



Draft V03

Item 1

MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) POLICE & CRIME MEETING held on Wednesday 11 December 2019

Present:

ETAP members	Officers
Alan McEntire (AM)	Angela Ward- RSM Senior Manager (AW)
Bob Simpson - (BS) Chair	Glynn Dixon - SCO Chief Executive (GD)
Clare Cowley (CC)	Helen Henshaw - EY Associate Partner (HH)
David Davies (DD)	David Greensmith - SCO Director of Finance (DG)
Emma Christmas (EC)	Jean Cass - SCO Governance Lead (JC)
Jane Barr (JBA)	Nick Baker - Deputy Chief Constable (NB)
Jane King (JK)	John Bloomer - Force Chief Finance Officer (JBL)
John Wheatley (JW)	Justine Kenny - Director of People and Resources
Sue Finney (SF)	Elliott Sharrard-Williams - Force Chief Supt. (ESW) Action points 1& 2 only
Sue Westacott (SW)	Also in attendance
Tony Wilmot (TW)	Jason Burgess - EY Assistant Manager (JB)

BS welcomed ETAP member CC, who has returned to the panel following a short sabbatical. BS also welcomed ESW to the meeting and HH who is the new lead auditor from EY.

1. (i) Declaration of interests and apologies.

Declarations of Interest: No Declarations of Interest were received.

Apologies: ETAP members Alan Edwards (AE) and Craig Brown (CB) and Victoria Farrar SCO, Head of Governance and Assurance (VF).

Minutes & actions of the meeting held on the 11 December 2019

Minutes of Previous Meeting

AGREED - That the minutes of the meeting held on the 11 December 2019 to be confirmed as an accurate and true record.

Actions

Updates to actions from previous meetings

- Item 1 query on seizure of cash amount over £10k - covered by ESW on today's agenda - complete
- Item 2 follow up briefing on cash seizures – covered by ESW on today's agenda - complete
- Item 3 SCO Gifts & Hospitality Report - comparisons to previous years requested where possible in the next report due Feb 2020 - complete
- Item 4 SCO Gifts & Hospitality Report - provides values in the hospitality register requested in the next report in Feb 2020 - complete
- Item 5 Presentation of the Force's People First Strategy arranged for 17 Dec 2019 - complete
- Item 6 Risk Management dates sent to ETAP Risk Champion (EC) - complete
- Item 7 RSM Self-Assessment sent to members - emailed to ETAP members on the 24 October and is also available on Huddle - complete

Item 1 & 2

ESW introduced himself as the Head of Operational Support Directorate and one of his departments is Property Stores which includes seized property.

ESW assured members that they have learnt from previous audits and over the past 18 months have focused on three main areas; security of the property itself, adherence to force policy and updates and the system that allows us to manage the property and record its movements.

For cash seizures, following the audits, we have updated the force policy that mandates where cash is stored and where safes are located. We also monitor compliance with the policy on a daily basis and we have carried out audits in August and October to reality check against the policy.

Q: CC, do you feel that the insured levels of cash are operationally robust?

A: ESW, Yes the levels are sufficient for what is needed. The safes are located in secure areas, not remote locations, which have 24 hour police presence.

Q: DD, is there a large volume of data that will need to be transferred on to the new Niche system?

A: ESW, There are currently 76k items of property in storage. I am confident that the transfer of data into Niche will work very well.

Q: JK, are the 76k items part of a rising trend and are you disposing of these in the correct way?

A: ESW, it is a slowly reducing number and it does depend on what the items are and how long they need to be kept for. In the case of burglary, is it very easy to get a large volume of property and in complex cases for example murder, we need to keep seized items in store indefinitely.

ESW added that next year, we are looking to a move to single storage point for seized property. In preparation for this we will be carrying out an additional audit to see what items can be disposed of.

BS thanked ESW for his update and the reassurance that he has given members in this area.

Any updates from last meeting

Members held pre-meetings today with the Commissioner and with GD and JK.

2. Deputy Chairs feedback

i. Chair of the Finance Panel - Alan Edwards (AE)

Due to AE's absence today, BS presented his report.

