

Audit Committee Meeting

**Tuesday 20 October 2020
14:00 hours
Via Microsoft Teams**

MINUTES

Members in attendance:

Mr R Bennett (Chair)
Ms A Bennett
Mr A Matthews
Ms J Hills
Mr P Hargrave

Also, in attendance:

Mr P Jasper	Assistant Chief Officer (ACO), Norfolk Constabulary
Ms J Penn	Chief Finance Officer, OPCC (PCC CFO)
Mr C Harris	Head of Internal Audit, TIAA
Ms C Lavery	Audit Manager, TIAA
Mr I Fearn	Head of Financial Accounting & Specialist Functions, Norfolk Constabulary
Mr M Hodgson	Associate Partner EY LLP
Ms V Chong	Assistant Manager EY LLP
Mrs J Curson	Transcribing minutes for Norfolk Constabulary

Part 1 – Public Agenda

1.0 Welcome and Apologies

1.1 Apologies were received from Police and Crime Commissioner Lorne Green, OPCC Chief Executive Mark Stokes, Deputy Chief Constable Paul Sanford and Fiona Dodimead TIAA.

2.0 Declarations of Personal and/or Prejudicial Interest

2.1 None were recorded.

3.0 To approve the minutes of the meeting held on 21 September 2020

3.1 It was noted that P Hargrave was not in attendance at the last meeting as he was unable to connect to MS Teams to join the meeting and therefore had not given his apologies that he was unable to attend. Minutes to be amended to reflect this.

3.2 Members confirmed that the draft minutes are an accurate record and approved signing by the Chair.

4.0 Action log

4.1 The action log was reviewed in detail and the log will be updated to reflect the discussion.

5.0 Statement of Accounts 2019/2020

5.1 The Chair stated that there is a very detailed covering report which sets out everything really clearly and changes to the previous version are highlighted in appendix 1 and confirmed that both documents were really helpful in preparing for the meeting today.

5.2 The Chair also confirmed that the Annual Governance statement, Letter of Representation and EY's results report will also be presented at this Audit Committee meeting.

5.3 The Annual Governance Statement has recently been updated by both the CFO and the ACO.

5.4 P Hargrave raised the issue of the McCloud remedy mentioned within the report and asked whether there was going to be any clarification or any update on this. The ACO informed the meeting that the Constabulary have just responded to the consultation on this, and that has now been submitted together with the NPCC's consultation response. Due to the significant impacts around this, progress has been slow and the outcome will not be known for some time.

5.5 A monthly Pension Remedy Working group has now been set up under guidance from the NPCC which includes XPS who are the Pensions administrators for the officers' scheme. There is still no decision about central government funding the impact of this but NPCC continue to lobby for this.

5.6 I Fearn informed the meeting that the changes that were made between the draft and final accounts were due to changes in the remedy as this was slightly different to what was originally anticipated and the liability was reduced.

5.7 Other changes made to the accounts as detailed in appendix 1 are due to the fact these are now actuals and not estimates.

5.8 Annual Governance Statement

5.9 The final version was presented to the Audit Committee following amendments requested at the previous committee. The ACO confirmed that this is the third meeting that this has been discussed and it has been through a robust process. The document has also been discussed at the Corporate Governance Working Group of which audit committee member J Hills is also a member of and the document has now received thorough scrutiny.

5.10 J Hills raised issue of item 5.2 which shows three reasonable assurance reports for 20/21 but that position has now changed on the basis of the papers before the Audit Committee today and there are now 7 reasonable assurance reports. The ACO agreed that the final version on the website would now be amended to reflect this.

5.11 The Chair thanked J Hills for her work with the Corporate Governance Working Group.

5.12 Audit Results Report

5.13 M Hodgson EY LLP informed meeting that the close down preparation of the draft accounts coincided with the national lockdown and the whole audit has been undertaken remotely as EY are currently prohibited from attending clients' sites. Covid19 itself has given some extra specific audit procedures which are in the audit addendum presented in the summer. These were relating to property, plant and equipment valuations; fair value assets; pension liabilities and the impact on the asset valuations within the pension fund and the consideration and disclosure for going concern.

