

## **AUDIT COMMITTEE**

A meeting of the Suffolk Audit Committee was held via Microsoft Teams on Friday 18 February 2022 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), Kate Fitzsimons (Support Officer) and Tim Passmore (PCC).

Kenneth Kilpatrick (Chief Constable ACO and Temporary PCC CFO).

### **Present by invitation**

Vicky Chong (Assistant Manager, Ernst and Young – External Auditor), Fiona Dodimead (Director of Audit, TIAA – Internal Auditor) and Claire Lavery (Audit Manager, TIAA – Internal Auditor).

### **Apologies**

Steve Jupp (Chief Constable) and Mark Hodgson (Associate Partner, Ernst and Young – External Auditor).

## **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 for the ensuing year by unanimous vote.

1.2 The Chair thanked the committee and welcomed everyone to the meeting. Apologies from the Chief Constable were noted.

### **2 DECLARATIONS OF INTEREST**

2.1 There were no declarations of interests.

**3 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 26 NOVEMBER 2021 AND MATTERS ARISING (PAPER AC22/01)**

3.1 The minutes of the Audit Committee meeting held on 26 November 2021 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 An update on the actions was provided as follows:

<b>Item</b>	<b>Action</b>	<b>Outcome</b>
4.3	Briefing on Cyber Security to be arranged for the private agenda of the next Audit Committee Meeting in February 2022.	A briefing is arranged for the private agenda of this meeting.
5.3	Ascertain whether a definite implementation date could be set re officers/staff reporting damage to vehicles.	Complete – The CFO circulated a briefing note following the last meeting of the Audit Committee.
5.5	Confirm whether the implementation date of 30.04.23 relates to the exploratory work around using Chronicle to record dog handlers training or whether it relates to actual implementation of an electronic records system.	Complete – The CFO circulated a briefing note following the last meeting of the Audit Committee.
5.6	Actions required in the Client Briefing Notes to be considered and responses circulated outside the meeting.	Complete – The CFO circulated a briefing note following the last meeting of the Audit Committee.

3.3 The PCC highlighted the recent national media attention around faults on two BMW engine types. He reassured that there are contingency plans in place and that this will not impact the operational capability.

**4 SUMMARY INTERNAL CONTROLS ASSURANCE (SICA) REPORT (PAPER AC22/02)**

4.1 The Internal Auditor presented this report.

Limited Assurance - Seized Monies:

4.2 The limited assurance is mainly due to timeliness issues around the banking of seized monies, delays with decision making on the monies, and the timeliness of the bank reconciliations.

4.3 An Audit Committee Member highlighted that, as per the timetable, most dates for implementation have now passed and asked if the implementation of recommendations has taken

place. The Internal Auditor said that they intend to undertake a follow-up audit to ensure the controls are in place and that there will be a full detailed follow-up at the next meeting.

- 4.4 The CFO updated Audit Committee Members on the Constabulary's current position with the recommendations:
- 4.5 Seized, Retention and Disposals of Monies Policy: Reassurance was given that a procedure to support the policy is drafted and when finalised will be applied to the handling of Seized Monies. There is also a task and finish group in place across Norfolk and Suffolk to manage this.
- 4.6 Additional Resilience: A Seized Monies Clerk is joining imminently. Despite difficulties with recruitment, this action should be complete in advance of the September deadline. Audit Committee Members questioned the risk and resilience in the reliance on a sole Senior Transactional Clerk's responsibility to undertake the process of banking. The Internal Auditor reassured that the issues related to resilience over the function rather than there being any real risk of fraud. The Internal Auditor is content that there is adequate resilience in the function across drug stores and property stores.
- 4.7 Decision Making and Timeliness of Banking Seized Monies: This will be measured and referred to the ACO and operational ACCs for monitoring to ensure timelines are met.
- 4.8 The Chief Executive questioned the limited assurance scoring given for Suffolk especially where the urgent action relates to a store based in Norfolk. The Internal Auditor acknowledged that while the issue largely relates to the Norfolk-based stores, there are issues in Suffolk to a lesser extent and therefore some of the highlighted issues are still relevant. The Internal Auditor assured that although the audit work is joint with Norfolk, areas within the respective forces that are significantly different will be reported on separately and the other force not downgraded as a result.

Substantial Assurance – Capital Programme:

- 4.9 There were no substantive questions on this report.

Progress against the Annual Plan:

- 4.10 Overall, good progress has been made. A number of audits are still to be undertaken which is due to the timing around when the contract returned to TIAA and the need to ensure that the audits could be undertaken. The delays will not affect the timing and delivery of the Head of Internal Audit Opinion.

