



**MINUTES OF THE JOINT INDEPENDENT AUDIT and ETHICS COMMITTEE
(POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE
AND WEST YORKSHIRE POLICE)
HELD ON 2 OCTOBER 2020**

AUDIT SESSION

Video Conference.

MEMBERS PRESENT

Trevor Lake (Chair)
Julie Talbot
Julie Winham

OFFICERS PRESENT

Stuart Armstrong, Grant Thornton
Nigel Brook, ACO, WYP
Joanne Campbell, Internal Audit Manager
Julie Edwards, Head of Accountancy, WYP (to item 11)
Paul D Grady, Grant Thornton
Louise Grogan, Accountant, WYP (to item 11)
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
Julie Wraithmell-Giggall, Internal Auditor, Shared Services (item 12)

1. WELCOME & APOLOGIES

Trevor Lake welcomed everyone to the meeting, noting no apologies.

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, Trevor Lake noting full attendance from independent members.

4. MINUTES

The minutes of the meeting held on 24 July 2020 were agreed as a correct record.

5. MATTERS ARISING

Item 5.1 Counter Fraud and Counter Corruption Policy

Neil Rickwood presented an updated Counter Fraud and Counter Corruption Policy reporting changes relating to proceeds of crime recovery.

Julie Winham noted that COVID-19 related fraud was not referenced in the policy.

ACTION: Neil Rickwood to add a COVID-19 addendum to the Counter Fraud and Counter Corruption Policy.

Trevor Lake sought further information about how the policy is brought to the attention of volunteers and others in the wider police family.

ACTION: Neil Rickwood to report to Committee on the process for rolling out the Counter Fraud and Counter Corruption Policy to the wider police family.

Item 5.2 Devolution

Katherine Johnson presented an update on the progress towards devolution in West Yorkshire and transfer of the PCC's powers to an elected Mayor, noting that the due diligence review had now been completed and additional resources had been requested from the Combined Authority in order to manage the transfer. Members noted that the Combined Authority would present a general introduction to all OPCC staff in early October 2020.

Julie Talbot queried the role of the Committee in scrutinising the transfer and was advised that devolution will be scrutinised by members of the Combined Authority but the Audit Committee had a scrutiny function in terms of resourcing and timeframes.

Julie Talbot sought a view of the greatest risk and was advised that this related to a lack of understanding of police governance and oversight and the risks associated with completing a transfer in a very short timeframe, which also presents as a risk to the Force. Members agreed to write to the Combined Authority to set out their concerns regarding the timeframe for transfer, the transfer of legacy information held by the OPCC and the transfer of systems.

ACTION: Trevor Lake to write to the Combined Authority to set out the Committee's concerns regarding the transfer of PCC duties to an elected Mayor in view of the short timeframe for transfer.

Trevor Lake sought assurance regarding ring fencing of the police budget and was advised that the Home Office had confirmed this. Trevor Lake also queried the potential impact of COVID-19 on elections in May 2021 and was advised that this had been raised with the Home Office who view a delay of elections to 2022 as unlikely but acknowledge that a short delay may be a possibility.

Item 5.5 Internal Audit Review of Grants and Commissioning

Neil Rickwood presented the Internal Audit Review of Grants and Commissioning. Julie Winham noted the recommendations in the review and queried progress, being informed that Internal Audit were satisfied with progress. Katherine Johnson informed Committee that work on OPCC commissioning had progressed since conclusion of the audit and a toolkit would be presented to the next Executive Team meeting.

Item 5.6 TRiM Training

Nigel Brook confirmed that the TRiM training had been carried out as an isolated piece of work and there were no plans for further training.

Item 5.10 Accounts Familiarisation

Members had benefitted from an accounts familiarisation event on 21/09/2020 and thanked Julie Edwards and Louise Grogan for a very useful meeting.

Item 5.11 Internal Audit Review of PPE Procurement

Members noted that the Internal Audit Review of PPE procurement had been carried out at the request of ACC Kingsman. Neil Rickwood advised that that the final report had been issued and had found that there had been a widespread lack of certification, nationally, early in the pandemic. No recommendations had been made.

