



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON THURSDAY 4 JUNE 2015 AT 2 P.M.
IN THE FILBY ROOM, JUBILEE HOUSE, WYMONDHAM**

Attendance:

Mr H Humphrey (Interim Chairman)
Mr R Bennett
Mrs J Hills
Mr G Bell

Also in attendance:

Mr C Hall	Deputy Chief Constable, Norfolk Constabulary
Mr J Hummersone	Chief Finance Officer (CFO)
Mr M Stokes	Chief Executive, OPCCN
Mr C Harris	TIAA
Mr G Egmore	PricewaterhouseCoopers
Mrs C Buckley	Senior Business Support Officer, OPCCN

1. Welcome and Apologies

The Chief Executive welcomed those present to the first meeting of the Committee to be held in public. As the Chairman, Mr Chapman, was unavailable, Mr Humphrey was elected Chairman for the meeting.

Apologies were received from Mr S Bett, Police and Crime Commissioner (PCC), Mr S Bailey, Chief Constable, Ms J McKibben, Deputy Police and Crime Commissioner (DPCC), and Mr Chapman, Chairman.

2. Declarations of Personal and/or Prejudicial Interests

There were no declarations of interest. The Committee was advised that a Register of Interests was being prepared and details would be circulated to Members in due course.

Part 2 – Private Agenda

7. To confirm the minutes of the meeting held on 10 March 2015

The minutes of the meeting held on 10 March 2015 were agreed.

Matters Arising:

The Chief Finance Officer (CFO) highlighted that at the last meeting, the Committee had requested an update on the progress of the Enterprise Resource Planning (ERP) system which was due to go live 31st March. **It was agreed by the Committee that a demonstration of the system would be arranged to take place within their morning Members Only training and development session.**

The Committee was provided with a briefing by the Deputy Chief Constable on the roll out of the ERP system which had replaced separate HR, Finance and Payroll Systems; the difficulties being experienced by the Force since this roll out and the work being undertaken to rectify these areas to ensure the system would run efficiently and effectively. The Committee was assured that the action plans in place would help the Force achieve the benefits of the new system.

8. 2014/15 Draft Head of Internal Audit Annual Report

The Committee received the Draft Head of Internal Audit Annual Report from the Internal Auditor, PricewaterhouseCoopers. Under the Public Sector Internal Audit Standards, there was a requirement for the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control. The Committee discussed the contents of the report and noted the overall classification given of 'Improvement required' for the areas they had looked at and Major improvement required. The CFO pointed out that this conclusion was drawn from 5 audits and that the key financial controls and expenses audits were all low risk (green). Also the number of recommendations raised by audit was 37, compared to 67 in the prior year. The CFO advised the Committee that more information and details of action being taken to address the issues identified would be included in the Annual Governance Statement.

The Committee expressed their appreciation to PricewaterhouseCoopers for the Internal Audit work they had undertaken during the term of their contract.

Part 1 – Public Agenda

3. Internal Audit Strategy 2015/18 and Plan 2015/16

The Chairman welcomed to the meeting Mr Chris Harris from TIAA, as the new Head of Internal Audit.

The Committee was reminded that a competitive tendering process had been carried out in respect of Internal Audit and TIAA had been awarded the 3 year contract. The Chief Finance Officer (CFO) gave details of the discussions held with TIAA in relation to the preparation of the reports for the meeting and it was hoped that these would develop further during the contract to ensure these were concise and provided the Committee with a clear overview of the audit activity and recommendations.

a) Internal Audit Charter

The Committee received the Internal Audit Charter, a formal document which defined the internal audit activity's purpose, authority and responsibility and established internal audit's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the PCC and CC, authorised access to records, personnel and physical properties and defined the scope of internal audit activities.

The Committee raised a query in relation to paragraph 1.16 of the report, and the Head of Internal Audit gave an overview of the process and **agreed to provide a copy of the independent review of TIAA as required by the Public Sector Internal Audit Standards (PSIAS)**. The Committee noted this and were reassured that this element would be picked up as part of the review of the system of internal audit and that a report would be presented to the next meeting of the Committee alongside the draft Annual Governance Statement.

b) Preparing the Internal Audit Work Programme for 2015/16

The Committee received a report setting out the internal audit planning process, which had been agreed following discussions with the CFOs of both Norfolk and Suffolk (the contract is joint). It outlined the proposed audit management and details of the internal audit planning process. The Head of Internal Audit provided an overview of the document and outlined the areas it covered.

The Committee was advised that TIAA was in the process of developing an Audit Protocol with the External Auditor to ensure there was no duplication of work.

c) The Internal Audit Strategy 2015/18 and Plan 2015/16

The Committee received the three year strategic internal audit plan which outlined how the audit strategy was developed and an overall template for the rolling review of systems of internal control over a three-year cycle.

The Head of Internal Audit talked through the document, outlining how this had been developed and the areas covered.

The Committee reviewed the suggested programme of audits as outlined within the report. It was identified that the programme should be shared with the External Auditor for comments and that the timings of a couple of audits would need to be amended due to difficulties currently being experienced with workload. It was therefore agreed:

- The Head of Internal Audit would ensure a copy of the Plan was shared with the External Auditor, Ernst and Young, for their comment.
- The HR Recruitment Audit to be put back from Quarter 2 to Quarter 3 due to work pressures.
- The ERP Audit be moved to later within Quarter 3, but discussion to be held early Quarter 3 to see whether the timings were achievable.
- As the HR Recruitment Team would be a joint team by Quarter 3, The Chief Finance Officer (CFO) would discuss with the CFO in Suffolk.

Subject to the comments above the three documents provided by TIAA were agreed by the Committee. Update reports would be provided at the September meeting. It was accepted by the Committee there was a need for the Plan to be fluid this year as aspects such as new auditors, ERP, Athena and Change Programme were all having a significant impact.

4. **Accounting Policies – Final Accounts 2014/15**

The CFO presented the report which provided the Committee with the Accounting Policies on which the Statements of Accounts for 2014/15 would be based. It was felt appropriate to bring these to the meeting as they formed part of the Terms of Reference of the Committee to review policies relating to the Statement of Accounts. The CFO provided details of the timescale associated with the drafting of the accounts, and advised that these Accounting Policies would be included as a Note to the Statements of Accounts.

The Committee reviewed the contents of the policies, which were mainly unchanged from the previous year, apart from a minor change in terms of debtors and creditors to appear in the operational accounts (i.e. the CC's accounts) rather than forming part of the PCC's accounts as per the previous year.

The Committee noted the report.

5. **Risk Management Update**

The CFO presented the Risk Management Update report which had been prepared in order to brief the Audit Committee on the recent Risk Management audit and the plans that had been put in place to update and embed an updated Risk Management Policy.

The Committee noted that whilst the PCC and Constabulary presently had a combined Risk Register, the OPCCN had already taken the decision to split the two documents, as recommended by the Risk Management Audit. The Chief Executive provided an overview of the work being undertaken by his team and a copy of the draft Register (which used the standard template as adopted by the Constabulary) would be brought to a future meeting.

The Committee considered the proposals set out within the report with regard to the way forward on Risk Management and these were agreed. **The Committee requested sight of the updated Risk Management Policy and documentation as a 'consultee'.**

6. **Forward Work Plan**

The CFO presented the forward work plan which was noted by the Committee.

9. Date of Next Meeting

The next meeting would be held on 8th July 2015 at 2 p.m. in the Filby Room, Jubilee House, Wymondham.



CHAIRMAN

