

AUDIT COMMITTEE

A meeting of the Suffolk Audit Committee was held at Police Headquarters Martlesham, and via Microsoft Teams at 09:30 on Thursday 25 January 2024.

PRESENT:

Audit Committee Members

Ian Blofield, Hugh May, Robert Millea, Andrew Peck and David Rowe (Chair).

Office of the Police and Crime Commissioner

Colette Batson (Chief Finance Officer), Kate Boswell (Executive Assistant to the PCC and Chief Executive), Amanda Houchen (Administrative Assistant), Chris Jackson (Chief Executive), Tim Passmore (Police and Crime Commissioner).

Constabulary

Ivan Fearn (Head of Financial Accounting and Specialist Functions, via Teams), Kenneth Kilpatrick (Assistant Chief Officer).

Present by invitation

Vicky Chong (Assistant Manager, Ernst and Young – External Auditor), Mark Hodgson (Partner, Ernst and Young – External Auditor, via Teams), Fiona Roe (Director of Audit, TIAA – Internal Auditor).

In attendance for the Public Agenda

Karen Chapman.

Apologies

Rachel Kearton (Chief Constable).

PUBLIC AGENDA

1 DECLARATION OF INTERESTS

- 1.1 An Audit Committee Member made a declaration of interest stating that although they did not believe this to be an issue, they wished to have it noted on record that they have a son who is a serving police officer with the City of London Police.

2 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 29 SEPTEMBER 2023 AND MATTERS ARISING (PAPER AC24/01)

2.1 The minutes of the Audit Committee held on the 29 September 2023 were agreed as an accurate record and approved by the Audit Committee Chair.

2.2 An update on the following actions outstanding from the meeting on 23 June 2023 was provided by the Internal Auditor:

Item	Action	Owner / Outcome
6.11	Key Financials Recommendation – The Internal Auditor to check and confirm if there is a typo in recommendation 6, believing that it should read one duplicate invoice and one duplicate credit note.	The Internal Auditor did not provide any further updates on this action.
7.3	Internal Audit Annual Report – The Internal Auditor to ensure the reports are updated to remove the discrepancies, and to bring the finalised reports to a future Audit Committee meeting.	The Internal Auditor explained the capacity issue is being addressed, which should result in fewer discrepancies within the finalised report.
7.4	Internal Audit Annual Report – The Internal Auditor to include a comparison against the previous year within the Audit Summary on page 2 of the report.	The Internal Auditor did not provide any further updates on this action.
7.5	Internal Audit Annual Report – The Internal Auditor to update the planned days to 273 days.	The Internal Auditor confirmed that the report now contains the correct figure.
8.3	Revised Internal Audit Plan 2023/24 – The Internal Auditor to ensure consistency across reports for the days/figures listed.	The Internal Auditor updated that this is the same issue as action 7.3, and that the capacity issue will help to address the inconsistencies in the data.

2.3 An Audit Committee Member asked about the action to meet with the internal and external auditors prior to the December meeting. The Audit Committee Chair responded that due to the December meeting being cancelled, and the current auditor’s term ending, the meeting would not go ahead. He suggested this could be taken up and organised by the new audit committee members once their term starts.

2.4 An Audit Committee Member asked if there would be any value in providing some observations on the audit process prior to leaving.

ACTION – The Audit Committee Chair and the Chief Finance Officer (CFO) to follow up on feedback regarding the audit process with retiring committee members.

2.5 An update on the following actions outstanding from the meeting on 29 September was provided by Assistant Chief Officer (ACO) and CFO:

Item	Action	Owner / Outcome
6.2	Action 8.22 from the meeting on 31 March 2023, the time frame is June 2023. The ACO to confirm if this is correct.	The ACO confirmed the June 2023 date had not been met. The recruitment policy will be updated and revised, and is due to be completed for the consultation meeting scheduled for March 2024
7.3	The Internal Auditor to provide further statistics to support the use of telematics tracking within the Constabulary.	The Internal Auditor did not provide an update on this action.
7.5	The Internal audit reports to include officer positions rather than names within the Business Interest and Secondary Employment audit.	The Internal Auditor did not provide an update on this action.
7.7	The Internal Auditors to add dates to the time frames within the audit reports, rather than stating for example, in six months' time.	The Internal Auditor did not provide an update on this action.
7.10	The Internal Auditor to go back to management regarding recommendations that are not accepted to see if it can be resolved, and if not to include a caveat within the report that discussions have taken place.	The Internal Auditor did not provide an update on this action.
7.11	The ACO to link back in with the Internal Auditors regarding the report recommendations.	The ACO confirmed that a meeting took place with TIAA and the OPCC to discuss improvements to processes.
7.15	The ACO will follow up on possible issues relating to only have 1 person looking after business continuity planning.	The ACO confirmed that there will be 2 people involved in future continuity planning exercises, with the next round due in July 2024 as per the schedule of business.
7.17	The Internal Auditors to ensure the audit plan has the correct dates in it.	The Internal Auditor did not provide an update on this action.
7.18	The ACO to look into the schedule for the Staff Retention audit considering the comments received and the issues being seen nationally within staff retention and provide a further update.	The ACO confirmed the audits are in progress. Social media checks have been undertaken by the vetting team, but at present they do not have capacity for the aftercare / follow up work which is considered slightly less risky. An

