



**MINUTES OF THE JOINT INDEPENDENT AUDIT and ETHICS COMMITTEE
(POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE
AND WEST YORKSHIRE POLICE)
HELD ON 10 JANUARY 2020**

AUDIT SESSION

MEMBERS PRESENT

Trevor Lake (Chair)
Julie Talbot
Julie Winham

OFFICERS PRESENT

Nigel Brook, ACO, WYP
Erica Doran, Head of Policy and Delivery, OPCC (for items 1 – 5.1)
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

1. WELCOME & APOLOGIES

Trevor Lake opened the meeting and noted that apologies had been received from Paul Grady, Grant Thornton.

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 4 October 2019 were agreed as a correct record after adjustments to correct minor typographical errors and to show Erica Doran as an 'observer' rather than an 'officer'.

5. MATTERS ARISING

Item 5.1 – Assurance Framework

Erica Doran presented a revised assurance framework explaining that this had been updated to include External Audit and would feed into the review of governance in the OPCC, which she was undertaking.

Julie Winham sought clarification of the ownership of the document and Katherine Johnson confirmed that the Interim Chief Executive is lead officer for this area of work, which also assists her in discharging the Monitoring Officer duties.

Trevor Lake pointed to some discrepancies in the framework as follows:

- The Youth Advisory Group, Independent Custody Visiting Scheme and MAPPA should also address 'vulnerability'
- The District Scrutiny Panels and Good Governance Group should also address 'legitimacy'
- The Regional Collaboration Board has not been assessed

Julie Talbot asked how the framework compared with other OPCC's approaches and was advised that the approach is not generally used in policing but originates in the NHS.

Trevor Lake thanked Erica for attending the Committee and noted a very good assurance framework overall which needs to continue to be developed on the excellent framework that has been worked on by Neil Rickwood and Rebecca Tennyson-Mason to get it into being. It was agreed that the Committee would receive a further update, along with the governance review, at the July 2020 meeting.

ACTION: Erica Doran to provide members with a further update report on the assurance framework along with a report of the OPCC governance review at the July 2020 meeting.

Item 5.2 – Internal Audit Review of Seized Cash.

Neil Rickwood informed members that the recent Internal Audit review of seized cash did not identify cryptocurrency, the accounting for which remains to be resolved.

Members were provided with a background briefing on cryptocurrency by West Yorkshire Police.

Beverley Nichol-Culff assured members that insurance for seized cryptocurrency is in place.

Item 5.3 – NPAS Governance Structure

Katherine Johnson advised members that a further report would be brought to the July 2020 meeting which included a narrative referring to meetings, minutes, risk management and the governance arrangements for NPAS.

Members were also informed that the NPCC review of aviation, carried out following an HMICFRS review, also included governance and finance and was due to be released in January 2020. The review is unlikely to change the lead force arrangements but includes some recommendations which were objected to by West Yorkshire and would be the subject of representations.

ACTION: Katherine Johnson to report to Committee in July 2020 with a narrative report of NPAS governance arrangements.

Item 5.4 – Crown Copyright – PNLD

Members noted the progress made by PNLD in agreeing shared copyright on standard offence wordings.

Item 5.6 – National Data Standards

Nigel Brook presented members with an update on the proposed national minimum data standards. Members were informed that, whilst the standards are still in draft form at the moment, they are being applied in West Yorkshire.

Trevor Lake noted the prospect of using a commercial third party to check Niche data accuracy and was advised that, whilst there will be a cost associated with this, it is already being used in another police force and it could also be applied to check data held by back-office functions such as HR.

Item 5.7 – Committee Terms of Reference

Trevor Lake presented the Committee terms of reference advising members that these had been revised to standardise the wording used across both sessions of the Committee, the content had not changed.

Members noted the revised terms of reference and agreed that future reports to Committee should link directly to the terms of reference and future agendas should clearly indicate whether reports were to note, to approve or to recommend.

