



**MINUTES OF THE JOINT INDEPENDENT AUDIT and ETHICS COMMITTEE
(POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE
AND WEST YORKSHIRE POLICE)
HELD ON 20 JULY 2018**

AUDIT SESSION

MEMBERS PRESENT

Richard Baldwin
Harry Bower
Trevor Lake (Chair)
Ann Liston

OFFICERS PRESENT

Nigel Brook, ACO Business Operations, WYP
Joanne Campbell, Audit Manager, Shared Services
Julie Edwards, Head of Accountancy, WYP
William Emery, KPMG
Katherine Johnson, Treasurer, OPCC
Rob Jones, KPMG
Iain Leviston, KPMG
Julie Reid, Governance Manager, OPCC
Neil Rickwood, Head of Audit & Risk, Shared Services

1. WELCOME & APOLOGIES

The Chair opened the meeting and welcomed Julie Edwards who was attending to present the draft statements of account.

Apologies had been received from Beverley Nichol-Culff.

2. DECLARATIONS OF INTEREST

Trevor Lake noted that this item was included on the agenda at the request of KPMG. Rob Jones explained that the intention was to capture Independent Members' interests related to items on the agenda rather than a declaration of work-related interests for staff.

Whilst members noted that they were not Directors or Executive Officers and do not have a decision making role, they were content to accept the request and include this as a standing item on the agenda.

No interests were declared.

3. RECORD OF ATTENDANCE

Details of member and officer attendance at previous meetings of the committee were circulated for information and agreed.

4. MINUTES

The minutes of the meeting held on 13 April 2018 were agreed subject to the following amendments:

Item 8 – Transformation Fund

ACTION: Nigel Brook to report on actual cashable savings achieved against those predicted in the Programme of Change End Stage Review. (To be provided to members outside of the meeting).

Item 14 – External Audit Plan

To read: 'Rob Jones outlined the value for money risks associated with financial resilience and NPAS, acknowledging that Nigel Brook had raised a concern that NPAS issues had the potential to impact negatively on the Force's value-for-money opinion'.

5. MATTERS ARISING

05/01/18 Item 4 – A response has been received from the Prison Service and further clarification has been sought – to be reported to next meeting.

ACTION: Katherine Johnson to report to the October 2018 meeting on the Prison Service's response about the process of appointing to the Reducing Reoffending post.

13/04/18 Item 7 – Nigel Brook presented a report showing the extent of mobile device usage.

Trevor Lake observed that a cultural challenge is required to improve mobile device usage in investigative roles and was assured that this issue is raised and challenged regularly in Force Accountability Meetings.

Trevor Lake commented that the assumption in the report, that benefits realisation is greater than the figures stated, cannot be relied upon.

13/04/18 Item 8 – Members agreed to receive a report on the risk of cybercrime from use of social media on agile devices (outside of the meeting).

ACTION: Nigel Brook to report, outside of the meeting, on the management of cybercrime risk arising from the use of social media on agile devices.

13/04/18 Item 13 – members received a comprehensive report on the incidents logged with the SIRO by the Head of Information Management in 2017-18. Trevor Lake raised the last report, made in May 2018, of unauthorised capture and retention and was

advised that this related to downloads of information when individuals are detained in custody and was the subject of a national campaign by a pressure group.

Ann Liston raised concern about breaches which result from carelessness and members were informed that these are assessed by PSD to determine whether the conduct should be subject to disciplinary action. Richard Baldwin queried the incident which was NFA'd by the CPS and was advised that this matter was already the subject of disciplinary action at the time of the breach.

Trevor Lake thanked the Force for a very good report and commented on the potential to breach information security by not using the 'bcc' function properly. Members were informed that an intranet message would be issued to remind officers and staff to take care when using the *bcc* function on emails to avoid data breaches of email addresses and noted the recent fine levied against the Independent Inquiry into Child Sexual Abuse for the same issue.

Item 17 – Cybercrime – Nigel Brook reported that the Force's GIRR (Governance and Information Risk Return), which forms part of the submission for PSN (public services network) accreditation has been approved. Once remedial work on the IT servers is complete the PSN accreditation should be confirmed.

6. CHAIRS UPDATE

None.

