



**MINUTES OF THE JOINT INDEPENDENT AUDIT and ETHICS COMMITTEE
(POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE
AND WEST YORKSHIRE POLICE)
HELD ON 4 OCTOBER 2019**

AUDIT SESSION

MEMBERS PRESENT

Trevor Lake (Chair)
Julie Talbot
Julie Winham

OFFICERS PRESENT

Nigel Brook, ACO, WYP
Joanne Campbell, Internal Audit Manager, Shared Services
Erica Doran, Head of Policy and Delivery, OPCC (observer)
Oliver Durbin, Grant Thornton
Paul D Grady, Grant Thornton (from item 6¹)
Katherine Johnson, Treasurer, OPCC
Ellen Millington, Grant Thornton
Beverley Nichol-Culff, Head of Risk Management and Insurance, Shared Services
Julie Reid, Governance Manager, OPCC
Neil Rickwood, Head of Audit and Risk, Shared Services
John Robins, Chief Constable (for items 1 – 6¹)

1. WELCOME & APOLOGIES

Trevor Lake opened the meeting and welcomed the Chief Constable, John Robins, and Erica Doran to the meeting. No apologies had been received.

2. DECLARATIONS OF INTEREST

None declared.

3. RECORD OF ATTENDANCE

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

¹ Item 8 on the agenda.

4. MINUTES

The minutes of the meeting held on 19 July 2019 were agreed as a correct record.

5. MATTERS ARISING

Item 5.1 – Financial Reports

Nigel Brook presented members with reports of expenditure against the capital and revenue budgets as at 31 July 2019, noting a current underspend against the Digital Policing IT budget which is expected to be resolved later in this financial year. Members were informed that an overspend is forecast against the revenue budget which may require the Force to draw on reserves, however, the funding allocation for the additional police officers which are being recruited and funding for historic CSE investigations has still not been confirmed. Some costs may also be charged against the Home Office grant for serious and violent crime (Operation Jemlock).

Members were advised that the Chief Constable had taken a decision to begin early recruitment under the Police Education Qualification Framework (PEQF) in order to maintain officer numbers whilst accommodating the necessary training lead-in time.

Trevor Lake noted the current vacancy rate for police staff (5.4%) is higher than that budgeted for (4%) and was advised that police officer recruitment has been prioritised over police staff recruitment.

Trevor Lake noted that, if the projected revenue overspend was drawn from reserves, the level of the risk reserve would fall below the current agreed policy which is to hold between 2.5% and 4.5% of the annual budget. Katherine Johnson advised members that the level of general reserves (which was £15.2m in the latest statement of accounts) can be flexible in exceptional circumstances providing there is a plan to replenish the reserve level.

Julie Winham sought assurance from the Chief Constable that the forecast £7m overspend against the revenue budget could be managed and was informed that significant progress is expected to be made (assisted by the extra funding which is anticipated for the increased police officer numbers and historic CSE investigations along with the funding received for serious and violent crime) so as to minimise the draw on reserves.

Members were advised that the Police and Crime Commissioner is writing to the Home Secretary seeking early confirmation of the funding due to West Yorkshire to increase police officer numbers.

Julie Talbot sought assurance regarding future deficits which are forecast on the medium term financial forecast (MTFF) and was advised that, given a level of uncertainty regarding the future funding formula, a range of scenarios was considered as part of the financial planning process.

Item 5.2 – NPAS Update

Members received an update on the NPAS programme. Trevor Lake noted that the report did not include information about the governance review and was advised by Katherine Johnson that consultants had been engaged by NPAS to review the delivery models. Given the delay in this national work a review of the governance structures in NPAS will be carried out concurrently.

Trevor Lake requested a copy of the current governance position in NPAS.

ACTION: Katherine Johnson to provide members with the current governance arrangements in NPAS (outside of the meeting).

Item 5.3 – Crown Copyright

Katherine Johnson advised members that, following external legal advice, a draft memorandum of understanding is being discussed with the Home Office. Members sought a further update at the next meeting.

