



**MINUTES OF THE JOINT INDEPENDENT AUDIT and ETHICS COMMITTEE
(POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE
AND WEST YORKSHIRE POLICE)
HELD ON 19 JULY 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
Julie Edwards, Head of Accountancy, WYP
Paul D Grady, Grant Thornton
Louise Grogan, Financial and Technical Accountant, WYP
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 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.

4. MINUTES

The minutes of the meeting held on 12 April 2019 were agreed as a correct record.

5. MATTERS ARISING

(a) PNLD Business Review (13/04/2019)

Neil Rickwood informed the meeting that the business review of PNLD made 37 recommendations in April 2018, of which 35 had been implemented. The remaining recommendations relate to PNLD's business strategy, which is underway, and resolution of a matter relating to Crown Copyright of offence wordings following a new MoU being agreed with the Ministry of Justice. Trevor Lake requested a written report of the recommendation and implementation relating to the Crown Copyright.

ACTION: Marnie Radcliffe (Acting Head of PNLD) to provide a written update to Committee in October 2019 on implementation of the recommendation relating to Crown Copyright following the Internal Audit business review of PNLD.

(b) NPAS Internal Audit Plan (report 5.1)

Neil Rickwood provided members with the internal audit plan relating to NPAS. Julie Talbot queried the progress of the NPAS governance review and was informed by Katherine Johnson that this is part of a national review of delivery models which has commenced very recently; the OPCC is lobbying for the review of NPAS to be done at the beginning of the national programme.

Trevor Lake sought assurance that the Internal Audit team would be able to deliver the allocated NPAS days (100) given the recent resourcing difficulties and was advised by Neil Rickwood that no further difficulties are foreseen.

(c) Drone purchasing arrangements (report 5.2)

Members received a report on drone purchasing arrangements (a matter arising from the Ethics Committee on 12/04/2019) and were advised that there are no national frameworks in place at this time. The Force have purchased drones from a local supplier which exceeds all current UK requirements in terms of safety and build quality and which achieve the standards required for certification from the Civil Air Authority. Katherine Johnson informed members that the NPCC lead for Police Use of Drones has been an attendee of the NPAS National Board for some time and Drone Usage forms part of the NPCC Aviation Review that is in progress.

Julie Winham asked whether there was a West Yorkshire strategy in place for the use of drones and was advised that, whilst there is no overarching strategy in place at the moment, work is underway to develop this with the Chief Officer Team.

It was agreed that the use of drones should be considered further at the next Ethics Committee.

ACTION: T/DCC Foster to report to Ethics Committee on the ethical implications of the use of drones in the absence of a national policy framework.

(d) Publication of minutes of the Joint Independent Audit and Ethics Committee

Members were advised that all minutes of the Committee have now been published on the website.

(e) OPCC Delivery Plan (report 5.3)

Members considered the revised OPCC Delivery Plan and draft Delivery Action Plan. Trevor Lake observed that the OPCC Delivery Plan despite being raised on several occasions now remains unsuitable for publication as the 'Together with Partners' section does not read correctly and has gaps in it. Julie Winham noted that the action plan still had areas which were 'to be determined'. Julie Talbot noted that only qualitative measures were included.

Katherine Johnson informed members that the documents had not yet been signed off at the Executive Team meetings at this stage and would feedback members' comments to the Jayne Sykes, Interim Chief Executive.

Members requested a further report at the next meeting once the plans had been reviewed.

ACTION: Jayne Sykes to report to Committee in October 2019 following a further review of the OPCC Delivery Plan and draft Delivery Action Plan.

(f) Assurance Framework

Katherine Johnson advised members that the PCC had agreed that the Assurance Framework should be considered by the OPCC Executive Team on a quarterly basis, the strategic lead officer being the Chief Executive.

(g) Publication Dates for the National Data Standards

Members were advised that the latest date given for publication of the National Data Standards is September 2019.

(h) Data Quality Progress Report (report 5.5)

Nigel Brook presented an update on the data quality project. Members noted the work with Experian to profile data held on the Niche system and were advised that further use of this tool is dependent on budget allocation.

Julie Winham asked how staff and officers are coached in entering data correctly and was advised that various tools are used, such as pick lists, validation rules and reports to line managers of staff who regularly input data incorrectly.

Members considered data on the Information Assets Dashboard and noted that West Yorkshire Police dispute the accuracy of data reported by the National Police Chiefs' Council on the Dashboard.

