



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON THURSDAY 23 JUNE 2016 AT 2 P.M.
IN THE FILBY ROOM, JUBILEE HOUSE, FALCONERS CHASE, WYMONDHAM**

Attendance:

Mr R Bennett (Chair)
Mr H Humphrey
Mrs J Hills

Also in attendance:

Mr L Green	Police and Crime Commissioner
Mr M Stokes	Chief Executive
Mr J Hummersone	Chief Finance Officer (CFO)
Mr C Hall	Deputy Chief Constable
Mr C Harris	TIAA
Ms C Lavery	TIAA
Mrs M Sellors	PA to CC Bailey and CFO Hummersone

1. Welcome and Apologies

The Chairman welcomed those present. Apologies were received from Mr Robin Chapman and Chief Constable Simon Bailey.

2. Declarations of Personal and/or Prejudicial Interests

None were declared.

3. To confirm the minutes of the meeting held on 10 March 2016.

The minutes of the meeting held on 10 March 2016 were agreed.

4. Reports from the Head of Internal Audit (TIAA Ltd):

a) Follow up Review – all previous recommendations

The Head of Internal Audit presented the report and the Committee was pleased to note the progress. It was confirmed that security issues had been covered in a previous report. Of the 47 recommendation being followed up 24 had been

implemented and 17 were in process of being implemented. Four had been reported to the Committee previously and the risk of not completing them had been accepted. Two were no longer applicable. In response to questions the CFO updated the Committee on invoices over £50k procedures, documentation of items kept in the safe awaiting banking and on purchase card processes.

b) Progress Report 2015/16 Quarter 4

The Head of Internal Audit presented the report and it was noted that only one audit was outstanding. Since the report had been written the final audit report had been issued. Members queried whether the long lead time for auditee responses was causing a problem and the following action was agreed:

Action: DCC Hall and the CFO to ensure Departmental Heads forward responses to draft audit reports promptly to TIAA.

The Committee noted the Limited Assurance for Payroll. The CFO updated the Committee on the reconciliation work in hand in relation to HMRC payments. If Norfolk Police had underpaid HMRC then penalties could be levied. It was more likely the problem was due to a system fault.

A question was raised about absence rates and how Norfolk compared to other forces. DCC Hall stated January to March 2016 was particularly bad for sickness bugs but the force was now back to the normal, low levels, of sickness absence.

DCC Hall agreed that the wording of one of the recommendations of the Cyber Security Audit should be more affirmative and that the Joint Business Continuity Lead would pick up the matters raised.

The Committee was pleased to note the Substantial Assurance assessment for the PCC's Commissioning Grants audit.

c) Annual Assurance Report 2015/16

The Head of Internal Audit presented his Annual Report and drew attention to the positive opinion that Norfolk and Suffolk PCCs and Chief Constables have adequate and effective management, control and governance processes in place. The CFO stated that 85% of audits had received positive assurance assessments and he updated the Committee on the 3 audits that had been graded as limited assurance (payroll, proceeds of crime, and purchase cards). TIAA had done well as the new contractor to deliver the plan and in their workings with the Committee. Given the amount of change in the organisation in 2105/16 (implementation of ERP and Athena, restructuring and job evaluation) the positive opinion was very pleasing.

d) Progress Report 2016/17 Quarter 1

The Committee noted that only two draft reports had been issued and the other reports were in progress, scheduled or due to be scheduled. The Head of Internal Audit expected the Plan to be completed in the year. The Committee conveyed it's thanks to TIAA and looked forward to working with them over the year ahead.

5. Accounting Policies for 2015/16 Statements of Account

It was noted by the CFO that the accounts for both Norfolk and Suffolk were being prepared by one team in the Finance Dept. Accounts would look slightly different due to them being brought into line with Suffolk.

Clarification was sort as to the wording on page 13 in regard to ownership of Police Investigation Centres at the end of the PFI term.

Action: CFO to clarify wording on page 13 in relation to the PFI.

6. Corporate Governance Update and Review of the System of Internal Control

The CFO presented the work in progress on the review of the system of internal control and the updated suite of governance documentation. The review was being overseen by the Corporate Governance Working Group (CGWG) which included one Audit Committee member, Ms Hills. Ms Hills reported that from her perspective CGWG was working very well. The review would be completed when the Annual Governance Statement was finalised. The CFO then took the Committee through each of the documents.

Appendix A – Corporate Governance Framework

This was a new document comprising introduction, principles and framework/instruments of governance. It was noted that a monthly Governance Board with both the PCC and CC in attendance will shortly be introduced. This was currently at Terms of Reference stage.

Appendix B – Scheme of Governance and Consent

This document, prepared jointly with OPCC Suffolk included only very minor amendments. The Committee enquired as to whether Fire and Rescue should be included but was advised that joint working with Fire and Rescue was only operational/tactical at this stage. Mr Humphrey also sought clarification as to how the building is covered as this is not within the PFI contract. Mr Stokes stated that this is a strategic document for the PCC and CC and the Fire Service is not included at this time.

Action: CFO to clarify Fire and Rescue occupancy arrangements

It was noted that the recruitment process for Committee members would be commenced following the CFOs period of annual leave.

The Chief Executive reported that it is intended to resurrect the Norfolk/Suffolk Collaboration Panel following the Police Accountability Forum on the 21st July.

The Committee confirmed its agreement to the changes.

Appendix C – Financial Regulations

The CFO reported the main changes to be removal of references to revenue projects, changes in responsibilities for settling legal and insurance claims, updates to the references to External Audit, updates to the money laundering section, insertion of sections on Settlement Agreements and Commissioning and the addition of a new appendix for documenting delegations by Chief Officers to other officers.

Discussion took place as to the role of the CFO in reviewing and adjusting budgets (by virement).

Action: CFO to discuss arrangements for budgetary control and virement with the PCC.

Subject to the further discussions noted above the Committee endorsed the amended Financial Regulations.

Appendix D – Contract Standing Orders (CSOs)

It was noted that only one very minor change had been made and the Committee endorsed CSOs.

7. Forward work plan report from CFO

The Committee noted the plan.

Part 2 – Private Agenda

8. Strategic Risk Registers update

The CFO presented the report, which included the latest Strategic Risk Registers for the Constabulary and the OPCCN.

The Committee reviewed the registers and noted that Athena continued to generate a number of risks. The DCC updated the Committee on the latest position and the Chief Executive explained that until the next PAF meeting, when the PCC would receive a report from the Constabulary, the risk remained on the OPCC register.

The Committee was advised that work on updating policies (to be joint Norfolk and Suffolk policies) was being prioritised on a risk basis.

9. Date and time of next meeting

Friday 8th July at 2pm in the Filby Room, Jubilee House, Falconers Chase, Wymondham, Norfolk.

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CHAIRMAN