ACTION: Katherine Johnson to provide members with a further update following discussions between PNLD and the Home Office regarding crown copyright.

Item 5.5 – Delivery Plan

Erica Doran presented members with an update on the delivery plan and advised that a review of both the delivery plan and the delivery action plan would be undertaken, using a *SMART* approach, along with a refresh of the Police and Crime Plan in 2020.

Members requested an update at the October 2020 meeting.

ACTION: Erica Doran to provide members with an update on the Police and Crime Plan refresh and the review of the Delivery Plan at the October 2020 meeting.

Item 5.6 – Data Standards

Nigel Brook informed members that the national data standards had not yet been published but the Chief Officer Team would be considering the use of Experian data to identify incorrect information on Force systems. Members agreed for this action to be carried forward to the next meeting.

ACTION: Nigel Brook to report to members on the national data standards, once agreed.

Julie Winham enquired about recruitment difficulties associated with this work stream and was informed that a Chief Inspector is now in post.

Item 5.7 – Terms of Reference – Audit Committee

Members received revised terms of reference for the Audit Committee and a draft work plan. Trevor Lake indicated his intention to further review the presentation of the terms of reference to ensure that the wording and layout aligns with those of the Ethics Committee.

ACTION: Trevor Lake to review the Audit Committee terms of reference.

Julie Winham recommended that the work plan should include a progress update against the Internal Audit Plan, a report on the (5 year) external quality assessment of Internal Audit and a reference to the Internal Audit Charter and the Internal Audit Strategy.

Nigel Brook suggested that the ‘transformation fund update’ is removed.

ACTION: Julie Reid to amend the Audit Committee work plan to reflect members’ observations.

Item 5.8 – Treasury Management Training

Members were informed that this has been set for 26 November 2019.

Item 5.9 – Future Meeting Dates

Members agreed the future meeting dates for 2020.

Item 5.10 – Force Monthly Performance Report

Members received the Force monthly performance report for August 2019.

Item 5.12 – OPCC Business Interests and Gifts and Hospitality Reports

Members received a report on declarations of business interests and gifts and hospitality in the OPCC since 2018. Julie Winham asked about line management responsibility and support and was advised that line managers must sign off all declarations before they can be approved by the Treasurer.

Trevor Lake noted that one interest was reflected as ‘various interests with public bodies’ which was insufficient information and was advised that the declaration itself was more detailed.

Trevor Lake also clarified that member interests are not required to be reflected in the report as members of the committee are not members of staff, as they are classed as a contracted service not employees.

6. CHIEF CONSTABLE’S UPDATE (item 8 on the agenda)

John Robins thanked members for inviting him to attend the meeting and welcomed the advice that members gave on governance arrangements stating that he intended to ensure his appointment brought a period of stability and continuity to West Yorkshire Police.

Julie Talbot referred to the increased numbers of police officer recruits and the risks identified in Districts relating to the Force's capacity to respond to this level of recruitment. John Robins informed members that a Gold Command had been established (ACC People) who was working with the Head of People and Head of Learning and Development and he was very confident that the recruitment and development of new officers can be assimilated, assisted by the work which is underway to reduce demand in terms of the promotion and accreditation processes plus the recent conversion of 42 constables to sergeants.

Julie Talbot asked if the Chief Constable was satisfied with the required level of abstraction and was advised that the PEQF requires 26 weeks in the first year to be classroom based which will reduce the initial supervisor burden.

Trevor Lake sought further information about talent management and planning and was advised that austerity cuts have reduced the support functions to the point where a lack of capacity had impacted adversely on talent management. Key leadership roles have now been recruited to and a talent management strategy is being developed.

Trevor Lake thanked the Chief Constable for his attendance and welcomed the stability that his appointment promises.

7. CHAIR'S UPDATE

None given.

8. BUSINESS UPDATES

WEST YORKSHIRE POLICE

Nigel Brook provided members with a business update stating that T/ACC Mark Ridley would remain in post for the foreseeable future.