7. BUSINESS UPDATES

OPCC

Katherine Johnson provided members with a business update, confirming that the Deputy PCC is taking a period of [REDACTED] leave for 12 months from July 2018 and that the PCC took up the position of Chair of the APCC with effect from 18 July 2018. The risk register has already been reviewed in relation to this 12-month appointment.

Members were given an update on the NPAS fleet replacement and noted that this coincides with the four year spending review. Subject to security classification members will be provided with further information at the next meeting. The work to review the NPAS funding formula is linked to the national programme to review funding for specialist capabilities.

The refresh of the Police and Crime Plan is nearing completion and the draft Annual Report has been presented to the Police and Crime Panel.

The Head of Policy position remains to be recruited to following the OPCC organisational review in 2017.

Members raised concerns about the impact of the PCC taking the role of Chair of the APCC coinciding with a period of absence of the Deputy PCC and in view of the Chief Executive position being filled on a temporary basis and requested a report on the risk management

and governance arrangements which have been put into place. Ann Liston sought further information about the process used to assess the impact of these changes.

Members were advised that the position of Deputy PCC is unlikely to be filled during this period of leave. The Deputy PCC is a political adviser for the PCC and members were advised that the PCC now has access to a range of specialist policy advisers.

ACTION – Jayne Sykes to report to the October 2018 committee on the risk assessment and governance arrangements in the OPCC associated with the appointment of PCC to Chair of the APCC, the absence of DPCC and the absence of substantive Chief Executive and Legal Adviser.

WEST YORKSHIRE POLICE

Nigel Brook notified members of a number of senior moves in the Force including the appointment of Tim Kingsman as ACC. The panels for promotion to superintendent are complete and their recommendations are being considered by the Chief Officer Team.

The meeting was informed that West Yorkshire incurred costs of £530,000 following a request for mutual aid to support the policing of a recent visit by President Trump which coincided with local operational pressures arising from organised protests and the World Cup football tournament. Some expenditure may be reclaimed through the mutual aid scheme.

Ann Liston asked whether a debrief had taken place following the President's visit and it was confirmed that it had.

The meeting was informed that the Force budget was overspent by £532,000 as at June 2018 with a projected forecast of £3.3M overspend on the year. This is a result of officer numbers being higher than budgeted for. Some officer recruitment will be delayed to reduce the officer number to budgeted target.

Members were provided with a Force performance report for June and July 2018. The report shows unprecedented demand on the 999 service in July. Whilst West Yorkshire is one of leading forces in the country for 999 responses a project has been established to work with partners to improve demand management.

8. DRAFT ANNUAL ACCOUNTS

Julie Edwards introduced the draft statements of account for the Chief Constable and PCC, noting that the early completion date had been met because of early and consistent engagement with external auditors and by using estimates to begin the process much earlier in the year.

8a. WEST YORKSHIRE POLICE ACCOUNTS

Trevor Lake queried a previous discrepancy in FTE officer numbers and was advised that the data had now been reviewed and corrected.

Ann Liston pointed out that (p10) should refer to 'the' policing strategy rather than 'this' policing strategy. Ann Liston also noted that the exit packages table (p35) has a missing band covering £150,001 £200,000 and was informed that the figure for this band was 'nil'.

Trevor Lake queried why the employee benefits expenses (p32) were much higher in 2017/18 compared to 2016/17 and was informed that the figure also included accounting adjustments such as accrued holiday pay.

Trevor Lake noted the longevity assumptions (p41) and was advised that these were set with actuarial advice and reflected the impact of police officers' normal pension age being 60. Trevor Lake also noted that (p57) the reference to risk champion was a reference to the Head of Risk and Insurance and requested that this be clarified in the accounts.

8b. OPCC ACCOUNTS

Trevor Lake clarified that, as Chair of the Joint Independent Audit and Ethics Committee, is not accountable to the Police and Crime Panel (p93) and asked for this to be amended.

Trevor Lake recognised the efforts to produce the draft accounts to the shortened timeframe and thanked Julie Edwards and the Finance team.

9. EXTERNAL AUDIT REPORT

Rob Jones presented members with a draft External Audit ISA 260 Report for 2017-18, stating that final checks are still being completed.

Members were advised that the draft accounts had been produced to a very high standard by the Force, despite the faster close this year.

Rob Jones reported that risk relating to net pension liability arose from the timeliness of the pension fund data rather than Force accounting and the external audit report raised no concern about the significant risks noted in the draft.