5.14 The timeline for publication has moved to the 30 November 2020. Taking all that context into account, M Hodgson felt that we are in a good position ahead of signing off those financial statements.

5.15 Work outstanding when EY issued the report on page 45 of the pack was in relation to the pension assurance letter expected from the Norfolk Pension Fund. This letter is now imminent and M Hodgson confirmed that the asset values at the pension fund have not moved materially as result of the audit and, therefore, cannot move materially at the admitted body level so wouldn't have an impact on IS19 actuarial figures for the local government pension scheme element of the accounts.

5.16 In terms of audit differences on pages 47 and 66 of the report, there were no audit differences to report. There are three adjusted differences, two in the report and one late difference in relation to the updated IAS19 pension as previously mentioned from the report by I Fearn.

- 5.17 There has been some additional disclosure around going concern given the impact of Covid19 as a national pandemic. This relates to the impact on expenditure within the sector and future funding settlements. M Hodgson confirmed that they are happy with this additional disclosure note.
- 5.18 Audit risks are on pages 49 to 53 of the report; the highlights being that there are no identified fraud indicators as a result of the testing. There were no matters identified in relation to property, plant and equipment valuation. Pensions have been previously discussed and there were no issues that related to PFI accounting.
- 5.19 In conclusion M Hodgson informed meeting that EY would be able to an issue an unqualified audit opinion which is set out on section 3, page 54 of the report, this does not include property, plant and equipment or going concern which is good news.
- 5.20 In terms of value for money there was one significant risk around financial resilience and working through procedures EY are satisfied with the reserve position in terms of the medium financial plan, savings to date and how the medium-term financial plan is monitored. Therefore, this is unqualified as well.
- 5.21 The revised Annual Governance statement is consistent with EY's knowledge, of the PCC's and CC's activities and, therefore, there are no issues with this. There were no objections or correspondence from members of the public through the inspection period that was appropriately advertised.
- 5.22 In conclusion M Hodgson informed the meeting, that given the constraints since March, its been a very good audit with very few matters to report to the Audit Committee and thanked I Fearn, M Monaco and the team for working through the audit in a remote manner.
- 5.23 The Chair thanked M Hodgson for the highlighted summary of the report.
- 5.24 A Bennett queried whether the accounts should be signed off today by the Audit Committee as there are likely to be some changes between now and the 30 November. However, M Hodgson informed the Audit Committee that he would be signing the accounts as soon as he had received sufficient audit assurance which should be within the next couple of weeks. In relation to the audit of the pension fund there are no significant matters coming out of this that would impact on IS19 actuarial figures but clearly there is a matter of process to go through. Other outstanding items are not numerically based so assurances are around processes not numbers. M Hodgson, therefore, confirmed that the Audit Committee should be able to recommend the accounts to the PCC and CC. If, anything further material arose then EY would contact both the ACO, the CFO and the Chair of the Audit Committee. A Bennett confirmed that she was happy with this response.
- 5.25 The CFO confirmed that as soon as we have received the go ahead then the Committee will be informed that the accounts are being signed and they will then be published on the website.