		<p>alternative approach to this is looking at this via the information security team. The Police and Crime Commissioner (PCC) added that the OPCC has a quarterly update meeting with HR which looks at retention.</p>
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3 STATEMENT OF ACCCOUNTS 2021/22 (AC24/02)

a. Ernst & Young LLP Audit Report for the Year Ended 31 March 2022

- 3.1 The External Auditors presented this report.
- 3.2 They confirmed that the materiality level this audit is working to is £1.85M for the PCC’s set of accounts, and £4.1M for the Constabulary. Outstanding matters as reported at the time of issue are detailed on page 5 of the report, and in terms of going concern there are cashflow statements until the end of February 2025.
- 3.3 In terms of the data breach issue the final interviews with the Constabulary have been conducted and the auditors are now awaiting the finalisation of the internal report to move to the conclusion phase of the audit.
- 3.4 There was one corrected difference that relates to the pension liability which was caused by a timing difference due to updated information on the local government pension fund becoming available since the production of the draft accounts and the external auditor’s review.
- 3.5 There are 2 minor disclosure differences which management have adjusted for; the classification of an exit package and the non-disclosure of the Mildenhall lease, which has now been added. A control deficiency in relation to leases was also noted, as eight out of 10 did not have a signed lease agreement in place.
- 3.6 In conclusion the financial statement side of this audit is showing a very good set of draft financial statements with few audit differences. Once the audit assurances highlighted have been received, the External Auditors advised that they will be in a position to issue an unqualified opinion on the group PCC and Chief Constable’s set of accounts respectively.
- 3.7 With regard to the data breach, this is considered to be a potentially significant weakness in governance arrangements, and the External Auditors will be reporting this as a matter by exception within the audit reports. There are risks to both the Constabulary and the PCC as the issue is deemed to be a non-compliance with laws and regulations that therefore requires an internal consultation process to be implemented.
- 3.8 An Audit Committee Member asked if in connection to the data breach issue, the financial statements will require any amendments. The External Auditors confirmed that the data breach

could result in additional disclosures being required within the financial statements, relating specifically to value for money responsibilities.

- 3.9 The PCC queried the need for further delay with getting the accounts finalised, expressing a concern that if people can make a claim up to 7 years after an incident, this could result in the accounts not being signed off for a further 5 years. The External Auditor explained that there was not a further delay, but there was a weakness with the Constabulary's and PCC's governance that needed to be addressed. The accounts are ready to go but are dependent on receiving the final report from the Constabulary regarding the data breach.
- 3.10 The Chief Executive referred to page 32 of the report, and asked what the significant weaknesses within the PCC's office were. The External Auditor responded that this statement related to the overarching and general responsibility the PCC has for holding the Chief Constable to account and it was not a specific OPCC matter.
- 3.11 The ACO confirmed that a draft internal review in relation to the data breach could be supplied to the External Auditors within a few days, or the finalised report in early February. The External Auditor stated that although a draft report would be useful, the audit could not be concluded until the final report was delivered.
- 3.12 An Audit Committee Member requested confirmation on the timeline for the conclusion of the audit. The External Auditor responded it would take a couple of weeks, and requested it be noted that the accounts would not be signed off today.
- 3.13 An Audit Committee Member asked if all documentation was reviewed at the current Audit Committee meeting, on Thursday 25 January, would a further audit committee meeting be required. The External Auditor responded that technically under the audit regulations and audit standards the PCC and Chief Constable are those charged with governance and have the responsibility to sign off on the account. Therefore an additional meeting would not be required.
- 3.14 An Audit Committee Member asked if there will be a significant change in the fees being charged for the 2021/22 audit. The External Auditor responded that the additional work is not included and will be subject to a fee variation which is submitted through PSAA. The PCC asked for an estimated figure. The External Auditor confirmed it would be circa £50K.
- 3.15 An Audit Committee Member asked whether an Information Commissioners Officer (ICO) fine in relation to the data breach would result in the requirement to adjust the financial statements further. The External Auditor responded that in current terms, the financial statements are correct. However, any new information received before the date of authorisation would need to be taken into account.
- 3.16 The Head of Financial Accounting and Specialist Functions suggested it would be prudent to provide the External Auditor with the draft report for the data breach internal review in the interim. This would allow them to incorporate any amendments into the audit, with any exceptions flagged once the finalised report is submitted. The ACO confirmed he will follow up on this suggestion.

