



**MINUTES OF THE JOINT INDEPENDENT AUDIT and ETHICS COMMITTEE
(POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE
AND WEST YORKSHIRE POLICE)
HELD ON 3 APRIL 2020**

AUDIT SESSION

Video Conference.

MEMBERS PRESENT

Trevor Lake (Chair)
Julie Talbot
Julie Winham

OFFICERS PRESENT

Stuart Armstrong, Grant Thornton
Nigel Brook, ACO, WYP
Mark Burns-Williamson, PCC (to item 6)
Joanne Campbell, Internal Audit Manager
Paul D Grady, Grant Thornton (to item 9)
Katherine Johnson, Treasurer, OPCC
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

1. WELCOME & APOLOGIES

Trevor Lake opened the meeting, which due to the Covid-19 outbreak and recognising the rules for social distancing during the lockdown period was being held via videoconference, and welcomed Stuart Armstrong and Mark Burns-Williamson, noting that 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 and noted.

4. MINUTES

The minutes of the meeting held on 10 January 2020 were agreed as a correct record.

5. POLICE AND CRIME COMMISSIONER'S UPDATE

Mark Burns-Williamson, the Police and Crime Commissioner (PCC), thanked the Chair for the invitation to address the Committee. The PCC provided an update outlining the daily communication that he had with the Chief Constable about the COVID- 19 crisis and the ongoing communications that he had with staff associations and the Police Federation.

The PCC went on to inform members that he also joined a weekly meeting between the Policing Minister and PCCs.

The PCC provided an update to members on a range of issues including:

- The supply of personal protective equipment (PPE) for officers and staff.
- Work with Trading Standards to address coronavirus-related frauds.
- Work with commissioned service providers to respond to an increase in reports of domestic violence and the reassurance provided to the organisations about the continuation of funding.
- Liaison with the Local Resilience Forum.
- Cancellation of PCC elections, which were scheduled for May 2020.

Members were also advised that the OPCC building had been closed and all staff who were based in Ploughland House are now working from home. Members' attention was also drawn to a dedicated coronavirus page, which had been set up on the OPCC website.

Trevor Lake noted that the HR update provided to members showed a 12% abstraction rate and asked how confident the PCC was that West Yorkshire Police could continue to function effectively. Mark Burns-Williamson explained that this is an area that the Chief Constable addresses daily, the Force have good assessment tools in place and is a key partner in the Local Resilience Forum, which assists close partnership work with the health service, fire service and local authorities.

Trevor Lake noted a potential for civil unrest during an extended period of 'lockdown' and was advised by the PCC that, so far, there had been a reduction in overall reported crime although there has been an increase in reported cybercrime.

Trevor Lake noted the great efforts of front line officers and staff and expressed his thanks.

Trevor Lake noted that there were no significant matters to draw to the PCC's attention; the Committee has been assured of the excellent performance from the Force and the OPCC and were very assured by the contingency planning and an excellent risk management approach.

The PCC provided an update on other matters, including:

- An HMICFRS inspection awarding 'outstanding' for effectiveness but raising an issue about investigating crime and resilience in counter-corruption work. The PCC has committed further investment to these areas.

- Cash flow issues arising nationally for PCCs arising from COVID-19 and the impact on the borrowing market and working with the Home Office to alleviate the issue.
- Work by the police to encourage employers to release volunteer Special Constables to work full-time with the Force.
- The co-ordination of criminal justice agencies at a national level which is being raised with the Policing Minister and which is also being raised locally, through the Local Criminal Justice Board, particularly in light of the closure of courts and the early release of certain offenders from prison.

Trevor Lake thanked the PCC for his contribution and commended the Chief Officer Teams in both the Force and the OPCC for the foresight in creating an agile workforce over the last few years through the Transformation Fund.

6. MATTERS ARISING

Item 6.1 – HR Update

Nigel Brook presented a report on Operation Jinmen (the Force response to COVID-19) as at 27/03/2020 and noted that the policing response in West Yorkshire had been well received and the Chief Constable had been invited to address the Home Affairs Select Committee. Members were advised that measures taken by partners such as the Ambulance Service and the Crown Prosecution Service were having an impact on the police service but there had been a fall in 999 calls and custody throughput was at a normal level. Recorded crime is lower and there have been fewer reports of missing persons. Reports of domestic violence and child sexual exploitation were being monitored.

Trevor Lake queried the ability of the police to maintain social distancing and was advised that this is done as much as possible but is not always possible.

Julie Winham queried whether the on-line reporting system for non-emergency COVID-19 related calls was effective and was advised that it was introduced in an effort to separate COVID-19 related reports.

Julie Talbot queried the report that 640 police officers and staff had been identified as 'vulnerable' and was advised that this was defined by the Government's definition and also included those who were pregnant or elderly or who had vulnerable family members living with them.

Item 6.8 – Review of Counter Fraud and Counter Corruption Strategy

Julie Winham sought clarity as to whether the Committee would receive an updated strategy and was advised by Neil Rickwood that this was in progress and would be reported to the October Committee meeting.