- 5.26 The ACO informed the Audit Committee that there was an item on page 47 which discusses robustness in relation to medium term planning which refers to some significant savings in respect 7 Force collaboration. However, we do not actually have any savings in the MTFP connected to 7 Force collaboration and the constabulary would obviously build those in as business cases get approved.
- 5.27 The Chair also asked if there was anything in the letter of rep that M Hodgson would like to draw to the attention of the Audit Committee. M Hodgson confirmed that this letter would have a standard suite of representations contained within it, but the letter has been updated this year to include a couple of additional sentences in relation to Covid19 related expenses being accounted for.
- 5.28 The Audit Committee confirmed that they were happy to recommend the signing of draft statement of accounts for the Police and Crime Commissioner and the Chief Constable subject to any changes coming out of the final work that needs to be completed.
- 5.29 The ACO and the CFO thanked I Fearn and his team for all their hard work with these accounts in very trying circumstances.
- 5.30 The ACO and the CFO also passed thanks to M Hodgson, V Chong and all the team at EY for all their hard work for auditing during very trying circumstances.
- 5.31 The CFO also asked M Hodgson what changes there would be for next year. M Hodgson informed the committee that the Redmond review landed about six weeks ago but so far, the recommendations contained within the report have not been implemented by government.
- 5.32 The Chair thanked, on behalf of the committee, the ACO, the CFO and all the teams for their hard work in preparing these accounts especially in the circumstances and also thanked M Hodgson, V Chong and everyone at EY for their hard work.
- 5.33 The Chair also confirmed that the Committee is content for the letter of representation to be signed at the appropriate point in time following discussion of the draft at this meeting.

6.0 Internal Audit

- 6.1 C Harris reported that the progress report has now been renamed the Summary Internal Controls Assurance (SICA) Report and also a new set of working papers is in place which produces a new set of outputs which will provide better information in relation to the work that TIAA undertakes.
- 6.2 C Harris mentioned to the Committee page 95 of the report which shows that three of the reports are substantial and one reasonable, there are no limited reports and he felt that this shows very good progress with the process and thanked everyone at the constabulary who contributed to this. There are no priority 1 recommendations and no changes to the plan at present.

- 6.3 C Harris reported that although there had been a delay to the start of the year TIAA are very much back on track to complete the audits, substantial progress has been made, many audits have been finalised and C Harris confident that the programme will be completed by 31 March 2021.
- 6.4 It was noted that Appendix D details briefing papers which are available to TIAA staff and members of the Audit Committee.
- 6.5 C Harris informed the meeting that the follow up report is in a new simplified format and many of the recommendations have now been cleared. C Harris also confirmed that 2016/17 and 2017/18 outstanding recommendations will be cleared very shortly.
- 6.6 A Matthews asked about the expenses report which shows delays in employees making claims and because of this, expenses could be claimed in different financial years and tax years. Suffolk currently has a three-month limit. The ACO informed meeting that this is now being discussed with the Deputy Chief Constable as he ultimately oversees HR processes; policy and reward. This has also been discussed across Norfolk and Suffolk at joint meetings and a more robust approach will now be taken.
- 6.7 The ACO thanked C Lavery for her all her work that has enabled the number of the recommendations outstanding to be reduced. Both teams are now working closely together to ensure that recommendations are dealt with in a timely manner.

7.0 Forward Work Plan

- 7.1 The CFO informed meeting that there are dates set until April 2021 and is currently working on the forward programme beyond this date. There is also an outline for the content of the meetings on the 19 January 2021 and 13 April 2021 and subjects for the morning briefings have also been built into the programme. Dates for the rest of the year are currently set in the calendars but some of these may need to be moved slightly once the rules around year end of finalised.

Action 37: The CFO asked TIAA to check the forward plan and confirm that the meeting dates and timings are correct from their point of view.

- 7.2 The Chair also informed meeting that this time of year there would also be scheduled a private session with the external and internal auditors, whilst we are at the final stages of the preparation of the accounts. The Chair would like this to take place before the January 2021 meeting.

Action 38: It was agreed that the Chair will canvas dates for the private meeting to take place and the CFO confirmed that she would arrange for this to take place via Teams.

- 7.3 C Harris informed meeting that their audit plan will be listed for the January 2021 meeting and also attend the 13 April 2021 to present the end of year annual assurance. The contract for TIAA is due to be renewed this year but

attendance at both of the above meetings would still take place even though they may not receive the contract going forward. It was agreed that the draft audit plan for 2021/22 would be presented at the 19 January 2021 meeting.

The Public Meeting closed