AE's report covered key areas from Finance Panel meetings including:-

- Monthly Finance monitoring
- Medium Term Financial Strategy update
- Risk Management
- Treasury Management
- Financial Management Code
- Internal audit report - Fleet Management

BS advised that Finance Panel are now meeting bi-monthly. This reflects the strength of the Finance Team and improvements they have made in the accounting systems and processes. He thanked JBL, DG and the Finance Team.

BS thanked AE for his report.

ii. Chair of the Thematic Review - David Davies (DD)

DD presented his updated progress on the Thematic Reports.

Three thematic reviews are currently underway:-

Local Partnership - the report currently in draft awaiting comments from the Commissioner's office;

Commissioning - all stakeholders have now been interviewed and the draft report is expected in December 2019 for validation;

Children and Young People in Custody - a meeting has been held this morning to discuss the progress.

The Rapid Review into Data Management report is on hold following concerns from members. An update briefing is being held with the force on the 17 December.

Q: SF, with reference to the unclaimed hours, are these hours that members are yet to claim?

A: DD, no these are hours that the members have chosen not to claim.

BS add that these hours are 'goodwill' hours that members have not claimed.

BS thanked DD for his report.

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

SF was unable to attend the last PFCP meeting on the 28 October due to the floods in the area. She was able to watch the meeting via the webcast on the internet.

SF confirmed that discussions during the meeting included:-

An MTFS update for both Police and Fire;

Comments were made that the Emergency Services Mobile Communication Programme (ESMCP) nationally will cost an additional £1 billion

Public Works Loan Board (PWLB) rate that has increased; DG assured that this was still at a very competitive rate.

Questions on collaboration and a comment was made that this is working well.

The agenda and reports are available on the SCC website.

The next meeting of the PFCP will be on the 10th February 2020.

BS thanked SF for her update.

4.

(i) Medium Term Financial Strategy (MTFS) Update

DG advised that the MTFS update was reported to the PFCP meeting on the 28 October 2019 and also to the ETAP Finance Panel on the 19 November 2019.

Key areas in the update included:-

- Pay - the original MTFS included a pay increase of 2%, this has now been increased to 2.5% in the medium term, this results in significant pressures of £3m by 2022/23
- The precept referendum limit has now been set at 1.99%, the MTFS assumption was made at a rate of up to 3%.
- These key assumptions have resulted in an increase in the medium term gap by 2022/23.
- The MTFS will be presented to the PFCP on the 10 February 2019.

Q: JK, the officer uplift only relates to year 1, what happens in years 2 and 3?

A: NB, so far this is unclear, there is a three year commitment but so far funding has only been made for the first year.

Q: JK, what does the £400k payment allow for?

A: NB, This is the year 1 funding and allows for all of the costs associated in the recruitment of new officers. We are unsure if this funding will continue in future years.

Q: SF, the collaboration savings of £816k, can we have further details of these savings at the Finance Panel please,

A: DG, the next report to the Collaboration Board is due at the end of January and will be presented at a future Finance Panel meeting.

BS thanked DG for update against the MTFS.

NOTED: Members noted the contents of this report

ACTION: DG to present updates from the Collaboration Board meetings to the Finance Panel.

(ii) Treasury Management

DG presented an update against the Treasury management activities for the year ending 30 September 2019.

As at the end of September, the Commissioner held £72.8m on long term loans. These are part of the strategy for funding previous and current years' Capital Programme. The rate of interest decreased this year following the repayment of £1m in to Public Works Loan Board (PWLB) loans in August. The Commissioner is also due to pay a further £1m loan upon its maturity in the second half of 2019/20.

DG advised that the PWLB interest rates have increased by broadly by 1%; this has significantly increased the costs of borrowing.

Q: BS how do the borrowing rates compare with alternatives?

A: DG, we will be looking at alternatives PWLB, however the current rate of 10 years at 2.25% is still a competitive rate.

Looking at the cash balances held there was a significant increase in cash in July. This was when we received the top up Pension grant. We are continuing to use cash where ever it's practically possible and we are not planning on any long term borrowings this year.