ACTION: Neil Rickwood to report to the October 2020 committee with an updated Counter Fraud and Counter Corruption Strategy.

7. CHAIR'S UPDATE

Trevor Lake informed members that his contract as Chair of the Committee had been extended to 31 December 2020 in view of the coronavirus pandemic and the exceptional situation this has brought about. Recruitment of a fourth member is subject to the review of the Ethics Committee, which has been deferred for the same reason.

8. BUSINESS UPDATES

(a) West Yorkshire Police

Nigel Brook provided members with a business update and advised that the estimated cost to the Force of COVID-9 is likely to be in the region of £8.5m to £26.5m (depending on whether a move to 12 hour shifts is required which incurs overtime costs). The estimated costs for the police service as a whole have been submitted to the Home Office and are currently estimated to be £600m.

Members were informed that, as at 29/02/2020, the revenue budget was £4.4m overspent but, since that date, the PCC had received a grant of £2m for historic CSE investigations. The capital expenditure for 2019/20 is £11.6m, which represents 67% of budget and this is unlikely to increase before the year-end because of coronavirus situation.

Members were advised that the Force's good performance is expected to continue throughout the coronavirus crisis and Trevor Lake acknowledged the very strong performance in West Yorkshire.

Trevor Lake questioned whether there would be an impact on reserves and was advised by Nigel Brook that the Government had yet to confirm whether financial assistance would be available.

Julie Talbot sought assurance that the 2020-2021 budget was balanced and this was confirmed although Nigel Brook pointed to an underlying structural deficit, as the funding allocation for 2020-2021 did not include an inflationary uplift, which means that £15m of savings are required. PCSO recruitment has been paused until December 2020 and some capital programmes have been rephased, including the DFU (Digital Forensics Unit) business case, which is now allocated over 4 years. Katherine Johnson reminded members that the 4.99% precept increase for 2020-2021 would assist along with the short-term use of reserves.

Trevor Lake sought a copy of the ACO's budget presentation.

ACTION: Nigel Brook to provide members with a copy of the 2020-2021 budget presentation (outside of the meeting).

(b) OPCC

Katherine Johnson provided members with a business update and advised that the review of the Ethics Committee by the Head of Policy and Delivery and Interim Chief Executive was scheduled to be completed by the end of April for reporting to the PCC and Chief Constable.

Members were informed that, after the closure of the OPCC office, arrangements had been put in place for regular contact with the providers of commissioned services and with all domestic abuse service providers. The coronavirus pandemic was also likely to have a negative impact on police budgets and council tax (police precept) receipts and the Home Office has agreed to release the pensions grant in advance to assist with cash-flow issues.

Members were also informed that work is underway to review the PCC's scheme of delegation and, in particular, the contingency arrangements for absence of statutory officers.

The NPAS review is underway and the Home Office has confirmed an intention to move to a national delivery model for 2021-2022. Members were informed that the fleet replacement is being hampered by ongoing delays in the comprehensive spending review.

Finally, members were informed that PNLD had been able to respond quickly to provide guidance for the police forces on the new powers relating to coronavirus and had seen a significant increase in demand through 'Ask the Police', up from an average of 200 queries a week to over a thousand in the last week.

Trevor Lake asked about the implications of the new West Yorkshire devolution proposal and was advised that discussions are underway to look at whether to include policing in the Mayor's Office from May 2021 rather than May 2024 as originally proposed. Paul Grady stated that, after having worked with the Manchester, Metropolitan and West Midlands Mayor's Offices, he was happy to share his experience with the Force and OPCC.

9. EXTERNAL AUDIT REPORT

Paul Grady presented the external audit report and advised members that the audit plan was issued before the coronavirus pandemic so an addendum would be issued with the main changes likely to relate to property values, pensions liabilities, assumptions about bad debts and assumptions regarding the 'going concern' status.

Members were advised of the significant risks identified in the audit plan, including that of fraudulent revenue recognition, which had been rebutted by the external auditors.

The timeframe for completion of the audit has been extended to 30/09/2020 and the public inspection timeframe has been moved to the first 10 days of July, which means that the accounts do not need to be signed off until 30/06/2020.

Members were informed that, whilst the Regulator has reduced the level of materiality to no more than 1.5% (from £13.4m to £9.7m), this is not a reflection of the Force or PCC risk levels changing, but is likely to affect the amount of testing required.

Members were notified that this will be the last year for the VFM audit in its present form – the National Audit Office are expected to expand the VFM focus next year.

Julie Talbot queried property valuation in this year's audit and was advised that the valuation has been planned in advance and Grant Thornton also have property valuers

who can assist where the estate is large. It has been found that valuers are including a COVID-19 caveat in their estimates, which tends to reduce the usefulness of the valuation.

Trevor Lake asked whether Grant Thornton were standing staff down and whether this would have an impact on the audit in West Yorkshire and was advised that, in some areas of business, staffing is being reduced on a voluntary basis but this will not impact the work being done in West Yorkshire.

(Paul Grady left the meeting).

Stuart Armstrong advised members that good progress was being made in the audit with no significant findings arising from early testing.