Trevor Lake agreed that that the data quality project should continue to be reviewed via the risk register and the internal audit work plan but requested an update, in due course, on the final National Data Quality Standards.

ACTION: Nigel Brook to report to Committee on the National Data Standards once finalised.

(i) Senior Officer Working Time (report 5.6)

Nigel Brook presented a report to members on senior officer compliance with the requirements of the Working Time Directive, advising that the T/DCC regularly monitors working time and working patterns for the Chief Officer Team. Strategic Firearms Commander roles are also being skilled-up to assist in off-duty callouts.

Julie Winham sought assurance that the rostering system was fit for purpose and was advised that the People Directorate have tested the rostering system to ensure that adequate rest breaks are enforced; any significant departures from the roster requires Chief Officer Team approval.

(j) Internal Audit Review into seized cash and currency.

Members were advised that the internal audit review into seized cash and currency is due to commence in mid-August and agreed to receive an update report in January 2020 as part of the regular internal audit update report.

ACTION: Neil Rickwood to include an update on the internal audit review into seized cash and currency in the report to Committee in January 2020.

(k) Audit Committee Terms of Reference (report 5.7)

Trevor Lake proposed that the Audit Committee adopts the revised and updated terms of reference as recommended by CIPFA with amendments to include treasury management, the appointment process for internal audit and to allow the Committee to provide advice to the Treasurer, Force Chief Finance Officer, Monitoring Officer and Head of Internal Audit.

Members agreed to adopt the revised terms of reference subject to the reference in paragraph 20 being amended to 'England (2015)' and the addition of information about quoracy and meeting frequency.

Members also agreed to consider the Audit Committee work plan, aligned to the revised terms of reference, at the next meeting.

ACTION: Trevor Lake to review the Audit Committee work plan against the revised terms of reference and report to the October 2019 meeting.

(l) Accounts Induction

Katherine Johnson confirmed that members were provided with induction on the statements of account on 8 July and thanked Louise Grogan for assisting.

(m) OPCC Governance Statement

Ellen Millington confirmed that Grant Thornton were content with the OPCC Annual Governance Statement, having discussed this with Katherine Johnson in May 2019.

(n) Treasury Management Training

Katherine Johnson confirmed that she had requested the Link training dates from Wakefield Council. Katherine Johnson suggested that members may wish to put forward some dates which can then be suggested to Wakefield Council in order to ensure the training is on dates that our members can make.

ACTION: Katherine Johnson to arrange for treasury management training for members once suitable dates have been identified.

(o) Tender Exception Reports for contracts 530 and 531 (report 5.8)

Nigel Brook presented a report which provided further information about why contracts 530 and 531 were established as rolling contracts. Members accepted the report.

6. CHAIR'S UPDATE

Trevor Lake raised the difficulties members had encountered after receiving the external audit report late and suggested the date of the July 2020 meeting is set to later in the month to allow sufficient time to complete the work on the statements of account.

Neil Rickwood raised the fact that a later meeting in July may take place during school holidays thus impacting on attendance.

Katherine Johnson said that given the time constraints following the accounts sign off date being moved forward; it was important to make any changes that are possible to ease the pressure.

ACTION: Julie Reid to report Committee meeting dates for 2020 to October 2019 meeting.

7. BUSINESS UPDATES**WEST YORKSHIRE POLICE**

Nigel Brook provided a business update, noting that missing persons' investigations had been reduced by 13% in the year to March 2019, reversing a previously upward trend. The Force is continuing to see an increase in calls for assistance and is promoting on-line contact methods in order to manage demand. Member were also informed that reports of rape have continued to increase into April and May this year.

Members were informed that the Force had achieved a grade of outstanding from HMICFRS in relation to crime recording.

In terms of the revenue budget, the position at June 2019 shows as £205K overspend with the anticipated overspend at year end being £4.8m. Members were advised that the programme to recruit PEQF police officers (Policing Education Qualifications Framework for police officer apprenticeships) in West Yorkshire is scheduled for the first nine months of the financial year thus exceeding the FTE profile which was budgeted for this period. Members were advised that 0.5% of the recent pay award for police officers is unfunded in West Yorkshire.

Members noted the report.

