

## **AUDIT COMMITTEE**

A meeting of the Suffolk Audit Committee was held via Microsoft Teams on Friday 24 June 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**

Kate Boswell (Executive Assistant to the PCC and Chief Executive), Sandra Graffham (Head of Communications and Engagement) Christopher Jackson (Chief Executive), and Tim Passmore (PCC).

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

### **Constabulary**

Steve Jupp (Chief Constable).

### **Present by invitation**

Fiona Dodimead (Director of Audit, TIAA – Internal Auditor) and Claire Lavery (Audit Manager, TIAA – Internal Auditor).

### **Apologies**

Vicky Chong (Assistant Manager – Ernst and Young – External Auditor), Mark Hodgson (Associate Partner, Ernst and Young – External Auditor)

## **PUBLIC AGENDA**

### **1 DECLARATIONS OF INTERESTS**

- 1.1 There were no declarations of interests.
- 1.2 The Chair thanked the committee and welcomed everyone to the meeting. The OPCC Head of Communications and Engagement was introduced to the Audit Committee.
- 1.3 Apologies from Ernst & Young were noted. The Chief Constable and the Police and Crime Commissioner (PCC) apologised for needing to leave the meeting at 10:30 and 11:00 respectively.

### **2 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 18 FEBRUARY 2022 AND MATTERS ARISING (PAPER AC22/06)**

2.1 The minutes of the Audit Committee held on 18 February 2022 were agreed as a true record. The Chair will formally sign the minutes at a future date when it is possible to do so.

2.2 An update on the actions was provided as follows:

Item	Action	Outcome
4.12	The CFO to consider and raise with the relevant persons the award of honoraria for staff undertaking fire safety checks at sites.	Complete – The Head of Estates will progress as appropriate.
4.14	The CFO to evidence to the committee that the force is prioritising the review of security arrangements.	Complete – The Superintendent Protective Services has confirmed compliance through the Protect and Prepare meetings.
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.	Complete - Adjustments to the plan were made and the plan recirculated.
5.8	Audit Committee Members to consider and provide recommendations for the new Internal Audit tender.	Complete – Superseded due to the award of the Internal Audit contract, covered later the agenda.
7.3	The OPCC and the force to discuss the implications of the new code outside of the meeting.	Complete – The force will ensure its compliance with the Treasury Management Code through the quarterly 'Review and Capital Monitoring' report resented at the PCC's Accountability and Performance Panel (APP).

2.3 Points made by Audit Committee Members were then addressed:

2.4 Seized Money Clerk: The CFO advised that whilst the role is currently vacant, but someone is covering the duties. Consultation with the team is underway and feedback on that role is being considered.

2.5 Use of the term robotics: The CFO confirmed that the term 'robotics' is correct, and that it is a bot performing the task, although there will also be some level of artificial intelligence involved.

- 2.6 Pension Valuation: The CFO confirmed the force is working with the Government Actuary Department (GAD) and the External Auditors to ensure the previously experienced issues are not repeated.

### **3 SUMMARY OF INTERNAL CONTROLS (SICA) ASSURANCE REPORT (PAPER AC22/07)**

- 3.1 The Internal Auditor presented this report.

#### Shared Services Transaction Centre (SSTC):

- 3.2 Recommendations have been made around the introduction of Terms of Reference for the SSTC Governance Board, an update of the Terms of Reference for the SSTC Working Group, and the introduction of KPIs for Service Lines.

- 3.3 The Chief Executive requested a copy of the respective Terms of Reference and the KPI's when introduced.

**ACTION: The CFO to share the respective Terms of Reference and KPI's for Shared Services Transaction Centre with the Chief Executive once produced.**

#### Pension Administration:

- 3.4 This audit was graded as substantial assurance and there was only one minor recommendation regarding the update of the payroll system.
- 3.5 An Audit Committee Member highlighted the Internal Auditor's finding regarding staff and officers potentially being entered into an incorrect Pension Scheme. The Internal Auditor explained that the system used would not prevent such an error but that a secondary manual check is in place. There is no evidence that staff or officers have been placed in the incorrect Pension Scheme.

#### Risk Maturity and Development:

- 3.6 The Internal Auditor expressed satisfaction with the outcome of this audit, with only four minor recommendations made regarding target risk scores.
- 3.7 The Internal Auditor confirmed that strategic risk registers and departmental risk registers are assessed, and which highlights that risk is being discussed at all levels and escalated as required.
- 3.8 An Audit Committee Member requested a copy of the Good Governance Institute (GGI) guidance as referred to in the report.

**ACTION: The Internal Auditor to circulate the GGI guidance to Audit Committee Members.**

#### Corporate and HR Policies:

- 3.9 Three minor recommendations were made by the Internal Auditor, which concerned gaps in the database, procedure notes, and regarding a central policy unit for changes to be periodically checked.
- 3.10 An Audit Committee Member asked if the 5% overdue policy target figure was appropriate and visible to management. The CFO confirmed that the monthly reports on progress against targets are circulated at a high level of management within the Constabulary, and he felt that the 5% target was a sustainable figure to work with.
- 3.11 Discussion to place over the legal sign off of the 64 Interim Policies. As a result a number of actions were agreed.