Members were informed that the funding pledged by the Government for the 20,000 extra police officers in 2019 includes all on-costs but will not cover the full cost of the recently agreed pay award for police officers (2% is included in the funding but a settlement of 2.5% has been reached). In total, £750m has been pledged, £45m of which is for the first 6,000 officers recruited in 2019, although the individual Force allocations have not been confirmed.

Members were also informed of high risk security incidents which had been recorded by the Force, Nigel Brook advising that the system for reporting and investigating incidents had been improved as had the learning the lessons process. Julie Talbot queried what the cellbright system was and was informed that it was used to download mobile phone data in custody suites.

Finally, Nigel Brook informed members of his intention to leave the Force in one years' time.

OPCC

Katherine Johnson provided members with a business update stating that the final four vacancies had recently been recruited to in the OPCC, completing the organisational review process.

Members were informed that the PCC had agreed to extend the temporary contract for the Interim Chief Executive for a further 12 months in order to allow a review of the post and in view of the implementation of the Violence Reduction Unit (VRU) and the forthcoming PCC election.

Members were given an update on the VRU; £3.37m of funding has been granted for this work; a Director has been appointed via a secondment agreement with Leeds City Council; two Programme Managers have been appointed and a Delivery Manager will be appointed for each District. Katherine Johnson advised members that, at the moment, future funding beyond 2019-20 has not been confirmed.

Trevor Lake queried the plans for the Deputy PCC post and was advised that the PCC is agreeing working arrangements for this position.

Trevor Lake queried the plans for recruiting a fourth member of the Committee given the extension in the contract of the Interim Chief Executive and expressed concern at the length of time it was taking to get the position filled. Members requested an update.

ACTION: Katherine Johnson to update members on the plans for recruitment of a fourth member.

9. RISK MANAGEMENT

OPCC

Beverley Nichol-Culff presented a risk report for the OPCC informing members that there are 12 open risks, 2 of which are high, 8 are medium and 2 are low. Members were advised that the risk relating to serious violent crime has been reduced given the implementation of the VRU and the partnership working which is in place.

Trevor Lake asked about the organisation's risk appetite and was advised that this was reflected in how the risk levels are defined and is also considered in the identification of target risks – a process which has recently been introduced.

Trevor Lake noted the excellent risk management process which is in place for both organisations.

WEST YORKSHIRE POLICE

Beverley Nichol-Culff presented a risk report for the Force informing members that there are 31 open risks; 7 are high, 14 are significant, 9 are medium and 1 is low.

Julie Talbot noted the high risk relating to Niche data integrity which contrasts with the recent HMICFRS rating of 'excellent' for crime recording. Nigel Brook explained that the

data integrity issues could be quite minor issues such as cases not being properly recorded as closed. Members were reminded of the proposal to use Experian data to identify inaccuracies and the planned consultancy to review data integrity. Members were informed that the risk will be reviewed in conjunction with the Head of Information Management at the next Risk Management Group meeting.

Julie Winham queried the Internal Audit report on data integrity and was informed by Neil Rickwood that this was a summary review to identify strategic issues rather than a report with specific recommendations.

Julie Talbot queried the timeframe for the Digital Forensic Unit (DFU) recruitment and was advised that 18 new posts have been recruited to but staff induction and initial training is likely to take 12 months requiring outsourcing of backlogs of work which have been further exacerbated by an increase in investigatory work. Members were informed that a similar issue impacts on other forces in the region. Neil Rickwood informed members that the DFU Internal Audit report, which is critical but has been positively received, has been finalised and will be reported to the next Committee.

Trevor Lake noted that the finance risks remain high or high amber and will be reviewed again in January 2020.

Trevor Lake praised the quality of the local risk reporting process. Beverley Nichol-Culff informed members that a two-day risk management course had recently taken place which members had been invited to.

