

Draft V02

Item 1

**MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) POLICE & CRIME MEETING held on Wednesday 28 October
(Virtual meeting held on MS Teams due to Covid19)**

Present:

ETAP members	Officers
Alan Edwards (AE)	Victoria Farrar - SCO Head of Governance & Assurance (VF)
Bob Simpson (BS) Chair	Glynn Dixon - SCO Chief Executive (GD)
Craig Brown (CB)	David Greensmith - SCO Director of Finance (DG)
David Davies (DD)	Emma Barnett - Deputy Chief Constable (EB)
Emma Christmas (EC)	John Bloomer - Force Chief Finance Officer (JBL)
Jane Barr (JBA)	Corrina Bradley - FARS Financial Services Manager (CBR)
Jane King (JK)	Deb Wilne - Force Governance, Planning & Policy Manager (DW)
John Wheatley (JW)	Jean Cass - SCO Governance Lead (JC)
Sue Finney (SF)	Also in attendance
Sue Westacott (SW)	Helen Henshaw - EY Associate Partner (HH)
	Angela Ward - RSM Audit Manager (AW)

SCO - Staffordshire Commissioner's Office

Force - Staffordshire Police Force

The Chair opened the meeting, welcomed everyone and explained the meeting initially planned for July did not happen as the work on the 2019/20 annual accounts had not been completed.

1. Declaration of interests, apologies, minutes and actions.

- i. Declarations of Interest: No declarations of interest were received.

Apologies: ETAP member Tony Wilmot (TW), Chief Constable Gareth Morgan (GM), Justine Kenny Director of People and Resources (JKE), Daniel Harris Partner RSM (DH).

Minutes & actions of the meeting held on the 27 May 2020

AGREED - That the minutes of the meeting held on the 27 May 2020 to be confirmed as an accurate and true record.

Updates to actions from previous meetings

No outstanding actions

2. Deputy Chair's feedback

Chair of the Finance Panel - Alan Edwards (AE)

AE advised that at the last Finance Panel meeting they received the budget monitoring report to the end of September. This report showed an underspend of approx. £3m against the profiled budget to date. The forecast outturn for the year was at £212.2m, which was £189k below the original budget. This forecast was largely unchanged from the previous month. The panel noted that the forecasting is becoming more consistent and welcomed the more detailed analysis in the monthly reporting pack.

AE advised that the panel also received the MTFS update. This highlighted the risks and uncertainties and included the revenue gap which is emerging between £5m to £9m for the next financial year. This is as a result of a number of factors including national pressures, IT issues in particular the delayed replacement of Airwaves, the ongoing costs for the uplift programme of Police officers, the costs of the pandemic and an expected reduction in the income from council tax.

The panel discussed uncertain environment and the implications for the force and the Commissioner's Office and recognised that there are a range of ways of addressing the revenue gap and the capital uncertainties.

These include:-

- Seeking additional government funding;
- Adopting more positive assumptions about inflation and pay awards;
- Developing a robust change programme and revenue savings plan;
- Maximising precept increase opportunities;
- Utilising revenue and earmarked reserves;
- Delaying capital spending and borrowing.

The panel had also received a verbal update from EY on the progress work of their audit of the Statutory Accounts for 2019/20. EY advised that this year there had been a new partner on the audit and along with changes relating to three reporting requirements, had resulted in changes to some of the year end statements which also required prior year figures to be restated in the new format.

Finally, the panel received an update against the progress on the implementation of Niche and the management of data records. The Data Team are on track to eliminate duplicate addresses by the end of November and eliminate duplicate people entries by the end of January 2021. The panel received this very welcomed news that the Data Team are on track with the programme.

BS thanked AE for this report

i. Chair of the Thematic Review - Jane King (JK)

JK gave a verbal update on the current work of members.

Ethics & Transparency Review (internal review)

A small group of Members are currently benchmarking ETAP procedures with other PCC/PFCC offices looking into their arrangements for audit, ethics and transparency.