Members had been provided with an email from the Public Sector Audit Appointments (PSAA) outlining the approach to external audit fees and also a review by the PSAA of procurement options and market supply.

Julie Talbot queried the future of public sector audit and was informed that discussion is at an early stage and the coronavirus pandemic is likely to delay some procurement decisions. Nigel Brook noted that audit fees are likely to rise.

10. RISK MANAGEMENT

OPCC

Beverley Nichol-Culff introduced the OPCC risk register, which includes 12 open risks including two red risks relating to NPAS and financial resourcing, and informed members that a new risk relating to the coronavirus pandemic is being drawn up.

Trevor Lake asked how the coronavirus risk is scored and was advised by Katherine Johnson that this will be considered in the next meeting of the Executive Team.

WEST YORKSHIRE POLICE

Beverley Nichol-Culff introduced the Force risk register, which had been agreed on 27/01/2020 reporting that there were 21 open risks: nine red, nine high amber and four low amber.

Members were informed that, in 2018, a risk of influenza pandemic had been drawn up utilising business continuity testing with the Local Resilience Forum, which had led to a recommendation to adopt video conferencing, which was presently working well in the coronavirus pandemic.

An emerging risk relating to safeguarding had been identified which arises from an increase in non-recent CSE investigations and the demand this places on Districts. Two other new risks have been identified; one relating to the internal and external cyber threat and one to a strategic People risk arising from the impact of workforce development activity such as the PEQF (Police Education and Qualification Framework). Finally, a risk is being drawn up in relation to POCA (Proceeds of Crime Act) deposits.

Trevor Lake noted that there was a very good risk management process in place which members were content to recommend.

Julie Winham queried the risk level of the safeguarding risk and was advised that this is likely to be 'red' pending agreement at the next Risk Management Group.

Julie Winham asked whether any of the 'unannounced cash-up' audits included POCA funds and was advised by Jo Campbell that the Internal Audit evidential compliance audit included full safe reconciliations and recorded reasonable assurance (in draft).

Julie Talbot noted that the Proactis system risk was high amber and asked if this had an impact on the closure of accounts. Nigel Brook confirmed that the issue had been rectified (save for minor snags) and is not expected to impact on closedown.

Julie Talbot pointed to the continuing red risk relating to the Digital Forensic Unit and was informed by Nigel Brook that there continues to be high demand on the Unit. Fifty-five growth posts have been agreed for this year with a large, front-loaded capital investment programme, which was recently agreed by the Joint Executive Group. Beverley Nichol-Culff explained that the risk remained high, as the benefits of the recruitment had still to be evidenced.

11. ANNUAL GOVERNANCE STATEMENTS

Katherine Johnson presented the annual governance statements to members and pointed out that, as they were drafted in early March, they will be subject to further amendment to reflect the impact of the coronavirus pandemic. The statements will be included as part of the Statement of Accounts. Members were content to recommend the statements.

Trevor Lake asked whether there was an update in terms of appointment to a substantive Chief Executive position. Katherine Johnson noted that the Interim Chief Executive's contract ends in October 2020 and agreed to provide an update for members.

ACTION: Katherine Johnson to provide an update to Committee on plans to appoint a substantive Chief Executive.

12. INTERNAL AUDIT ANNUAL REPORT

Jo Campbell presented the Internal Audit Annual Report to members reporting that; overall, a score of 2.47 had been recorded from the Internal Audit programme, which reflects 'reasonable assurance'. Members were informed that the internal audit plan is presently being drawn up.

Julie Winham noted that a number of recommendations had not been implemented and sought further information about the level of engagement when agreeing implementation dates. Neil Rickwood informed members that some recommendations will necessarily be long-term, e.g., implementation of software enhancements to assist in managing missing persons investigations, however, the Internal Audit team are now using 'Overview' (an action tracking application) to monitor completion of actions.

Julie Winham referred to the reported Internal Audit Team performance indicators and sought further information about how expected performance targets are set.

ACTION: Neil Rickwood to provide members with expected performance targets for internal audit delivery.

Julie Talbot sought further information about the timeframe reported in the Internal Audit report to Committee and was advised that this was for the 2019-2020 financial year but, for this year, is effectively covering 9 months as the deadline for reporting was brought forward. Members were content to recommend the Internal Audit annual report.

13. CYBER-CRIME UPDATE

Nigel Brook provided members with a cyber-crime update, noting that the cyber-crime team were willing to attend a future meeting to provide further detail if required.

The report was noted.

14. TENDER EXCEPTION REPORT

Nigel Brook presented a tender exception report noting that the largest contract related to purchasing jet fuel for NPAS (over a three-year period).

Julie Winham sought assurance about the charges levied and the procurement processes followed by the airport supplying the fuel and was advised that, whilst it is possible to compare unit prices across different fuel suppliers, it is difficult to change the procurement processes adopted by individual airports.

Julie Winham queried training expenditure and sought further information on the two-day training courses to introduce trauma management into the Force, which is being provided by a specific supplier.

ACTION: Nigel Brook to provide further information for members about the TRiM training contract.

15. ANY OTHER BUSINESS

None.

Next meeting: 24 July 2020, Ploughland House.