ACTION: Julie Reid to ensure that agenda items are marked as ‘to note’, ‘to approve’ or ‘to recommend’

Item 5.8 – Committee Work Plan

The Committee annual work plan was agreed with a future adjustment (in 2021) to hold the Spring meeting in March.

ACTION: Julie Reid to schedule the Spring meeting of the Committee in March from 2021 onwards.

Item 5.9 – Fourth Member Recruitment

Katherine Johnson reported to members that recruitment to the current member vacancy is delayed pending completion of the review of Ethics Committee, which is likely to report by the end of February.

Trevor Lake noted that members sought a resolution as soon as practicable.

6. CHAIR'S UPDATE

None given.

7. BUSINESS UPDATES

(a) West Yorkshire Police

Nigel Brook provided members with a business update for West Yorkshire Police reporting operational improvements following the police officer recruitment two years ago. Members were advised that recruitment was underway for police officers to follow the PEQF programme (Policing Education Qualifications Framework).

Members were informed that West Yorkshire is one of two forces graded very highly for crime data integrity which is reflected in the total number of crimes recorded. Members were also advised that surge funding for violent crime reduction has made a significant impact for a relatively modest investment.

At 30 November, the revenue forecast for 2019-20 showed a £5.7m overspend (a slight improvement since October). This is due largely to an overspend on police pay because of early recruitment of new officers with the FTE profile by March 2020 expected to be 259 over. A bid for funding for historic CSE investigations has been made to the Home Office and is expected by the end of the financial year.

Members were advised that the budget shortfall would be taken from reserves. Ellen Millington noted that External Audit were aware of the planned expenditure and would consider this in the context of the overall Force budget –stating that the overspend is unlikely to be seen as a significant risk as it was a short term situation due to the increase in recruitment which the Force had plans to redress over the medium term. Katherine Johnson also confirmed that the Home Secretary and Policing Minister had been notified of the budget position.

Members were advised that the first cohort of PEQF officers is expected to start in July 2020 and it is anticipated that early recruitment should result in less impact on HR and training as the initial training and induction can be carried out over a longer period of time and will be off site.

Members were informed that the capital budget for 2019-20 is £17.3m with spend at the end of November of £5.3m (31% of available budget). This is expected to increase following an IT hardware contract being agreed. Members were also informed that the SARC building (Sexual Assault Referral Centre) is nearing completion and is expected to open in Spring 2020.

Finally, members were advised that the Government funding settlement has still not been issued and is expected by the end of January 2020.

(b) OPCC

Katherine Johnson provided members with a business update for the OPCC reporting that the statutory deadline for notifying Councils of the precept is 16 February 2020 following a report to Police and Crime Panel on 7 February. The late receipt of the Government finance settlement will therefore affect the precept consultation.

Members were informed that the PCC had received additional funding for 2020-21 for the Violence Reduction Unit (£3.7m). The funding conditions are unknown at this stage. 70% of this year's grant has been spent on initiatives to reduce violent crime.

Members were advised that the 'pre-election period' for the PCC election in May 2020 is likely to begin at the end of March and the Monitoring Officer is preparing guidance for staff. Nigel Brook also confirmed that a Gold Command had been established in Force to deal with candidate briefing, communications and images as well as any reports of voter fraud.

8. DRAFT ACCOUNTING POLICIES

Nigel Brook provided members with a report on draft accounting policies for 2019/20 advising that accounting for leases (of which the Force has few) is likely to change for 2020/21.

Julie Winham queried whether the reserves policy was expected to change and was advised by Katherine Johnson that the reserves strategy is likely to reduce the threshold of the general reserve. These vary across different forces, for instance, the reserve threshold for MOPAC is 2% whilst in West Yorkshire it is 2.5 – 3.5%. Katherine Johnson confirmed that the reserves threshold would be set when the budget is agreed (end of February 2020) and before the 'pre-election period' begins.