ACTION – ACO to share the draft report on the data breach internal review with the External Auditors.

- 3.17 An Audit Committee Member expressed a concern regarding unsigned lease agreements; would occupying buildings with no lease in place create a risk. The Chief Executive responded that the issue was being addressed, however the other party involved did not appear to share the same urgency to rectify the situation.
- 3.18 The Audit Committee Chair confirmed that the meeting would proceed as per point 4.3 of the paper, stating that in the event that the financial and governance statements are not signed off at the meeting, it is recommended that the PCC’s CFO and the Chief Constable’s CFO be authorised to make any necessary amendments in due course and inform the Audit Committee.

b. PCC Letter of Representation

- 3.19 The CFO invited questions on the PCC’s Letter of Representation.
- 3.20 No questions were received.

c. CC Letter of Representation

- 3.21 The ACO confirmed this is the standard letter updated to reflect the current situation, and invited questions.
- 3.22 No questions were received.

d. PCC Annual Governance Statement

- 3.23 The CFO invited questions on the PCC’s Annual Governance Statement (AGS)
- 3.24 An Audit Committee Member noted that on page 21 of the AGS there is a difference between the PCC and Chief Constables document with one stating 16 reviews, and the other stating 13 reviews. Additionally, the Chief Constables AGS refers to the “Joint Audit Committee” which had previously changed to the “Audit Committee”.

ACTION – ACO to update the Chief Constables AGS to ensure alignment with the PCC’s AGS.

e. Chief Constable’s AGS

- 3.25 The ACO stated that a key update in this AGS is in section 5.5 where the Constabulary discloses the data breaches, and the document remains open until the accounts are signed off. This information is also included within the 2022/23 document.
- 3.26 An Audit Committee Member requested could the wording in the reports be amended to say 2 significant data breaches, or two reportable data breaches.

ACTION – The ACO & CFO noted this request.

3.27 An Audit Committee Member asked if the most current PEEL report needs to be included within the AGS. The ACO responded that the PEEL report does not link back to the 2021/22 accounts and therefore does not need to be included. The ACM added that a sentence could be added disclosing that the PEEL reports are available via the website.

ACTION – ACO to add a statement to the reports disclosing that PEEL reports are available via the website.

f. PCC GROUP & PCC STATEMENT OF ACCOUNTS

3.28 The CFO invited questions on the Group and Statement of Accounts for the PCC.

3.29 An Audit Committee Member referred to page 82, note 30, final paragraph, and asked what the word “gap” meant. The CFO responded that it meant shortfall.

3.30 An Audit Committee Member referred to the narrative report, table 1, page 7, and asked whether performance ratings were showing a downward trend or remaining static. Did the Constabulary have a view in this regard. The ACO replied that these ratings are discussed at the Accountability and Performance Panel (APP) meeting where the PCC holds the Chief Constable to account. The figures reported are for 2021/22 and statistics for the most recent periods are showing improvement.

3.31 An Audit Committee Member queried that as call handling and emergency response had been picked up by the PEEL Inspection Report, there should be some wording included to state that these lines are historic. The ACO responded that this would not be possible, as the statement for 2021/22 had to reflect the position at the time.

g. CHIEF CONSTABLE’S STATEMENT OF ACCOUNTS

3.32 The ACO commented that the team had produced a high quality set of financial statements even in draft format. They thanked the finance team for their hard work.

3.33 An Audit Committee Member referred to the ‘Events after the Reporting Period’ sections in both Statements of Accounts and wondered whether rewording would be advisable in terms of the detailed investigation into the data breach being undertaken. There could be scope to be more definitive about what action had been taken. The ACO responded that the tense could be looked at and amended as necessary.

ACTION – ACO to look into the tenses used within the accounts.

3.34 An Audit Committee Member noted that on page 2 the accounts refer to the Joint Audit Committee, and asked that this be updated as agreed.

ACTION – ACO to update.

- 3.35 An Audit Committee Member noted that further to the work completed by the External Auditors they would like to express their thanks to the CFO, the ACO and the finance team for the amount of work undertaken for the audit.

4 SUMMARY INTERNAL CONTROLS REPORT (AC24/03)

- 4.1 The Internal Auditor confirmed that they have issued 3 final reports since the last meeting, all of which have been graded as reasonable assurance. There are currently 3 audits at draft stage and awaiting management responses. In terms of timing for management responses, a new protocol has been issued working across Suffolk, Norfolk and the joint space, which has resulted in some delays.