JK confirmed that this review is expected to be concluded by the end of November and will hopefully give a fresh look at the approach to the work of ETAP and inform its future planning process.

Complaints Review

Members will start a review of the Complaints process in January. This will be led by JB, with support from JW and SW. This review is planned to commence shortly after the Christmas break.

Impact of Covid19

JK advised that members will be looking at the lessons learnt from Covid19. Initially this will be monitoring and follow up of any results from the review by the HMICFRS. A Member of ETAP is to act as a single point of contact (SPOC) for the three organisations (TW Force, CB FARS and JK SCO). The team will consider results and identify best practice and any lessons learnt. This is planned to be concluded in this financial year.

Also for next year, ETAP are planning to look at how the process the Transformation Team use on project management along with an additional topic of victims and witnesses that has been suggested by the force..

JK advised that challenges lay ahead with members being unable to physically meet and attend meeting onsite with officers. JK will need to make the best of latest technically including meeting on Teams.

Q: BS, Has the use of Ms. Teams been rolled out across the force?

A: EB, We hope to have MS Teams available over the next few months as this is part of the National Enabling Program. Although, we cannot host Teams on the main police IT systems, we do have a number of devices in use across the force that enable officers to use MS Teams. This will require making prior appointments to ensure both officers and links are available.

Q: DD, is the force comfortable to use Huddle for access to documents.

A: EB, this will be dependent upon the type and their sensitivity of document, but I'm happy to take this away and advise members accordingly.

GD asked if he could be involved in the scoping of the terms of reference of the review on the Complaints process. JK confirmed she will ensure Glynn is included in the consultation.

BS thanked JK for her update.

A copy of all ETAP thematic reviews published to date can be found on the SCO website <https://staffordshire-pfcc.gov.uk/transparency/etap/>

3. Police, Fire and Crime Panel - (PFCP)

SF advised that she attended the last PFCP meeting as an observer on the previous Monday 26 October 2020, items on the agenda included: -

The MTFS update, items raised by the panel included effects of Covid, the unpredictability of estimates for inflation and pay awards, going forward changes to the council tax base, the council tax deficit and changes to business rates pooling formula.

SF advised that an interesting item was on Police officer numbers and recruitment which had been an ongoing concern for PFCP members. The PFCP were reassured that recruitment was going well and most interestingly the new qualifying arrangements with Staffordshire University and the retention is going well and the Male/Female recruitment is 50/50 which has never happened before.

Q: BS, how are the meetings going?

A: SF, there are the same constraints that ETAP meetings have with the time delay on Teams, and I noted that quite a few Councilors have changed and that quite a few absent from the meeting on Monday. SF commented that all documents had been available in hard copy.

GD also commented that there was a good set of documents at the meeting this time, these were well written reports and general it was a good meeting with the real focus on the MTFS.

Papers can be found on the SCC website:

<http://moderngov.staffordshire.gov.uk/ieListDocuments.aspx?CId=1150&MId=11301&Ver=4>

BS thanked SF for her update

4. Presentation to include a summary of the Group Statement of Accounts & Chief Constable Accounts.

DG advised that two sets of final statutory accounts, one for the force and one for the Group had been produced and circulated to members prior to the today's meeting.

The draft accounts were produced on time and presented to the ETAP meeting on the 27th May 2020 in line with the original timetable.

The original audit included a three-week timetable, but this was extended due to the Covid restrictions, remote working, additional testing and the complications around pension actuarial the audit timescale have extended this year into October and November.

The audit statement presented today is still subject to final confirmation on outstanding items in the IS260 report as presented at Item 5 by EY at today's meeting.

The accounts must be signed off by the end of November to comply with the special arrangements for this year.

Q & A session

AE commented that he would like to highlight that the reserves position in the group accounts. There is significant improvement in General Reserves which increased from £2.8m on 1 April in 2018 to £6.3m at 31 March 2020 and an impressive increase in Earmarked Reserves £1m at 1 April 2018 to £10m at 31 March 2020. (Accounts pages 40-43)

There is also a welcome reduction in borrowings from £77m to £72m, but this is still a relative high level borrowing according to our prudent limit and an area that needs future attention. (Accounts page 10)

Q: SF, do you support the changes in the accounts requested by audit in relation to the accounting treatment of ROCU income and expenditure?