Priority 1 and 2 Recommendations:

- 4.11 Work is progressing to ensure recommendations are implemented by the revised due dates. It was noted that the number of outstanding recommendations has reduced significantly. The Internal

Auditor was pleased that there is now a good process in place in the management of the recommendations.

- 4.12 Corporate Health and Safety: An Audit Committee Member raised the Internal Auditor's recommendation and whether this is a breach of fire safety statutory requirements given the organisation is not fully up to date with the checks. The Internal Auditor said that most of these checks relate to sites that are currently not in any real use and that there will be a detailed response to this at the next meeting. An Audit Committee Member suggested the award of honoraria for staff taking on this work. The CFO agreed with this approach and will raise with the relevant persons.

**ACTION: The CFO to consider and raise with the relevant persons the award of honoraria for staff undertaking fire safety checks at sites.**

- 4.13 PEQF and Vetting: An Audit Committee Member asked if there was a risk to Suffolk's HMICFRS rating given that Vetting is part of the Inspectorate's criteria for review. The CFO highlighted there are fluctuations in Vetting timelines and that it is now more manageable. The national Vetting resource in Warwickshire continues to undertake some Vetting on behalf of Suffolk. The PCC highlighted the introduction of robotics into Vetting which will also quicken the process.

- 4.14 Protection from Terrorist Attacks: An Audit Committee Member raised the 'top priority' scoring and asked for assurance that this is being prioritised. The CFO gave that assurance and highlighted the links in with the Eastern Region Special Operations Unit (ERSOU). He suggested he will review the Client Briefing Note and liaise with Protective Services to bring an update back to the committee.

**ACTION: The CFO to evidence to the committee that the force is prioritising the review of security arrangements.**

- 4.15 An Audit Committee Member asked that the Client Briefing Notes are routinely shared with the committee.

## **5 INTERNAL AUDIT STRATEGY AND ANNUAL INTERNAL AUDIT PLAN (PAPER AC22/03)**

- 5.1 The Internal Auditor presented this report.

- 5.2 The Internal Auditor is aware that the contract expires at the end of June but has prepared the three year Strategy and the Annual Plan for next year. Alongside the internal work to inform the Plan and Strategy, the Internal Auditor has scanned the horizon across other forces to ensure they are aware of any other specific risks or concerns.

- 5.3 An Audit Committee Member raised the recent IOPC report into the Metropolitan Police. He asked whether the Equality, Diversity and Inclusivity audit should be brought forward into the current year to bolster public confidence and assurance. The Internal Auditor spoke of a recent webinar run for forces around this subject and reassured that they are monitoring the process that is being undertaken outside of the particular audit. The PCC reassured that there are regular updates

brought to the Weekly Conference meetings with the Chief Constable and that the force is working to improve in this area.

- 5.4 An Audit Committee Member highlighted that the Security of Seized Proceeds of Crime audit is marked down for the second quarter which is early in comparison to one of the key recommendations made (September deadline) in the Seized Monies report. The Internal Auditor confirmed that the focus was different in terms of it being property and not seized cash which is the reason it has been included again in this year.
- 5.5 On Digital Assurance, an Audit Committee Member raised whether the Cyber Security Maturity Assessment should be brought forward from 2023/24 to 2022/23 given that the fundamental risk is currently heightened.
- 5.6 The Chief Executive highlighted that there are several audits of a lesser importance, such as the Specified Information Order, in which 10 days are allocated. He added that he is satisfied that the OPCC meet the legal obligations around the publication of information. The office has achieved the COPACC transparency award over a number of years and which involves an examination of its compliance with the Specified Information Order. The time allocated for this could more usefully be spent on other audits of a higher importance.
- 5.7 An Audit Committee Member raised the local and national media around social media use by officers and raised that the Whistleblowing and Use of Social Media audits scheduled for 2024/25 might also be brought forward. The PCC agreed and added that with the uplift in officer numbers there is a need for more training around the correct use of social media.  
**ACTION: The Internal Auditor to consider the comments of the Audit Committee in the revised plan and circulate the plan prior to the next meeting.**
- 5.8 The Committee agreed that 'health check audits' for assurance could be factored into the new tendering process for the Internal Audit Contract. The Internal Auditor agreed that there is merit in these audits but suggested full audits should still be undertaken for the verification of data.  
**ACTION: Audit Committee Members to consider and provide recommendations for the new Internal Audit tender.**

## **6 2020/2021 AUDITOR'S ANNUAL REPORT (PAPER AC22/04)**

- 6.1 The External Auditor presented this report. The External Auditor issued an unqualified opinion on the accounts at the previous meeting. The External Auditor is required to issue an Auditor's Annual Report summarising key messages and commentary for VFM. Detailed findings were reported through the Audit Results Report, as presented at the previous meeting. There were no other new messages in relation to the audit.
- 6.2 An Audit Committee Member asked for clarification on plans around budget setting. In relation to the process, the CFO said that the Medium Term Financial Plan (MTFP) for 2022/23 to 2025/26 had been signed off by the PCC. With the exception of the next financial year, there are forecast deficits for the remaining three years which are manageable and reviewed as part of the annual

outcome based budget (OBB) setting process. Uncertainties with next year's budget are around police officer and staff pay awards and therefore a 3% rise has been budgeted and reserves can be used if the rise is higher than 3% to meet the increase.