9. RISK MANAGEMENT

OPCC

Beverley Nichol-Culff presented a risk management report for the OPCC reporting on 13 strategic risks including red risks relating to the impact of NPAS on capacity in the OPCC and a red risk relating to resourcing. Members were advised that an emerging risk relating to the PCC's duties to promote diversity is presently being developed.

Trevor Lake queried the risk relating to diversity and was advised that this relates to the PCC's duty in relation to equality and diversity and also to the PCC's duty to hold the Chief Constable to account.

WEST YORKSHIRE POLICE

Members received a report on risk management in West Yorkshire Police which identified 33 strategic risks including 4 new risks relating to capability and capacity in the Counter Corruption Unit, the contract for payroll services, CBRN (chemical, biological, radiological and nuclear) protective equipment and resourcing a new police officer pay and conditions agreement. The risk management group will meet on 27 January and are likely to agree to escalate risks relating to the programme of change savings and the additional pension liability arising from the McCloud/Sargeant transitional protection case.

Members were advised that NPAS risks will be reported to the NPAS Local Strategic Board and then to the Audit Committee in April 2020.

Julie Winham queried why the risk relating to police officer pay and conditions remained at low-amber given the budget position and was advised that pay negotiations are still at an early stage and a final position has not yet been reached.

Julie Winham referred to the risk relating to a lack of capability and capacity to deal with reactive and major investigations querying the timescale for resolution, which is March 2022. Nigel Brook reported that the two intakes of detectives are planned but the timescale reflects the time required to close the gap.

Julie Talbot referred to the risk relating to examination of exhibits by the Digital Forensics Unit seeking information about the reported budget requirement of £8.5m. Nigel Brook advised that the budget reflects the capital investment required to convert premises across the Force and provide IT equipment and networking. Nigel Brook was asked what the likely timeframe would be and members were advised that the first growth posts were planned for early in the financial year with a further three intakes in that year. The backlog in uploading and analysing equipment is presently 9 months.

Trevor Lake welcomed the local strategic risk relating to the People Directorate saying that this was now more reflective but stated that the risk still lacked corporate perspective pointing to the risk relating to police officer recruitment, which focusses on accreditation rather than the impact on operational delivery. Members were advised that 57 FTE officers would be moved into tutoring in 2020-21 in response to recruitment of new officers under PEQF. Trevor Lake noted that this was still not logged as a strategic risk.

Julie Talbot noted the risk relating to mobile data rollout and queried the information security risk. Nigel Brook advised members that the device's operating system blocked the software which is used to monitor system use.

10. INTERNAL AUDIT PROGRESS REPORT

Neil Rickwood presented the draft Internal Audit Charter, 2020-23 Internal Audit Strategy and the 2020 Internal Audit Plan reporting that the team is on target to achieve the planned days for the West Yorkshire work.

Members were advised that the evidential property review is due to be issued at the end of January 2020. The review has identified notable improvements but disposal of property remains an issue.

Trevor Lake queried the limited assurance report for workforce planning and the absence of this report in the committee report. Neil Rickwood advised that the status of the audit had been changed from limited assurance to reasonable assurance following the management response which had been received since the last meeting of the Committee.

Members requested all limited assurance reports be presented in the future, in advance of management response where this had not been received by the due date.

ACTION: Neil Rickwood to report all limited assurance reports to Committee, including those where management responses are not received by the due date.

ACTION: Neil Rickwood to provide members with the summary of the limited assurance report on workforce planning.

Neil Rickwood introduced a summary of the review of the Digital Forensics Unit (DFU), which had returned limited assurance.

Trevor Lake thanked Neil for a good quality report, noting the lack of business cases in both the DFU and the review of the use of software bots and welcoming the introduction of a portfolio management office. Nigel Brook advised that the introduction of a Strategic Delivery Group had also strengthened the challenge process.

Julie Talbot queried whether Procurement Department had assisted the DFU and whether this reflected a wider procurement risk. Nigel Brook advised that previous reviews had not identified inappropriate procurement practices and the Procurement Department routinely review purchasing reports to identify activity which is not in line with policy.

11. ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

Neil Rickwood provided members with a verbal update reporting that the strategy remained in place having been reviewed last in November 2018. Internal Audit are reviewing the strategy with Professional Standards Department and with the Economic Crime Unit and expect to report to Committee in April 2020.

ACTION: Neil Rickwood to report to April 2020 Committee with a review of the Anti-Fraud and Anti-Corruption Strategy.

12. EXTERNAL AUDIT REPORTS

Ellen Millington reported to Committee advising that few changes are anticipated to the approach for this year's audit of accounts with the exception of property valuations where Grant Thornton intend to use their own property valuation specialists to review the estates portfolio.

Members were also advised that, although the accounting standard for leases will be effective from 1 April 2020 any likely impact arising from this will also be included in the 2019-20 audit of accounts.

13. COMMISSIONING UPDATE

Katherine Johnson introduced a commissioning update report advising members that a number of reviews were underway including an independent review of services for victims and survivors of sexual abuse and sexual violence, which is expected to report in February 2020 and which will shape the commissioning of such services from 2021.

Drugs and alcohol interventions in each community safety partnership and associated funding arrangements will also be subject to review.

Members were advised that increased engagement with service users and communities is planned to support the commissioning framework.

Julie Talbot queried how commissioning outcomes are measured and was informed that the Delivery Manager attends the Internal Commissioning Group and outcomes are reflected in contract specifications and reported via the Delivery Plan.

Members accepted the report and requested a further update, to include significant partnerships and collaborations, at the July 2020 meeting.

ACTION: Katherine Johnson to report to Committee in July 2020 with a commissioning update including governance of significant partnerships and collaborations.

14. SPONSORSHIP

Katherine Johnson presented a sponsorship report and informed members that a decision had recently been made to establish a charity to raise funds and support for police horses, dogs and the police band. This will be reflected as Foundation Charity Accounts in the statement of accounts.

Julie Talbot queried the Eurofins sponsorship (Dennis Hoban Award for Crime Investigation) and was advised that this had received Procurement approval.

Members accepted the report.

15. TREASURY MANAGEMENT STRATEGY

Katherine Johnson introduced the draft treasury management strategy advising members that the strategy had not been changed significantly but included updated figures and showed a projected borrowing increase (in line with the capital strategy). The draft is expected to be finalised at the end of February 2020.

Julie Winham noted the importance of having an up to date scheme of delegation and was informed that this was managed through the service level agreement with Wakefield Council, which also provides the Treasurer with a copy of any relevant audit reports.

Trevor Lake noted the high gearing because of the capital programme and was advised that the increased capital provision shown in the report was for the planned Kirklees District Headquarters.

Julie Talbot asked if borrowing is taken in advance of need and was advised that this was unlikely, particularly given stringent CIPFA guidelines.

Members agreed to recommend the draft strategy to the Police and Crime Commissioner.

16. TENDER EXCEPTION REPORTING

Nigel Brook presented a report of tender exceptions.

Julie Talbot noted that a number of exceptions referred to NPAS and was advised that this reflected the nature of the equipment used.

Trevor Lake noted that the PNLD tender exception did not explain what it referred to and was advised by Katherine Johnson that the exception related to the software system used by PNLD.

Members accepted the report.

17. COMMITTEE ANNUAL REPORT

Members considered a report of the annual activity of the Committee and noted that two members had assisted with recruitment of chief officers (rather than one as reported) and had considered three FOI appeals (rather than two as reported).

18. COMMITTEE SELF-ASSESSMENT

Members considered the annual self-assessment by members, the Acting Chief Officer and Treasurer. Members agreed to have a separate stakeholder assessment report for the year 2020 onwards.

ACTION: Members to consider a stakeholder assessment report for the year 2020 at the January 2021 meeting.

19. ANY OTHER BUSINESS

None.

Next meeting: 3 April 2020, Ploughland House.