**ACTION:**

- **The Internal Auditor to break down the policies in terms of Suffolk / Norfolk / Joint, and forward to the CFO.**
- **The CFO to check on the legal status of interim policies, and any significant issues around use of the Legal Department referred to in the report.**
- **The CFO to circulate an update to the committee.**

Procurement Strategy and Policy:

- 3.12 A grading of reasonable assurance has been given by the Internal Auditor for Procurement Strategy and Policy, with one important recommendation made regarding deviations from standing orders when obtaining quotations for a single tender action. There are two further minor recommendations around procurements with values of less than £50K and ensuring they have appropriate sign off.
- 3.13 The CFO advised that work is ongoing around compliance through education and training, and that should there be any persistent offenders, then tighter mechanisms will be put in place.
- 3.14 The PCC queried the timeframe for implementation of these changes as being at the end of September. The CFO confirmed he would obtain context regarding this and the implementation schedule.

**ACTION: The CFO to check the context regarding the implementation schedule for the Procurement Strategy and Policy recommendations.**

Key Financials:

- 3.15 The Committee was pleased to see the substantial assurance grading with no recommendations made.

Seized Monies:

- 3.16 There were five recommendations in the follow up advisory report, with one showing as outstanding, and which is a Norfolk-based issue.

Follow Up:

3.17 Monthly follow ups with the Programme Management Office (PMO) office are proving helpful in instances where the Internal Auditors are not getting a response. The Committee agreed to continue with the approach to address the outstanding and overdue recommendations.

3.18 An Audit Committee Member asked that the use of acronyms, be preceded by the term being expressed in full.

**ACTION: Internal Auditor to ensure any reports using acronyms include the term being referred to at first use.**

**4 INTERNAL AUDIT ANNUAL REPORT (PAPER AC22/08)**

4.1 The Internal Auditor presented this report.

4.2 The Audit Committee Members commended the flexibility of the Constabulary, the OPCC, and Internal Auditors in getting the work done in challenging operational circumstances and recorded their congratulations. The Chief Executive added that to receive no limited assurances during the last financial year is an achievement in itself. It is the first time this has occurred in a number of years.

**5 INTERNAL AUDIT STRATEGY AND ANNUAL INTERNAL AUDIT PLAN (PAPER AC22/09)**

5.1 The Internal Auditor presented this report. The Strategy and Plan had been issued previously as part of the previous contract for the year, and so under a new contract they re-issued them for comment.

5.2 An Audit Committee Member raised that Equality, Diversity and Inclusion is being pushed back into 2023/2024, and questioned whether this was appropriate. The PCC flagged that a huge amount of work is currently being undertaken by the Constabulary in this area, and if it could be scheduled for early 2023 this would be a more suitable timeframe. The Audit Committee agreed on this point.

5.3 An Audit Committee Member queried that while the Plan is showing 330 days, the agreed contract is 275 days. The Internal Auditor commented that the document needed to be updated to 275 days.

**ACTION: Internal Auditor to update the Annual Internal Audit Plan with the agreed number of days as per the contract.**

5.4 An Audit Committee Member queried whether from a safeguarding duty of care perspective, should workplace health be included. The Audit Committee were in agreement on this point, and the Internal Auditor will include it in the Plan.

**ACTION: Internal Auditor to include Workplace Health in the Plan.**

**6 REVIEW OF EFFECTIVENESS OF THE SYSTEMS OF INTERNAL CONTROL 2022/22 (AC22/10)**

- 6.1 The CFO presented this report. The metrics applied are the same as last year, but with performance updated for June 21/22. The report shows full compliance in terms of the internal audit, and a score of four has been allocated to the audit.
- 6.2 An Audit Committee Member commented that usually the Committee has been scored as a '4'. The CFO was asked whether there are some areas where the Committee could move from a '4' to a '5'. The CFO agreed that in future alongside the PCC CFO, could complete the first draft, with the Audit Committee then undertaking a second stage review.
- 6.3 With regards to training for Audit Committee Member, previous discussions have mentioned looking at how the Committee reviews itself and its own effectiveness. Briefing sessions have been useful, but haven't provided much opportunity for discussion, so consideration needed to be given for an in-person Audit Committee meeting, followed by an afternoon training session. Suggested areas for training could include issues the Constabulary are facing, cyber security, the audit process, or a specific audit looked at in more depth. The Audit Committee agreed with this suggested approach.
- 6.4 An Audit Committee Member asked when the Internal Auditor will have its next external assessment. The Internal Auditor advised it is scheduled for September-October 2022 and the outcomes will be shared with the Audit Committee.
- 6.5 The Chief Executive sought the opinions of the Audit Committee Members on the format of how they wish Audit Committee Meetings to run post Covid-19. The overall agreement was a hybrid approach of some online meetings, with some face-to-face meetings that would allow incorporation of the training sessions.