10. INTERNAL AUDIT PROGRESS REPORT

Neil Rickwood presented members with an Internal Audit progress report identifying 22 audits with 5 draft reports and 11 in progress.

Members considered a briefing note on the review of workforce planning in the Force and noted that a final report will be brought to the next meeting. Trevor Lake clarified that the interim report had been shared with the ACC People and noted the concerns raised in the report.

Members were informed of the internal audit of anti-social behaviour powers which gave limited assurance. Julie Winham queried the accountable officer for one of the actions – an employee from a partner agency, Safer Leeds, and was advised that staff in Safer Leeds can be directed by the Chief Constable for the partnership work that they perform.

Julie Talbot sought assurance as to the lessons learned process and was advised that all reports are shared with the Local Policing Department who report good practice at Local Accountability Meetings and roll-out recommendations across all Districts.

Julie Talbot asked about Internal Audit progress against the audit plan and was advised that the team is on target in terms of number of days and this is reviewed quarterly with the Treasurer. A new member of staff has now been recruited and the team is at full staffing complement. Members sought a regular update in the routine report to Committee to identify progress against plan.

ACTION: Neil Rickwood to include a statement in the routine Internal Audit progress reports which identifies progress against the planned number of audit days.

Trevor Lake asked whether there was a cyber-threat in relation to the use of software BOTS and was advised by Nigel Brook that, although the threat cannot be entirely eliminated, the Force has strong firewalls in place and has accreditation by the Government Digital Services Department. Beverley Nichol-Culff further advised members that the Information Assurance Board also receives regular reports.

11. EXTERNAL AUDIT REPORTS

Paul Grady presented the Annual Audit Letter and the Audit Progress and Sector Update Reports advising members that an unqualified opinion had been given to the statements of account for 2018-2019.

Julie Talbot sought assurance that the handling of cash held on behalf of third parties is consistent and was advised that Grant Thornton take a consistent approach although in some police forces the levels of cash held are not material.

Trevor Lake queried when seized cash is returned and was informed by Nigel Brook that this can take years; a policy is being agreed between the Chief Finance Officer and Treasurer for the retention of seized cash in circumstances where the owner cannot be identified.

Julie Talbot asked whether the increase in fees had been communicated in advance and was advised that the fee level is a net position, taking account of savings as well as extra charges, was shared with the Force and PCC in July and is subject to approval by the Public Sector Audit Appointments body.

Paul Grady informed members that Grant Thornton will be running accounts workshops for clients in the New Year and drew their attention to the introduction of a new accounting standard, IFRS16 – accounting for leases. Julie Talbot queried the impact IFRS16 would have on the Force and was advised by Nigel Brook that the Force have few leases.

Members were also informed that the Code of Practice for Local Authorities is under consultation for revisions effective from April 2020 which will include VFM changes and the introduction of more narrative into audit opinions.

Julie Talbot pointed to the reference by HMICFRS to the introduction of multi-year financial settlements and was informed by Nigel Brook that the police service would welcome this as an aid to financial planning but this has not yet been introduced by Government.

Julie Talbot asked about plans for streamlining accounts and was advised by Nigel Brook that CIPFA is looking at the simplification of accounts but this is likely to take some time.

12. TENDER EXCEPTION REPORTING

Nigel Brook presented members with a report of tender exceptions. Julie Talbot queried the exception relating to agency staff and was advised this contract, which relates to police staff, was extended as the tender was not ready for release.

Julie Talbot queried the exception relating to forensic services and was advised that this was a result of a cyber-attack on the supplier and a backlog arising from the disruption to service; this was being monitored locally and in Finance Department.

Julie Winham asked whether Internal Audit have reviewed the tender exception process and was advised by Jo Campbell that previously procurement processes have been audited and this will be considered for inclusion in the internal audit plan going forward. Members were advised by Nigel Brook that procurement limits for estates projects have been reviewed with internal Audit contribution.

13. ANY OTHER BUSINESS

None.

Next meeting: 10 January 2020, Ploughland House.