Q: DD, following the amalgamation of services and the sales of properties, will these be taken into account in the projection of borrowings?

A: DG, yes, these will be taken into account, there will be no material effect but this could have some positive effect on borrowings.

SF mentioned, at the last PFCP meeting, comments were made of pressures on some sites to earmark these as 'community sites' and to take these out of the free market.

GD added that under the Asset Community Legislation, a local organisation, third party or consortium, can ask for an abeyance on a site for up to 6 months. This time allows for funds to be raised. The Commissioner needs to demonstrate that he has achieved Best Value on all sites sold at a commercial rate.

BS thanked DG for his updates

5. Internal Auditors RSM

AW presented four reports to the panel;

- (i) **Progress Report** - Three final reports have been issued since the last ETAP meeting; these are detailed below. In addition three drafts reports have been issued; Niche Implementation (Governance) follow up, Savings Programme and Governance Collaboration. The audits in Capital Receipts and Asset Management will be deferred until the 2020/21 plan. The time allocated for these audits will be spent on the follow up Kier Report and also slippage on any audits.
- (ii) **Fleet Utilisation Report** - This audit was undertaken to ensure that the right resources were available at the right time and that value for money can be demonstrated for the Joint Emergency Transport Services (JETS). JETS uses Key2 Fleet Management Software to record vehicle details including MOTS and services.

The opinion given in this report was a **partial assurance**, this was in light of a number of 'missing' controls and some areas of non-compliance. Also there needs to be training on the Key2 system. We have made two high and seven medium priority management actions.

Q: DD, when looking at the ordering and delivery parts, was the time factor taken into account?

A: AW, I think this falls into how long overall vehicles were off the road. From our samplings, I'm not aware of any outliers which we did look for, times seemed to be sufficient.

Q: TW, with lots of recommendation in the report, do you have any plans to revisit this his area?

A: AW, Yes we will revisit this area as part of the 20/21 Audit Plan.

Q: BS, in the past we have known that two teams are working in JETS, the force and the fire Service, are they now working together?

A: JK, some issues have been addressed and we will be carrying out a review of the service including looking at how we can get the service working the best it can.

Q: SW, is the ordering going over to the Commercial Services?

A: JK, JETS will now have the advice and support from the Commercial Services.

- (iii) **Key Financial Controls** - the focus of this review included four key control areas, including General Ledger, Bank, Reconciliations and Income/Debtors. The opinion

on this review was a **substantial assurance**. We have only identified two low level housekeeping issues as areas for improvements.

BS commented that there were issues and questions on last year's Financials Control Report and it was pleasing to see how much progress had been made in this area. ETAP members can take assurance from this report and the Finance Team should be recognised for their work and the improvements made since last year.

(iv) **Contract Management – Boeing (Governance arrangements)** - this audit was as a result of some deficiencies identified in the Niche Implementation (Governance) Review. It was identified that there was a risk that issues with the delivery of the Boeing contract were not being appropriately escalated for remedial action.

This opinion has been split in two areas, Operational Governance – **substantial assurance and Strategic Governance partial assurance**.

Q: SF, in the Strategic Governance area, are the points valid that have been raised.

Q: JK, in the current model, the Strategic Governance Board has not worked quite how we envisaged it and will be taking another look at this area.

Action: JK to provide an update on issues raised on the Governance areas in the report.

BS thanked AW for these reports.

6. External Audit EY

(i) Quarterly Sector Briefing - Quarter 3 update

HH talked through the sector briefing.

A key area of the briefing was around the National Audit Office (NAO) consultation on the Code of Audit Practice, Phase Two. The revised code will be required to take effect from 1 April 2020 for the audit of the body's 2020/21 financial statements. Members should be aware of these proposed changes

The consultation covers:-

- External audit reporting, the auditor's report will be enhanced on the financial statements
- The Value for Money, this will be a separate report from the audit opinion report and will be reported later on in the year.

BS thanked HH for this briefing.

7. AOB

Two additional briefing papers were supplied by RSM and these were for information.

Trust in the boardroom.

Catch 22 Digital Transformation.

Date and time of next meeting Wednesday 5 February at 10.30am