

**ORIGINATOR: BUSINESS ADMIN OFFICER**

**PAPER NO:**

**AC23/11**

**SUBMITTED TO: AUDIT COMMITTEE 23 JUNE 2023**

**SUBJECT: REVIEW OF COMMITTEE ACTIVITIES 2022/23**

**SUMMARY:**

This report documents the activity of the Audit Committee in 2022/23 against the following categories in the Terms of Reference:

- Governance, Risk and Control;
- Internal Audit;
- External Audit;
- Financial Reporting;
- Treasury Management;
- Accountability Arrangements and Wider Functions.

**RECOMMENDATION:**

The Audit Committee is asked to review activities during 2022/23 as set out in this report.

## DETAIL OF THE SUBMISSION

### 1. KEY ISSUES FOR CONSIDERATION

- 1.1 The Suffolk Police and Crime Commissioner and Chief Constable's Audit Committee finalised and agreed its terms of reference at its meeting on 27 June 2014. They were amended to include Treasury Management in April 2019.
- 1.2 The Terms of Reference (Appendix A) state at point 6 that "The Committee will review its performance against its terms of reference and objectives on an annual basis."
- 1.3 This report provides a summary of activity within the financial year 2021/22 categorised according to the requirements set out in the Terms of Reference. References to published reports are included where appropriate.

### 2. SUMMARY OF COMMITTEE ACTIVITY

#### Meetings of the Audit Committee

- 2.1 Meetings in 2022/23 were conducted on the following dates:

- |                   |   |
|-------------------|---|
| ▪ 24 June 2022    | Microsoft Teams                           |
| ▪ 2 December 2022 | Police HQ, Martlesham                     |
| ▪ 31 March 2023   | Police HQ, Martlesham and Microsoft Teams |

#### Governance, Risk and Control

- 2.2 *"The Committee will consider the corporate governance arrangements and review annual governance statements (including in relation to ethical values) of the PCC and Chief Constable".*

In June 2022 the Audit Committee considered the draft Annual Governance Statement for the Police and Crime Commissioner prepared by the Chief Executive (Paper AC22/12) and the draft Annual Governance Statement for the Chief Constable prepared by the Assistant Chief Officer (Paper AC21/13).

The two Annual Governance Statements were then amended to take account of observations made by the Committee. The two Annual Governance Statements remain as draft documents, until the finalisation of the 2021/22 accounts.

- 2.3 *"The Committee will consider the effectiveness of the arrangements to secure value for money".*

There has been a delay for operational reasons in concluding the 2021/22 External Audit. Therefore the Committee has not been able to consider the Statement of Accounts for

2021/22 and the associated reports. Notice of this delay has been set out on the Police and Crime Commissioners website.

- 2.4 *“The Committee will consider the risk management arrangements of the PCC and Chief Constable.”*

The Committee were able to review the risk management arrangements when they considered the draft Annual Governance Statements for 2022 in June 2022 (AC22/12 and AC22/13). Furthermore, the Committee considered the Internal Auditors report upon risk management at the same meeting (AC22/08) and noted a level of reasonable assurance.

- 2.5 *“The Committee will consider the effectiveness of the arrangements for countering corruption and fraud.”*

Any fraud/irregularities that the Internal Auditors are advised of are reported to the Audit Committee through the Internal Audit Progress report. No frauds were identified during 2021/22.

### **Internal Audit**

- 2.6 *“The Committee will review the internal audit plan and propose any revisions to the internal audit plan.”*

The draft of the Audit Strategy and Annual Internal Audit Plan 2022/23 (AC22/09) was considered at the meeting in June 2022. This was withdrawn and replaced with an updated audit strategy and plan in March 2023 (AC23/04). The Committee was advised that the plan would be reviewed regularly to consider whether proposed areas of audit were still relevant or had increased in priority.

- 2.7 *“The Committee will consider the internal audit annual report and any appropriate in-year reports.”*

The Internal Audit Annual Report 2021/22 (AC22/08) from the Internal Auditors, considered by the Committee in June 2022, summarised the outcomes of the reviews carried out in the organisation’s framework of governance, risk management and control. The report included the Head of Internal Audit’s Annual Opinion in order to assist the PCC and Chief Constable in making their annual governance statements.

The Review of the Effectiveness of the System of Internal Control 2021/22 (Paper AC22/10) was received by the Committee in June 2022. The report, from the Chief Finance Officer, advised the Committee on the annual review of the effectiveness of the system of internal control. The Committee acknowledged that Internal Audit was compliant with the Regulations and Standards and that, through the self-assessments set out in the report they could take assurance that there was an effective system of internal control.