A: DG, we had accounted to ROCU on the basis previously set. The adjustments were made as a direct result of the work by EY team that adjusted the accounting method.

Q: JW, are there any changes that you are going to put in the process for next year's accounts

A: DG we will be reflecting on recommendations within the year, this includes the property valuation and there will be more work that needs doing internal changes.

Q: JW, are you looking at any changes as a Section 151 officers, as comments mentioned in the Auditors letters?

A: DG, Yes there were a number of minor adjustments needed to due to working remotely, this has made the checking more difficult and then yes we will put more thought into this the checking process to pick up any minor errors.

JB agreed with DG comments, this is the first time that an audit has been carried out during the Covid pandemic and lessons have been learnt.

Was this not deferred to after the Audit report ?

5. External Auditors EY

HH advised that apologised for the lateness of the report and confirmed that she would go through the report stage by stage.

HH advised that EY have substantially completed the audit of Police and Crime Commissioner for Staffordshire and Chief Constable of Staffordshire Police financial statements for the year ended 31 March 2020 and have performed the procedures outlined in their Audit Planning Report dated 5 February 2020. Subject to satisfactory completion of the outstanding matters set out in appendix B they expect to issue an unqualified opinion on the PCC and CC's financial statements in the form which appears at Section 4. However, until work is complete, further amendments may arise.

HH listed 10 outstanding items covered in Appendix B of the report. This items all needed to be resolved before the accounts would be ready for final sign off.

Members were given the opportunity to ask questions on the overview from HH.

Q&A session

Q: AE, in the report, there are several accounting and disclosure misstatements on page 10 and on page 29, you are very positive about the Value for Money conclusion on the MTSF and Financial Management reporting. What is your balance judgement of the quality of the financial management?

A: HH, these are from two processes, different and difficult documents and there have been more changes than they expected this year due to Covid. There have been more changes this year to the Financial Statements that I would have expected to have seen. It has been very difficult to work in this way and the work was underestimated.

Q: AE, looking at the Value for Money conclusion, in particular looking forward to 2021, with greater involvement from the Section 151 officer and greater involvement role with PFCC office holding the CC to account. What lead you to this conclusion and what specific changes to you expect to see when you return in 12 months?

A: HH, I have not carried out any work on the issue as they sit outside of the year end. I have become aware of a future decision making model for 2020/21 and looking at the model I would like to assess how the robust the decision making process if the Section 151 Officer is not present at the decision making meeting.

EB commented that the force have revised their Governance arrangements, with a change of Deputy Chief Constable and have streamlined their decision making arrangements. The Section 151 Officer is invited to attend meetings when any financial matters are discussed.

BS, members would be pleased to see a copy of the new structure or private session with members.

EC added that the Section 151 Officer needed to have slightly more than sight of the agenda. This attendance needs to be built into the terms of the reference.

EB confirmed that the force does do a review of the meeting agendas and offered assured that the suitable officers have been invited and I am confident that we do not exclude the 151 Officer.

Q: BS, how has your office coped with Covid?

A: HH to begin with, the office responded well, as the office is use to working from home and has been since the beginning of March. We did however lose the interactive between colleagues and client's staff in the office where knowledge would have been gathered and passed on. This was lost with staff working remotely from home and we didn't fully appreciate the impact that this would have. We are also beginning to see the effect on colleague mental health, we currently have five members of staff off sick.

Q: SF, is there going to be an additional costs with procedures taking longer or being worked on twice?

A: HH. Yes, I am is going to have a conversation about fees with, DG and JB. There will be costs relating to the areas that have taken longer to complete to procedures. I have no intention passing on costs relating to remote working of staff or areas taking longer due to staff sickness.

Q: GD, could you explain your reflection on the comment on 'your fresh eye approach on the accounts' when we have been using EY as external auditors for some time.