Members were advised by Nigel Brook that PPE is now sourced nationally in the police service and West Yorkshire has stocks for 5-6 weeks ahead. Members requested the PPE review be included in the Internal Audit report to the next Committee.

ACTION: Neil Rickwood to include the final PPE Review in the Internal Audit report to Committee in January 2021.

6. CHAIR'S UPDATE

Trevor Lake presented an update to Committee noting that he had accepted a contract extension to the end of May 2021.

Members noted that this would be Nigel Brook's final meeting as he was due to leave the Force in early January 2021. Trevor Lake thanked Nigel for his work for the Committee and for such an excellent working relationship with all Committee members, and prior to that Authority members, during his time in office.

7. COVID-19 UPDATES

(a) West Yorkshire Police

Nigel Brook informed members of the key points from the latest GOLD daily update, which noted reduced absence levels and numbers self-isolating and reduced requests for tests. 132 COVID-19 related calls had been received including 34 business breaches and 63 household breaches and 14 fixed penalty notices had been issued by the Force

since early September with the Force still engaging and advising people before issuing penalties. Members noted the Government's expectation that the police would enforce self-isolation following foreign travel or a positive test and the risk of acting on malicious calls because Public Health England does not release data to the police to confirm who should be self-isolating.

Trevor Lake queried the impact on employees of children being sent home from school to self-isolate and was advised that the Force had issued advice to officers and staff to use dependents leave, time off in lieu, annual leave or flexi-leave but much of the organisation is able to work from home.

(b) OPCC

Katherine Johnson presented a COVID-19 update for the OPCC reporting that COVID-19 governance arrangements were being put back into place including a weekly newsletter, regular Operation Jinman reports to the PCC and MP briefings. Members noted that PNLD had prepared national guidance for forces on the new legislative measures being introduced by the Government.

Trevor Lake queried whether the introduction of nightingale courts was having a positive effect and was advised that this is being kept under review by the PCC and the Local Criminal Justice Board. Nigel Brook noted that there was no evidence of the backlog in the criminal justice system being reduced so far.

Trevor Lake noted the absence of the OPCC Monitoring Officer and was advised that Julie Reid is the Deputy Monitoring Officer.

8. BUSINESS UPDATES

(a) West Yorkshire Police

Nigel Brook presented a business update advising members that, at the end of August, the Force was £1.4m overspent on the revenue budget with 96 FTE officers over the number which was included in the budget. Members were informed that the April 2021 officer intake would be reduced. West Yorkshire had an overspend on the overtime budget of £0.5m which compared favourably with other forces. 28% of the £20m capital budget had been spent. West Yorkshire has reported £2.8m of COVID-19 related costs, some of which will be met by reimbursement of medical grade PPE and a refund of some of the income loss.

Julie Winham queried the proportion of COVID-19 costs refund and was advised that a refund of £1m is anticipated from the £2.8m spent with clarification expected from Government next week.

Members received a Force performance update and noted an overall fall in recorded crime but an increase in crimes related to trafficking and possession as a result of proactive policing.

Julie Winham queried the underspend on building maintenance and the potential health and safety implications and was informed that this was the result of COVID-19 disruption

to the work of a new contractor for general building maintenance combined with improvements in the condition of the police estate overall.

Julie Talbot queried the Force's medium-term financial forecast and was advised that there are some uncertainties in the forward forecast; the Force has submitted a bid against the comprehensive spending review but it is unclear what the allocation will be. The worst-case scenario reports a £33m shortfall in 2021 and the best-case reports £20m. The settlement is expected in January 2021. Legally, a deficit budget cannot be set so the shortfall must be met by the council tax precept, the use of reserves and/or savings plans.

(b) OPCC

Katherine Johnson presented an OPCC business update reminding members of the Home Office review of Police and Crime Commissioner's powers and accountability, which is also linked to the Government White Paper on Devolution (which may be delayed in passage through Parliament although this will not affect the West Yorkshire devolution deal).