The external audit report found that the Force and PCC have adequate resources to manage value-for-money and a clean opinion could be delivered in this area with no concerns raised.

Members were informed that the level of prudence adopted in relation to key judgements was within an acceptable range and, although the valuation of pension assets and liabilities was still to be completed, no cause for concern was expected, KPMG actuaries concurring with the Force assessment.

A significant audit difference had been identified arising from the treatment of a pension prepayment in March 2017. At the time, the advice given by KPMG to the Force was that the prepayment should be recognised over a number of years. The professional consensus has now changed and organisations are advised to recognise pre-payments in the year in which they are made. Discussion is still taking place with Force management and, although the payment is not material and will not lead to any qualification or comment within the audit opinion, External Audit are likely to conclude that, technically, they disagree

with the way it has been accounted for. Members were assured that this was not because of any control issues or late provision of information by West Yorkshire Police.

Members accepted the draft statements of account and thanked KPMG for the service they have provided.

10. RISK MANAGEMENT UPDATE

OPCC

Katherine Johnson presented the OPCC risk register and drew members' attention to the change in presentation.

Ann Liston queried the risk relating to VIPER and GDPR and was informed that this was subject to ongoing legal advice in view of the fact that PCC's are not identified as 'competent authorities' to process data for a law enforcement purpose under the new GDPR regulations.

Trevor Lake noted that the risk relating to the impact of NPAS on capacity in the OPCC had not been articulated and was informed that this was subject to further consideration.

Richard Baldwin observed that the risk relating to commissioning services would also depend on partner organisations.

ACTION: Katherine Johnson to report to the October 2018 meeting on the risk relating to the impact of NPAS on capacity in the OPCC.

WEST YORKSHIRE POLICE

Nigel Brook presented the Force risk register identifying four new risks and two emerging risks.

Trevor Lake noted the risk relating to missing persons and collaboration with Leeds University to identify improved working practices and requested an update.

ACTION: Nigel Brook to provide an update to the October 2018 meeting on the collaboration with Leeds University to improve working practices in relation to missing persons.

11. INTERNAL AUDIT ANNUAL REPORT

Neil Rickwood outlined the Internal Audit annual report which had concluded that reasonable assurance can be derived from the systems in place with an overall internal control score of 2.29.

Members were advised that, during the year, seven audits gave limited assurance – all have been previously reported to the Joint Independent Audit and Ethics Committee.

Trevor Lake noted that nine recommendations relating to missing persons and nine relating to the working time regulations had not been fully implemented. Members were advised

that further follow up will be done regarding recommendations relating to missing persons which would also look at the use of hand-held devices.

ACTION: Neil Rickwood to provide an update to the October 2018 meeting on implementation of Internal Audit recommendations relating to missing persons.

Members also sought a report on compliance with the working time regulations.

ACTION: Nigel Brook to report to the October 2018 meeting on Force compliance with the working time regulations.

Joanne Campbell drew members' attention to the low capacity in Force to prepare formal debriefs which could mean that opportunities to learn lessons were lost. It was confirmed, however, that the debriefs that are undertaken are of a high standard.

12. TREASURY MANAGEMENT STRATEGY

Katherine Johnson introduced the Treasury Management Strategy and informed members that, following the recent organisational review, the Treasurer now takes an overview of treasury management, working closely with staff in the Finance Department and Wakefield Council.

Ann Liston queried the predicted bank rate rise for May 2018 and was informed that the report had been written in April but delayed as a result of outstanding data from external treasury advisers. It was noted that the surplus funds (appendix C, d (vii)) should read £75.9M).

Trevor Lake questioned whether investments continued to be limited to the UK only and was advised that restrictions on overseas investment which were temporarily put in place after the Icelandic bank crash had now been lifted.

Trevor Lake questioned whether there was a limit on the number of days an investment could be held for and was advised that this was unlimited. Members welcomed a list of institutions that investments were placed with and noted that references to 'Capita' should be amended.

ACTION: Katherine Johnson to report to the October 2018 meeting on the institutions with which investments are placed.

ACTION: Katherine Johnson to amend references to 'Capita' in the Treasury Management Strategy.

13. BUSINESS INTERESTS

Nigel Brook presented a report on business interest approvals and refusals.

Members noted the comprehensive and informative report.

14. ANY OTHER BUSINESS

None raised.

Next meeting: 13:00, 12 October 2018, Ploughland House.