## **7. REVIEW OF COMMITTEE ACTIVITIES 2021/22 (AC22/11)**

- 7.1 The Business Admin Officer presented the report.
- 7.2 The Audit Committee Members raised the following points to be noted in the minutes:
- Paragraph 2.4 – The addition of Risk Register review dates to be added to the report
  - Paragraph 2.7 – A note that the change in internal audit arrangements did not adversely impact the internal audit provision
  - That in November 2021 Equality and Diversity Training was provided by the Internal Auditors
  - Paragraph 2.5 – The date therein should read 2021/2022
  - Paragraph 2.7 – In the final paragraph 'to' should read 'the'
  - Paragraph 2.13 – It would be helpful to mention the discussion of fees for external audit
- 7.3 An Audit Committee Member requested an update on the outstanding Information Commissioners Office (ICO) referral. The CFO advised that there had been a delay in response from the ICO however he believed a response of no further action has now been received.

**8. POLICE AND CRIME COMMISSIONER'S DRAFT ANNUAL GOVERNANCE STATEMENT 2022 (AC22/12)**

- 8.1 The Chief Executive presented this report. It is still a working draft and will be continuously reviewed until March 2023.
- 8.2 An Audit Committee Member felt there should be mention of the impact of inflation on the organisation in the section describing the financial position, with rates potentially rising even higher by the end of the year and when the Annual Governance Statement (AGS) will be signed off in March 2023.
- 8.3 An Audit Committee Member raised that the last entry for PCC Gift and Hospitality on the website was in October 2022 and whether it needed updating.  
**ACTION: OPCC Business Admin Officer to investigate and ensure the PCC Gifts and Hospitality section of the OPCC website is up to date.**

**9. CHIEF CONSTABLES DRAFT ANNUAL GOVERNANCE STATEMENT 2022 (AC22/12)**

- 9.1 The CFO presented this report. There was nothing material to bring to members attention and it remains a live document until published in March 2023. Regarding inflation this has been included within the Forward Narrative for the 2022 Statements but should also covered within the Annual Governance Statement.
- 9.2 An Audit Committee Member asked if it is possible to see the Financial Management Code, and the Peel Inspection by the HMICFRS. The CFO confirmed that the inspection reports can be shared once published.  
**ACTION: The CFO to send hard copy versions of the Financial Management Code and the Peel Inspection Report to Audit Committee Members once published.**

**10. AUDIT COMMITTEE DATES 2022 / 2023**

- 10.1 Date schedule for 2022 / 2023 agreed as per the agenda.

**11 ANY OTHER BUSINESS**

- 11.1 The Chief Executive gave an update on the recruitment of the PCC CFO. Following unanimous support for the PCC's appointment proposal at the Police and Crime Panel Meeting on 27 May 2022, the formal appointment decision has been published on the website, and a start date for the new CFO has been agreed for 13 July 2022.
- 11.2 There was no other business.

*This part of the meeting closed at 11:40*

## **PRIVATE AGENDA**

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

### **12 CLOSED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 18 FEBRUARY 2022 AND MATTERS ARISING (AC22/14)**

- 12.1 The minutes of the Audit Committee held on the 18 February 2022 were agreed as a true record. The Chair will formally sign them at a future date when it is possible to do so.

### **13 INTERNAL AUDIT TENDER**

- 13.1 The Chief Financial Officer briefed the Audit Committee on the outcome of the recent procurement process.

### **14 EXTERNAL AUDIT TIMETABLE**

- 14.1 The Chief Financial Officer briefed the Audit Committee on the external audit timeline.

### **15 ANY OTHER BUSINESS**

- 15.1 There was no other business.



## SUMMARY OF ACTIONS

Item	Action	Owner
3.3	CFO to share the respective Terms of Reference and KPI's for Shared Services Transaction Centre with the Chief Executive once produced.	Internal Auditor
3.8	The Internal Auditor to circulate the GGI guidance to Audit Committee Members.	Internal Auditor
3.11	<p>64 Interim Policies:</p> <ul style="list-style-type: none"> <li>• The Internal Auditor to break down the policies in terms of Suffolk / Norfolk / Joint, and forward to the CFO.</li> <li>• The CFO to check on the legal status of interim policies, and any significant issues around use of the Legal Department referred to in the report.</li> <li>• The CFO to circulate an update to the committee.</li> </ul>	<p>Internal Auditor</p> <p>CFO</p> <p>CFO</p>
3.14	CFO to check the context regarding the implementation schedule for the Procurement Strategy and Policy recommendations.	CFO
3.18	Internal Auditor to ensure any reports using acronyms include the term being referred to at first use.	Internal Auditor
5.3	Internal Auditor to update the Annual Internal Audit Plan with agreed number of days as per the contract.	Internal Auditor
5.4	Internal Auditor to include Workplace Health in the Plan.	Internal Auditor
8.3	OPCC Business Admin Officer to investigate and ensure the PCC Gifts and Hospitality section of the OPCC website is up to date.	Business Admin Officer
9.2	CFO to send hard copy versions of the Financial Management Code and the Peel Inspection Report to Audit Committee Members once published.	CFO