OPCC

Katherine Johnson provided members with a business update, advising that the posts of Head of Commissioning and Head of Policy and Delivery have now been filled, subject to vetting. Recruitment for a substantive Chief Executive is due to begin in September 2019.

Members were informed of a £3.7m grant from the Home Office to reduce violent crime in the force area which requires expenditure by 31/03/2020. Members were also advised that the PCC and others were lobbying Parliament to extend this funding

Julie Talbot queried communications regarding the departure of the substantive Chief Executive and requested more regular communication updates for members.

Katherine Johnson informed members that she had raised the concern with the Interim Chief Executive Team following it being raised in the accounts workshop and it was agreed that updates would be sent out where significant events took place that could not wait until the business updates within the JIAEC meetings.

Julie Talbot also asked for the monthly Force performance report to be routinely issued to members for information.

ACTION: Nigel Brook to provide members with a copy of the Force monthly performance report for information.

8. STATEMENTS OF ACCOUNT

Katherine Johnson introduced the item by reminding members of the earlier timeframe for accounts sign off, and the issues with the late External Audit report due to previously mentioned large national issues causing delays with the audit.

Louise Grogan and Julie Edwards were thanked for their work in preparing the statements of account.

Julie Edwards informed members that the Force had engaged very early with Grant Thornton, the external auditors.

A significant issue is reported in relation to the McCloud pension case following a recent judgment which has required a £300m additional past service cost being included in the accounts.

The accounting mechanism for property valuations was changed late in the process of preparing the statements at Grant Thornton's request so that all the property portfolio was subject to a level external valuation rather than 20% which had previously been the practice (done on a rolling basis). Paul Grady explained that this decision was taken on the basis of materiality; as property values can be high a small variance can become significant.

Paul Grady advised that now the audit quality standards are set by the Financial Reporting Council, they focus more on what matters to share holding companies rather than public sector bodies, and therefore there has been a change in approach regarding property valuations audits.

Ellen Millington confirmed that the external audit opinion on the accounts is explained in the External Auditor's Report and is not subject to change.

Katherine Johnson introduced the PCC's statement of accounts to members and outlined an issue raised by the external auditors in relation to seized cash and how it is accounted for. Katherine Johnson advised members that this is dealt with differently across different PCCs and, as the issue was raised with the Treasurer at very short notice, there had been insufficient time to work through the implications to the PCC's and Group Accounts.

Paul Grady explained that, at present, seized cash, which is a third party asset, is presented on the balance sheets but risks creating a perception that this is a PCC asset. Grant Thornton advice is to hold the cash in a separate bank account and remove it from the balance sheet.

Nigel Brook confirmed for members that interest is paid on seized cash.

Julie Talbot queried the materiality of the seized cash holdings and was advised that £8.303m is held which is above the performance materiality (£8.251m) but below headline materiality. However, combined with a variation of £4m of fixed assets valuation the unadjusted items then become material.

Trevor Lake stated he was not content to recommend the PCC and Group accounts for signing as they had been presented and given the discussion, but could recommend them subject to adjustment to reflect Grant Thornton's advice regarding cash holdings.

Members agreed to recommend the statements of account to the PCC and Chief Constable subject to the PCC and Group Accounts being adjusted to reflect external audit advice regarding cash holdings.

Julie Talbot asked whether there were any other issues not resolved and was advised by Paul Grady that there was nothing material.

Julie Winham queried the reference in the OPCC Annual Governance Statement (p86) regarding a review of effectiveness, asking whether Internal Audit had provided this opinion and was advised by Neil Rickwood that he was assured of the effectiveness of the governance framework.

Trevor Lake pointed out that the narrative provided on p10 of the Chief Constable's statement of accounts may be confusing to the public – discussing both headcount and FTE.

Julie Talbot queried the insurance provision in the PCC's accounts (p49) and was advised by Beverley Nichol-Culff that the provision is reviewed against historical claim experience, includes an assessment of interest and is benchmarked by a broker across the consortium, which West Yorkshire is a part of.

Trevor Lake queried the capital outturn on the PCC's accounts (p13) and was advised that the medium term financial forecast (MTFF) for capital is presently being reviewed – the capital figures for the statement of accounts being based on the approved position as at budget setting in February. Trevor Lake raised a concern that funding may not be available for the plan going forward and was advised by Nigel Brook that this remains a red risk as shown on the risk register provided to JIAEC.

Paul Grady praised the overall quality of the accounts and the positive engagement with staff in the Force.