Overtime and Additional Allowances

- 4.2 The Internal Auditor confirmed that due to the nature of the system in use, an operational effectiveness matter has been issued rather than recommendations for this audit area. Due to the level of control required across all managers, suggestions are offered on how things can be improved, including reporting processes via the use of systems.
- 4.3 An Audit Committee Member asked what operational improvements could be made when claiming overtime to reduce financial risk occurring due to weaknesses in operational control. The Internal Auditor responded that this is a regular audit which did not identify any exceptions this year so it was difficult to quantify financial risks. The ACO added that there is an increased focus on analysis of time reports, plus there are other kinds of controls to dissuade officers and staff from submitting fraudulent claims.

Expenses

- 4.4 The Internal Auditor confirmed that the key recommendation for the expenses audit is a priority 3, the policy having been completed but awaiting sign-off by legal services.
- 4.5 No questions were received regarding the expenses audit.

Planned and Preventative Estates Maintenance

- 4.6 The Internal Auditor confirmed this audit has raised 2 important recommendations in relation to contracts which involve both national and local procurement.
- 4.7 An Audit Committee Member asked if there is a control missing in terms of business checks that should take place. The Internal Auditor responded that in their view the control is not working, and actions to rectify this are being sought. The ACO added that there is an issue with 7 Forces Commercial Services in terms of capacity, and also with processes not being followed fully. There are risks in certain areas, but he feels overall this is relatively low risk.

- 4.8 An Audit Committee Member asked whether in terms of recommendation 2, it included arrangements for exception reporting within a single tender process. The ACO responded that this is reviewed and tracked, and there has been a tightening of this process within the estates and facilities team. In addition to this process change a report is submitted to 7 Forces that reviews SDAs for the region.
- 4.9 An Audit Committee Member observed that there is a concern that 15 estates related contracts are not currently in place, and asked where contracts are missing, whether the team is satisfied that there is no liability. The ACO responded the issue relates primarily to contracts that have expired, or which contracts that have been extended or re-tendered. Usually, a PO remains in place, which in itself is a contract of work, and provides assurance.

PROGRESS AGAINST ANNUAL PLAN

- 4.10 The Internal Auditor confirmed that several audits have been carried forward from the 2022/23 plan and will be undertaken this year, with a number due to be issued over the coming months. 14 are currently in progress. The remainder of the audits are scheduled for the year, with allocated resources, and are expected to be completed as per the schedule.

5 INTERNAL AUDIT ANNUAL REPORT (AC24/04)

- 5.1 The Internal Auditor confirmed that this is the final version of the Internal Audit Annual Report, however there will be some revisions prior to it being sent out. The revisions will state there are no areas of limited assurance and no recommendations. In terms of reasonable and substantial assurance there are no major movements across years.

6 MID-YEAR TREASURY MANAGEMENT REPORT AND TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2024/25 (AC24/05)

- 6.1 The CFO confirmed that the cash investment balances are higher mid-year due to the timing of central government grants. There is still 1 external loan with PWLB and at no point has borrowing exceeded the operational limit.
- 6.2 Within the Treasury Management Statement there have been no material changes to the strategy since last year. The amount that can be invested with any one party remains at £10M.
- 6.3 An Audit Committee Member asked whether following the Woodford scandal management was satisfied. The CFO confirmed that it was.
- 6.4 An Audit Committee Member raised that within the appendix on page 6, the rate should show a decrease rather than increase.

ACTION – CFO to amend the appendix on page 6 of this report.

7 ANY OTHER BUSINESS

- 7.1 The Audit Committee Chair noted that this would be the last meeting for 4 members of the Audit Committee. He wanted to thank the OPCC and Suffolk Constabulary for their support during their time in tenure, stating that overall it had been a very interesting and enjoyable experience.
- 7.2 The PCC requested it be recorded in the minutes, that the people of Suffolk owe the Audit Committee a huge debt of gratitude. He thanked outgoing members for their service, and presented them with a small token of appreciation.

The meeting ended at 1106.

SUMMARY OF ACTIONS

Item	Action	Owner
2.4	The Audit Committee Chair and the Chief Finance Officer (CFO) to follow up on feedback regarding the audit process with retiring committee members.	Audit Committee Chair / CFO
3.16	ACO to share the draft report on the data breach internal review with the External Auditors.	ACO
3.24	ACO to update the Chief Constable's AGS report to ensure alignment with the PCCs, for the review numbers and use of the term "Audit Committee".	ACO
3.26	ACO & CFO to note the request to amend the wording in the reports to say 2 significant data breaches, or two reportable data breaches.	ACO / CFO
3.27	ACO to add a statement to the reports disclosing that PEEL reports are available via the website.	ACO
3.34	ACO to update the accounts to say "Audit Committee".	ACO
3.33	ACO to look into the tenses used within the accounts.	ACO
6.4	CFO to amend the appendix on page 6 of this report to show a decreased rather than increased rate.	CFO