Members were informed that NPAS will be transferred to the Combined Authority as part of the transfer of PCC duties and the Combined Authority has stated that it wishes to see NPAS move on within two years. A funding model decision as part of the NPAS review is likely later this year and the Combined Authority will be present at the NPAS Strategic Board meetings in October and December.

9. DRAFT ANNUAL ACCOUNTS FOR 2019-2020

(a) CHIEF CONSTABLE

Julie Edwards presented the draft annual accounts for the Chief Constable for 2019-2020 and noted that the external audit process is ongoing but has been positive.

Trevor Lake noted that the familiarisation session had dealt with all questions from members and asked when the accounts are expected to be finalised. Members were advised that the external audit process could not be finalised until the audit of the pensions fund is complete and this is ongoing.

Julie Talbot queried whether adjustments had been made for accumulated absences and was advised that the Finance Team work closely with Duties Management to take account of outstanding leave and unelected overtime or time off in lieu. The precise liability is impacted by the timing of Easter.

Julie Talbot noted a significant increase in the cost of employer's pension contributions for police officers and was advised that this is likely to be higher still in view of the McCloud judgment. Members were informed that it was unclear, at this stage, whether the increase would be funded by the Government.

(b) POLICE AND CRIME COMMISSIONER

Julie Edwards presented the draft annual accounts for the Police and Crime Commissioner for 2019-2020. Members were advised that lease valuations had been delayed because COVID-19 and property valuations were ongoing.

Trevor Lake queried whether the organisational change costs associated with transition to the Combined Authority were being anticipated and was advised that work is ongoing to review the 2020-21 accounting process.

10. EXTERNAL AUDIT PROGRESS REPORT

Paul Grady presented the External Audit progress report to members advising that the external audit process is continuing to the statutory deadline, which is the end of November 2020 although Grant Thornton anticipate closing before this. Members were advised that no material risks had been identified, the audit providing an unqualified conclusion on value for money and evidence of a robust response to dealing with emergencies in the COVID-19 pandemic.

Working remotely, the external auditors have been able to address all the required work, albeit at a slower pace.

Members were advised that material uncertainty had been found in the valuation of PPE (as at 31/03/2020) which, in common with other organisations, will be included as a disclosure in the external audit report (not a qualification).

Following the introduction of more regulatory requirements, West Yorkshire is now classed as a category 2 audit which will require external valuers to review the property portfolio.

Members were advised that consultation is underway regarding the McCloud judgment, which is particularly significant for police pension funds, which are unfunded. The final regulatory position is awaited.

Julie Talbot asked whether any work is ongoing which might indicate significant error and was advised that the audit had focussed on areas of the most significant risk and, so far, no material issues had been identified.

Julie Winham queried whether there had been any issues in extracting journal samples and testing of these and was advised that testing was still underway (focussing on large journal items) and no issues had been encountered in remotely extracting the journal sample.

Members were informed that, on completion of the external audit, an update on the key findings would be reported to members by email – a separate meeting can be held to discuss any significant matters if required. After sign-off by the Chief Constable and the PCC, the full external audit report will be brought to the next meeting of the committee.

ACTION: Grant Thornton to circulate an updated external audit report for members' consideration (by email) on conclusion of the audit.

Members noted the information provided in the external audit report relating to the Redmond Review and agreed to consider this in the January 2021 meeting.

ACTION: Grant Thornton to report on the Redmond Review in the external audit report to committee in January 2021.

11. RISK MANAGEMENT

(a) OPCC

Beverley Nichol-Culff presented the OPCC risk report noting that there were no escalated risks. Continuing red risks relate to NPAS and funding and an amber risk is reported in relation to the transition to the Mayoral Combined Authority, the potential impact from a short transition timeframe and disruption that may be caused to governance arrangements.

Trevor Lake welcomed the report and noted the effective risk management process which is in place. Trevor Lake queried whether actions are adequate in terms of achieving the target risk score, particularly those relating to the funding risk, and was advised that the mitigating actions will be reviewed in the report.

