

Draft V02

Item 1

MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) POLICE & CRIME MEETING held on Thursday 7 February 2019

Present:

ETAP members	Officers
Alan Edwards (AE)	Victoria Farrar - SCO Head of Gov & Assurance (VF)
Alan McEntire (AM)	Jean Cass - SCO Governance Lead (JC)
Bob Simpson - (BS) Chair	John Bloomer - Force Chief Finance Officer (JBL)
Craig Brown (CB)	Nick Baker - Deputy Chief Constable (NB)
David Davies (DD)	
Emma Christmas (EC)	Also in attendance:
Jane Hackett (JH)	Hassan Rohimun - EY Executive Director (HR)
Jane King (JK)	Jason Burgess - EY Assistant Manager (JB)
John Wheatley (JW)	Daniel Harris - RSM Partner/ Head of Internal Audit (DH)
Sue Finney (SF)	Angela Ward - RSM Senior Manager (AW)
Tony Wilmot (TW)	
Clare Cowley (CC)	
Sue Westacott (SW)	

Observers

Stephen Sweeney - Chair of the Police, Fire and Crime Panel,
Reporter from the Sentinel Newspaper - Joe Burns

1. Declaration of interests and apologies.

Declarations of Interest - No Declarations of Interest were received.

Apologies Glynn Dixon SCO Chief Executive (GD), Jane Heppel OPCC Interim Director of Finance (GD), Ralph Butler SCO Head of Strategy (RB), Gareth Morgan Chief Constable (GM), Justine Kenny Force Director of People & Resources (JK) and Deb Wilne Force Governance Lead (DW).

1. Minutes & actions of the meeting held on the 10 December 2018

Minutes of Previous Meeting

AGREED - That the minutes of the meeting held on the 10 December 2018 to be confirmed as an accurate and true record.

Actions

Updates to actions from previous meetings

- Item 1 Reserves Strategy included on the agenda - complete
- Item 2 Copy sent 20 Dec - complete
- Item 3 Invite sent - complete
- Item 4 VFM profile (summary presentation sent with papers) - complete
- Item 5 Credit card payments – updated given by JBL - these costs related to training courses which were outside the UK - complete
- Item 6 Costs of the Misconduct Panel - costs shared with members - complete
- Item 7 Saving Plan is included in the Budget 2109/20 - complete

2. Deputy Chair's feedback

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

AE presented his report which covered two Finance Panel meetings in December 2018 and January 2019.

AE advised that the panel had received monthly financial monitoring reports for periods both 8 and 9. The figures currently show a modest overspend which was a welcomed improvement. The panel also welcomed improvements in the quality of reporting and tighter financial controls in the budget reports. AE confirmed that the Capital Programme is also likely to be within the budget. Looking towards the year end there is an opportunity to increase Capital Receipts; this will improve the financial position.

AE advised that the panel were presented with draft of the budget for 2019/20 and MTFS position prior to its presentation to the Police and Crime Panel. The panel were pleased to see that their earlier concerns of the impact of the pension concerns were addressed with increase in Government grant. The budget is based upon an increase of 12.46% increase in Council Tax.

AE also mentioned that the panel had been presented with a copy of the NICHE Business Case. This is a significant IT programme. He advised that whilst ETAP does not have a specific remit in this area, they have made comments around this case and have expressed their nervousness around the risks associated with this project going forward.

Q JW, are there any issues of double accounting with NICHE programme?

A: AE, the savings are not in the business case as cashable savings, there are in the base savings with Boeing and therefore there are no double accounting issues.

Q: TW, did the additional Government grant cover the extra pension costs?

A: JBL, costs were covered roughly half by the Core Policing Grant and by CSR later on this year; we ended up approx. £2k out of pocket

Q: SW, what is the Finance Panel's level of concerns over the NICHE Business Case?

A: AE, This is largest capital project undertaken by the force and is a significant risk in its own right. Costs and time can run on and yes this is a risk recognised by the Finance Panel.

BS thanked AE for his report.

ii. Deputy Chair, Thematic Reviews - David Davies (DD)

DD confirmed that in his last report in December 2018 he advised that there were two outstanding reviews, Hotel and Travel Expenses and Female Genital Mutilation (FGM). In his report today he confirmed that the Hotel and Travel Expenses report was published in December 2018. The FGM report has been completed and distributed for final content approval with anticipated that this will be published in February 2019.

DD confirmed the number of hours members have spent working on all reviews for 2018/19, both claimed and unclaimed hours and the full details are available in his report totaling 231.50 hours.

DD advised that future review areas are currently in hand including a review of Independent Custody Visitor procedures.

DD introduced the suggestion of a project plan which will be discussed further in the P&D session with members; this has been introduced to help in the scheduling and planning of future of reviews.

BS thanked DD for this report

iii. Overview of published Thematics reports

BS introduced this new item and advised that the lead member from each published review will give an overview of reviews at ETAP meetings.

a) Hotel & Travel Bookings – Lead Claire Cowley (CC)

ETAP members CC and SW had been asked to review the current arrangements for the process for hotel and travel bookings.