The following in-year reports from the Internal Auditors were also received and commented on by the Committee:

- June 2022 - Summary Internal Controls Assurance Report (AC22/07)
- December 2022 - Summary Internal Controls Assurance Report (AC22/16)
- March 2023 - Summary Internal Controls Assurance Report (AC23/03)  
- Internal Audit Strategy and Annual Internal Audit Plan (AC23/04)

### **External Audit**

#### 2.8 *“The Committee will consider all external auditor reports.”*

During the year, the Committee received and considered the following reports from the External Auditors:

- December 2022 - Audit Plan and Update on External Audit Addendum (AC22/17)
- March 2023 - Statement of Account 2021/22 (Verbal update)

### **Financial Reporting**

#### 2.10 *“The Committee will review the annual Statement of Accounts”.*

The Committee have yet to review the Statement of Accounts 2021/22, which is now scheduled for September 2023.

### **Accountability Arrangements**

#### 2.11 *“The Committee will review its performance against its terms of reference and objectives on an annual basis.”*

The Terms of Reference were agreed by the Committee in June 2014 (Paper AC14/09). This report contributes to the basis on which the performance for 2020/21 can be reviewed.

The Review of the Effectiveness of the System of Internal Control 2021/22 (Paper AC22/10) was circulated prior to the Audit Committee meeting in June 2022. The Audit Committee acknowledged that Internal Audit is compliant with the Regulations and Standards, through the self-assessment set out in the report, and it took assurance that there is an effective system of internal controls.

### **Treasury Management**

#### 2.12 *“The Committee will note the Annual Investment and Treasury Management Strategy Statement and any appropriate related monitoring reports”*

In March 2023 the Committee noted the Mid-Year Treasury Management Monitoring Report 2022/23 and Investment and Treasury Management Strategy 2023/24 (Paper AC23/05).

## **Wider Functions**

- 2.13 *“Where requested by the Police and Crime Commissioner, Chief Constable or Statutory Officers, the Committee will consider the adequacy of governance, risk management and audit processes in relation to a specific service or policy area.”*

The Committee also made use of a Private Agenda at the meetings in June 2022, December 2022, and March 2023 to discuss other matters of relevance including:

- June 2022                   - Update on the Internal Audit Tender (verbal)  
                                      - Update on the External Audit Timetable (verbal)
  
- December 2022       - Update on Audit Appointment (verbal)  
                                      - Update on Data Protection Matter (verbal)
  
- March 2023               - Update on Statement of Accounts 2021/22 (verbal)  
                                      - Update on Data Protection Matter (verbal)

## **3. FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications.

## **4. OTHER IMPLICATIONS AND RISKS**

- 4.1 There are no other implications.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	Yes
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Yes
Have human resource implications been considered?	Yes
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes
Has communications advice been sought on areas of likely media interest and how they might be managed?	Yes
Have all relevant ethical factors been taken into consideration in developing this submission?	Yes

## Appendix A

### The Suffolk Police and Crime Commissioner's and Chief Constable's Audit Committee: Terms of Reference

The Audit Committee finalised and agreed its terms of reference at its meeting on 27 June 2014, amended to include Treasury Management in April 2019 as follows:

#### **1 Statement of Purpose**

- 1.1 The Audit Committee is a key component of the Office of the Police and Crime Commissioner (OPCC) and Suffolk Constabulary's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 1.2 The purpose of the Audit Committee is to provide independent advice and recommendations to the Police and Crime Commissioner (PCC) and the Chief Constable on the adequacy of the governance and risk management frameworks, the internal control environment, and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place. To this end the Committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of the Office of the Police and Crime Commissioner and Suffolk Constabulary's governance, risk management and control frameworks, its financial reporting and annual governance processes, and internal audit and external audit.
- 1.3 These terms of reference will summarise the core functions of the Committee in relation to the Office of the Police and Crime Commissioner and to the Constabulary to enable it to operate independently, robustly and effectively.
- 1.4 The Committee will support effective relationships between external audit and internal inspection agencies and other relevant bodies and further encourage the active promotion of the value of the audit process.

#### **2 Governance, risk and control**

The Committee will, in relation to the Police and Crime Commissioner and the Chief Constable:

- 2.1 Consider the corporate governance arrangements and review annual governance statements (including in relation to ethical values) of the PCC and Chief Constable.
- 2.2 Consider the effectiveness of the arrangements to secure value for money.
- 2.3 Consider the risk management arrangements of the PCC and Chief Constable.
- 2.4 Consider the effectiveness of the arrangements for countering corruption and fraud.

### **3 Internal audit**

The Committee will:

- 3.1 Review the internal audit plan and propose any revisions to the internal audit plan.
- 3.2 Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence.
- 3.3 Consider the internal audit annual report and any appropriate in-year reports.

### **4 External audit**

- 4.1 The Committee will consider all external auditor reports.

### **5 Financial reporting**

- 5.1 The Committee will review the annual statement of accounts.

### **6 Accountability arrangements**

- 6.1 The Committee will review its performance against its terms of reference and objectives on an annual basis, including completing a self-assessment of good practice.

### **7 Treasury Management**

- 7.1 The Committee will note the Annual Investment and Treasury Management Strategy Statement and any appropriate related monitoring reports.

### **8 Wider functions**

- 8.1 Where requested by the Police and Crime Commissioner, Chief Constable or Statutory Officers, the Committee will consider the adequacy of governance, risk management and audit processes in relation to a specific service or policy area.