Trevor Lake formally noted the Audit Committee's thanks to Nigel Brook, Julie Edwards and the Finance Department Team, Katherine Johnson and the team at Grant Thornton.

9. EXTERNAL AUDIT REPORT

Members considered the external audit report and were advised by Paul Grady that the report would be updated following the recent discussions with the Force and OPCC.

10. RISK MANAGEMENT

OPCC

Beverley Nichol-Culff reported on OPCC risk management informing members that the risks were reviewed on 16 July and included 14 open risks, 3 red risks, 1 high amber, 8 low amber and 2 green risks.

Julie Winham queried a red risk relating to legal challenge and whether this could be reduced and was advised by Katherine Johnson that this would be fed back to the Interim Chief Executive.

ACTION: the OPCC red risk relating to legal challenge to be further reviewed with regard to a timescale for completion.

WEST YORKSHIRE POLICE

Beverley Nichol-Culff reported on the Force risk register which was reviewed on 9 July 2019. Members' attention was drawn to 3 new risks and 2 improved risks.

Julie Talbot queried the risk relating to the Digital Forensic Unit and was advised by Nigel Brook that this related to a backlog over a period of time arising from continuing increase

in demand on the Unit. A Gold Group has been established to manage the resourcing issues.

Julie Talbot also queried the risk relating to the Eurofins cyber-attack and was advised that Force IT systems were not impacted however; the incident has resulted in a backlog of cases being forensically assessed.

Trevor Lake queried why the local People Department risk relating to impact on tutor officers of the appointment of PEQF applicants is not reflected in the strategic risk and was advised that there is a separate welfare risk for the Department and that the People Director regularly shares the local risks with the SLTs to ensure they are acted on.

Julie Talbot asked what the Professional Standards Department risk relating to software was and was advised by Nigel Brook that the risk related to a new monitoring system for IT devices.

Julie Talbot referred to the NPAS risk relating to the Emergency Services Network and was advised that this relates to the development of an in-flight communications system which is also monitored by the NPAS National Strategic Board.

11. INTERNAL AUDIT PROGRESS REPORT

Neil Rickwood presented members with an Internal Audit Annual Report for 2018-19 reporting reasonable assurance from the internal control systems in place. Previously, data quality was highlighted as an area of concern and follow-up work will take place in 2019-20. Evidential property has also previously been highlighted as an area of concern and a full compliance review is planned for 2019-20.

Members were advised of under-recovery of audit days due to a number of resourcing issues which necessitated a review and re-prioritisation of the internal audit plan during 2018-19.

Trevor Lake sought assurance that the planned 900 audit days could be achieved in 2019-20 and was advised that there is a contingency budget for agency staff which may be used to supplement the substantive resource if necessary.

Julie Winham queried whether the present internal audit structure is sufficient to attract candidates to vacancies and was advised that the recent recruitment campaign attracted 14 applicants. The recent collaboration agreement with Humberside Police provided some certainty and has allowed a move away from agency resourcing.

Trevor Lake noted that 12 recommendations had not been fully implemented during 2018-19 and was advised that these remain under review.

Julie Talbot noted that the average internal control score is 2.26 (reasonable assurance) and asked whether weightings are applied. Neil Rickwood advised that weightings are not applied to the internal control scores but that there is an element of weighting within each internal audit report itself.

Trevor Lake noted that limited assurance was derived from the review of the use of Out of Court Disposals and was advised that this arose primarily as a result of the absence of a key member of staff; resilience will be a focus of the follow-up audit.

12. WYP FOI/GDPR UPDATE

Members accepted the Police FOI/GDPR report for information.

13. TENDER EXCEPTION REPORTING

Nigel Brook presented members with a tender exception report for the period 1 March 2019 to 31 May 2019 and drew attention to 17 new tender exceptions.

Members noted the report.

14. BUSINESS INTERESTS AND GIFTS/HOSPITALITY

Nigel Brook presented members with reports on business interests and gifts and hospitality for 2019 (to June).

Julie Winham asked whether the business interests policy included PCSOs and was advised that it did. Members noted the reports requested a report of business interests in the OPCC.

ACTION: Katherine Johnson to report to Committee in October 2019 on OPCC business interests and gifts and hospitality.

15. ANY OTHER BUSINESS

None.

Next meeting: 4 October 2019, Ploughland House.