A: HH, this comment does not reflect a lack of consistency in audit approach. This errors have been missed and I cannot comment on why these items were not picked up before. However, I feel more comfortable as professional myself to know that the errors in the accounts have now been fixed as they were material.

Q: DG, Appendix B and the final sign off, do we think this can be signed of this week?

A: HH, I don't think we will be in a position to sign off this week.

B thanked HH for her in depth overview of the IS260 and the list of outstanding items in Appendix B.

ACTION: EB to present at a future ETAP meeting details of the revised Force Governance Structure

AGREED: Subject to the clearance of outstanding items, ETAP members agreed their approval for the sign the Group Statement of Accounts and the Chief Constable Statement of accounts for the year ending 31 March 2020.

6. Final Force Annual Governance Statements

DG advised that there had been two minor tweaks to the statement since it was published in draft in May 2020 and presented to the ETAP meeting on the 27 May 2020.

These comments were both raised by the EY auditors.

Page 8, Action 3, a narrative has been added on the associated risks on moving IT back in-house.

Page 16, update added on the three partially assurances, Procurement and Contract Management, Fleet and Strategic Governance in respect of Contract Management and governance arrangements.

Q: SW, did the statement normally include an opening statement from the Chief Constable?

A: DW, no this statement does not include this, but can look at for next year.

DD - small point, page 10, Staffordshire has been incorrectly spelt.

BS asked about the Force management statement

DW advised had been delayed as result of COVID and an executive summary will be available for ETAP members.

BS thanked DW for this statement

ACTION: DW to supply the Executive summary of the Force Management Statement for the next ETAP meeting in December 2020.

7. Final SCO AGS Governance Statement

VF advised that one amendment has been made to the statement since it was published in draft in May 2020 and presented to the ETAP meeting on the 27 May 2020.

There has been one amendment that has been made on page 20, section 4 on the overall level of assurance, a more appropriate paragraph has been inserted.

DD, advised one, of one small typo on the text box page 12 of the statement.

SW commented that ETAP members had been involved in earlier versions of the AGS and all ETAP comments had been addressed.

BS thanked VF for this statement.

8. MTFS

DG introduced the report that covered a schedule update of the MTFS that was presented the PFCP meeting on Monday 26 October.

DG advised that writing this report has been a real challenge this year. He and JBL has been working with the nine local billing authorities to get the most up to date collection rates and what the impact on the collection rates will be.

On page 2, the collection fund deficit is anticipated next year at a circa £3.3m (4.5%) this can spread over the next three years. There have historically been surpluses on the fund over previous years.

DG gave his reassures to the panel, since writing this report, the council tax forms have been confirmed at more of a static base.

Q: BS, is the settlement only one year this time?

A: yes, there the settlement will only be for one instead the normal three years.

BA thanked DG for his report

9. Internal Auditors RSM

AW presented three reports to the panel.

- i. Progress report, this summaries all reports and progress in 2021/21 Audit plan Programme and includes some contingency time.

Changes to the plan include: -

Property Store - this is being moved to Qtr. 1 2021/22 due to relocation of the stores

Corporate Planning - Project Management, a separate report will not be issued, instead we have considered the project management arrangements within both the Asset Management and Data Migration audits

- ii. Collaboration report – working with the Staffordshire County Council draft report was Issued at the beginning part of the year and this report is now a follow report.
- iii. Governance report – no management action made.

Q: DD, relating to the Collaboration Report, how will the lessons learnt be incorporated?

A: AW, RSM, relating to the audits that we are currently carrying out, we do now have a log of lessons learnt.

VF added that there is a recommendations tracker in the SCO and an update of this tracker will be shared at the next ETAP meeting in December.

Q: SF, what has been your experience of conducting audits during Covid?

A: AW, The Audit Teams were already set up to work from home with the use shared files with a secured portal for the audit purposes. Audits have been running to the timetable and the only audit that has taken longer is the Asset Management one.

BS thanked AW for her reports.

10.AOB

Date and time of the 9th December 10.30 – 12.30

DRAFT