Julie Winham queried progress in securing further funding for serious violent crime and was advised that the Director of the Violence Reduction Unit had been asked to review this risk and lobbying for further Government funding to address serious violent crime is continuing.

Julie Talbot sought information about specific risks relating to governance considering the planned transition to the Mayoral Combined Authority and was advised that the risk related primarily to continuity of governance during the transition period.

(b) WEST YORKSHIRE POLICE

Beverley Nichol-Culff presented a risk report for West Yorkshire Police noting eight new risks including NPAS service delivery, telecoms resourcing, West Yorkshire devolution, regional procurement service, seizure of cash and Force policy updates. Members were advised that resilience in chemical, biological, radiological, and nuclear (CBRN) incidents and CCTV accreditation had also been introduced as new risks.

The risks associated with the EU Exit had been accelerated and the risk associated with influenza and other pandemics had improved in view of the re-establishment of Gold and Silver COVID-19 command.

Julie Winham queried whether the Internal Audit review had been considered in drawing up the risk relating to seized cash and was advised that it had.

Julie Talbot questioned whether the number of risks had increased and was advised that there is increasing awareness amongst staff of the importance of flagging risks to include on the register.

Trevor Lake sought assurance regarding the support provided to officers and staff in managing their mental health given that agile working is set to continue and the pressure that is on the Force to manage a large cohort of new recruits. Nigel Brook confirmed that the staff survey will also examine signs of stress and strain.

Julie Talbot raised the risk relating to resilience and succession planning and was advised that this arose from the Fusion Review and is gradually being addressed across the Force.

Beverley Nichol-Culff noted that this was previously a strategic risk but had been reduced to a local operational risk.

12. INTERNAL AUDIT REPORT

Neil Rickwood introduced an Internal Audit progress report noting that the team was on target to meet the audit days which had been planned.

Julie Winham noted a very good Internal Audit review of Tutor Constables and Assessors, but no date had been included against recommendation two. Trevor Lake noted that this report had been drafted in August 2019 but not reported to Committee until October 2020 and was advised by Julie Wraithmell-Giggall that the management actions arising from the report required a fundamental overhaul, in which Internal Audit were included as a critical friend and were kept informed of progress, culminating in the management actions being completed in Spring 2020 for a final report in July 2020.

Trevor Lake stated that a process is required to ensure prompt reporting to Committee, even where management responses are delayed, and it was confirmed that Internal Audit reports would be brought to Committee in cases where management responses are delayed.

Julie Talbot queried the number of recommendations arising from the Internal Review of the District management of organised crime groups and was advised by Neil Rickwood that, although some concerns had been noted, the number of recommendations probably imply that the concerns are more serious than they were found to be.

Julie Talbot sought assurance regarding the risk of not completing the audit plan and was advised that where slippage had occurred it related to the starting of audits and, at the moment, more audits are underway than usual.

Trevor Lake noted good progress to date from the Internal Audit team.

13. TENDER EXCEPTION REPORT

Nigel Brook presented a tender exception report which also included a trend analysis.

Julie Winham sought assurance of the decision-making process regarding contract extensions pointing to the extensions agreed for the Origins HR system and the Eurofins contract. Nigel Brook confirmed that the decision considers market conditions and performance measures. Julie Winham queried whether the data protection impact assessment had been completed for the Origins HR system and Nigel Brook agreed to provide this to members.

ACTION: Nigel Brook to provide members with the DPIA for the Origins HR system.

Julie Talbot queried the impact on tender exceptions of the creation of Bluelight Commercial and was advised that the impact has been slight.

Nigel Brook confirmed the value for single tender exemptions by the departmental budget holder is up to £50K with contracts valued over £50K requiring approval by the Regional

Procurement Director and relevant Chief Officer. In the case of the Eurofins exemption this had been signed by the Assistant Chief Officer.

14. ANY OTHER BUSINESS

None.

Next meeting: 8 January 2021, by video conference