- 6.3 An Audit Committee Member asked what action is being taken on the External Auditor's recommendation from a previous report suggesting a review of the process on the valuation of the Police Pension Scheme Liability. The CFO said that discussions are ongoing with the Government Actuary Department to ensure that the force and External Auditor is in agreement before the valuations for 2021/22 commence.
- 6.4 An Audit Committee Member asked for clarification over the identified budget gap of £9.1m to 2024/25 and the current reserve amount of £9.7m. The CFO clarified that a considerable amount of the current reserve is earmarked for certain necessary projects and upgrades. He added that there would be in-year financial management to manage the identified budget gap.
- 6.5 The Chief Executive highlighted inaccuracies in the report, more specifically on the OPCC's 'Strategic Governance Board' and 'Estates Governance Board' and confirmed that these boards do not exist in Suffolk. The frequency of the equivalent boards in Suffolk also differ to that which is stated in the report. He also highlighted that, as per the description on page 24, the position in relation to 7Force Procurement has changed and will likely be outlined in the Annual Governance Statement later in the year.
- 6.6 An Audit Committee Member asked for timescales on when the PSAA might be adjudicating. The External Auditor updated that PSAA have approved the 2019/20 additional fees and that they have invoiced accordingly. The 2020/21 additional fee is still being finalised and this fee will be discussed with the CFO once the process is complete. There is no timeline given by PSAA for when the 2020/21 fees might be approved.

## **7 MID-YEAR TREASURY MANAGEMENT REPORT AND INVESTMENT AND TREASURY MANAGEMENT STRATEGY (PAPER AC22/05)**

- 7.1 The CFO presented this report. The report was noted by Audit Committee Members. The Mid-Year report for 2021/22 has been reviewed by the PCC and Chief Executive. The Strategy for 2022/23 has been approved by the PCC as part of the approvals for the MTFP.
- 7.2 An Audit Committee Member raised that whilst the organisation's position is good in terms of risk around borrowing money, he observed that interest rates are increasing which could expose the organisation to high interest rates. The CFO reassured that this will be monitored and said there is likely to be slippage on Capital which will allow the reallocation of funds to other purchases.
- 7.3 An Audit Committee Member raised that the frequency of the Mid-Year Treasury Report will be quarterly to comply with the code, when adopted. The CFO said that this reporting frequency will be complied with. There will be further discussion with the PCC and Chief Executive as there are elements which may need to feature in the finance report to the PCC's Accountability and Performance Panel (APP) meeting to ensure this information is in the public domain.

**ACTION: The OPCC and the force to discuss the implications of the new code outside of the meeting.**

- 7.4 An Audit Committee Member raised whether this forum was right for this report, especially considering the report is presented only for note. The CFO said that this report is presented for note to ensure compliance with the committee's Terms of Reference. He added that there is value in an external overview. It was agreed that the way forward was for the committee to note that the policies and procedures to manage Treasury Management exist but are not approving the contents of the report as it is not in the committee's purview.

**8 ANY OTHER BUSINESS**

- 8.1 There was no other business.

*This part of the meeting closed at 11:05.*

**PRIVATE AGENDA**

**9 VERBAL UPDATES FROM CFO AND CHIEF EXECUTIVE**

- 9.1 Audit Committee Members were updated on a number of areas of relevance including Cyber Security, the appointment of a CFO in the OPCC, the internal audit contract and external audit fees.

*The meeting closed at 12:15*

## SUMMARY OF ACTIONS

<b>Item</b>	<b>Action</b>	<b>Owner</b>
4.12	The CFO to consider and raise with the relevant persons the award of honoraria for staff undertaking fire safety checks at sites.	Chief Finance Officer
4.14	The CFO to evidence to the committee that the force is prioritising the review of security arrangements.	Chief Finance Officer
5.7	The Internal Auditor to consider the comments of the Audit Committee in the revised plan and circulate the plan prior to the next meeting.	Internal Auditor
5.8	Audit Committee Members to consider and provide recommendations for the new Internal Audit tender.	All
7.3	The OPCC and the force to discuss the implications of the new code outside of the meeting.	OPCC/ Constabulary