February Suffolk had around £15m invested across three institutions/funds so operationally could apply lower limits than in the Treasury Management Strategy.

#### Link Asset Services Economic Review

- 9.15 This section was removed from the paper to reduce the report size. It will be circulated separately outside the meeting.  
**ACTION: Circulate Link Asset Services Economic Review**

## General Question

- 9.16 An Audit Committee Member asked whether the future Treasury Management Strategy had been assessed for any impact from the current CIPFA review of the Prudential Code. The Head of Financial Accounting and Specialist Functions said that the 2021/22 strategy is based on existing Codes. Once the consultation on the CIPFA review has concluded, and any new Code adopted, future strategies will be delivered accordingly.

## **10 ANY OTHER BUSINESS**

- 10.1 There was no other business.

*This part of the meeting closed at 12:21. 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]

## **11 CLOSED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 27 NOVEMBER 2020 AND MATTERS ARISING (PAPER AC21/08)**

- 11.1 The minutes of the Audit Committee held on 27 November 2020 were agreed as a true record. The Chair will formally sign them at a future date when it is possible to do so.

## **12 INTERNAL AUDIT TENDER OUTCOME**

- 12.1 The Assistant Chief Officer briefed Audit Committee Members on the outcome of the recent procurement process.

## **13 STRATEGIC RISK REGISTER BRIEFING (PAPER AC21/09)**

- 13.1 The Assistant Chief Officer presented this report.

## **14 POLICE EDUCATION QUALIFICATIONS FRAMEWORK (PEQF)**

- 14.1 The briefing was postponed.

## **15 FORENSICS**

- 15.1 The briefing was postponed.

*The meeting closed at 12:50.*

## SUMMARY OF ACTIONS

Item	Action	Owner
3.9	Assistant Chief Officer to compile and circulate responses to TIAA briefings	Assistant Chief Officer
4.26	Updates on all Corporate Health & Safety recommendations to be brought to next meeting.	Assistant Chief Officer / TIAA
4.28	Further detail to be provided of the history of the recommendations in Appendix D of the SICA report.	TIAA
5.8	Assistant Chief Officer to speak to Norfolk Assistant Chief Officer to ensure both Force areas are content with the allocation of days and payment thereof.	Assistant Chief Officer
7.2	Management and External Auditors to discuss/agree audit timeline	Assistant Chief Officer / EY
9.9	Determine the appropriate/correct vehicle to approve or recommend the Treasury Management Strategy.	Chief Finance Officer
9.15	Circulate Link Asset Services Economic Review	Assistant Chief Officer