Taken from the report the four recommendations are as follows:-

1. Review the Force policy wording to reflect the need to obtain verbal approval for travel and hotel bookings from supervisors.
2. Spend against the 'Travel and Fares' and 'Hotels and Accommodation' budgets are brought back into line as part of the devolution of budgets in general to Directorate Leads and its associated training.
3. Periodic checks should include hotel and travel bookings in its audit and/or anti-corruption schedules of work.
4. The Force to include notification of leavers to Capita (or subsequent provider) earlier in their processes than is currently the case.

CC also advised that their main concern was the large overspend against the 2017/18 budget. She advised that they were advised that steps had been taken to address this overspend with budgets now being devolved to Directorate Leads.

b) Out of Court Disposals – David Davies (DD)

ETAP members DD, TW and former member Adrian Bowen, were asked to establish if the pilot Out of Court Disposal Scheme (OoCD) had been successful, the impact of administrating OoCD on force resource and if OoCDs equally and consistently applied across Staffordshire Local

Taken from the report the seven recommendations are as follows:-

Low priority

1. Clarity is required on the continuation of the pilot.
2. The force reviews their internal processes for assessment of OoCD decisions to ensure appropriateness and proportionality.
3. Regular review of the training content and attendance.

Medium priority

4. Explore the advantages/disadvantages in including Fixed Penalty Notices.
5. Investigate if support is available to part fund this service, or if a percentage of the money recovered and sent to Her Majesty's Court and Tribunal Service (HMCTS) could be retained.
6. The Staffordshire Commissioner's Office should continue to lead on regular monitoring by the independent panel, with regular and consistent support from other agencies.
7. A strategy needs to be developed to consider the long-term benefits of OoCD and how it needs to be supported.

A full copy all of the thematic published reports can be found on the Commissioner's website <https://staffordshire-pfcc.gov.uk/volunteer/ethics/#etap-thematics>

3. Feedback from Police, Fire and Crime Panel (PFCP) meeting

SF gave feedback from the last time the PFCP met on the 28 January 2019.

Items on the agenda included, the proposed Police Precept & Budget for 2019/20, the Treasury Minimum Revenue Provision, the Capital Strategy and the Reserves Strategy.

Following a lengthy debate the panel agreed the precept increase of £24.00, however, the panel were concerned about the numbers of PCSOs and warranted officers. In view of the panel's comments the Commissioner did agree to hold a workshop to look at the numbers of officers.

BS thanked SF for her report and asked for if there were any questions.

SS added this was an interesting meeting lasting 2.50 hours in total. He confirmed that the purpose behind the workshop was to look at the numbers of officers on the street this year compared to last year.

4. Governance Highlight Report

JBL presented this reports on behalf of DW and talked through the report and highlighted areas of interest:-

1. HMICFRS reports and recommendations;

Item 2, 3 AFIs now remain open related to missing persons and an evaluation is due on the 14 February.

2. Internal Audit Report and recommendations

This tends to be the largest section. There has been no actions on item 1-7 to date.

Item 7, action remains outstanding as reported in December 2018.

Item 8, 8 actions have been completed with the remaining 5 ongoing.

Item 9, 2 actions have been completed with the remaining 7 ongoing as part of the current review process

Internal audit action plans completed since December 2018 ETAP

(Review and sign off - Modern Policing and Enabling Board – 25 February 2019)

2016 – Procure to pay including credit cards

2017 – Proceeds of crime act (POCA)

2017 – Accounts Receivable

2018 – Capital programme fixed assets

(Review and sign off – Peel Board - 7 February 2019)

2018 – Management of Property

3. External Audit Reports and Recommendations

31/03/16 - 16 actions marked as complete – one action relating to the capacity of the Finance Team on-going, with significant progress being made.

31/03/17 - 9 actions completed remaining 2 due for completion by 31/03/19

31/03/18 - 4 actions completed to date with 2 actions remaining outstanding.

4. ETAP Report and Recommendations

Temporary Promotions – 1 action remains ongoing to date

Out of Court Disposals – 1 action completed and 6 ongoing

Hotel and Travel Bookings – 1 action completed and 3 ongoing

5. Force Strategy Board – Strategic Risk Issue and Opportunity Management

The bi-monthly Strategic Risk Management Risk Board have met once since the last ETAP meeting. The force's risk register currently has 3 risks and 2 issues as listed below and reported in December:-

Risks:

Finance Capital: Risk that Capital Programme is insufficient to enable investments required to meet business outcomes.

Cultural Change: Risk that the force is unable to achieve the cultural and behavioral changes required to deliver priorities.

IT failure: Risk that IT technical failures may impact on delivery of operational and support activities.

Issues:

Weaknesses in the arrangements for planning finances effectively: Requirement to enhance availability of information to inform decision making and make clear links to financial impacts.
Data quality: Requirement to address inaccurate and incomplete information held across

NOTED: ETAP members noted the contents of this report.

JBL mentioned that EC and DW are reviewing and sampling the level of risks held at Directorate and Force level and will be reporting back when his work is complete

Action plan item 4 – VFM profile

JBL presented the results from a PowerPoints presentation which covered the Force's new approach to Policing and the HMICFRS dataset of information.

The force introduced a new approach to Policing in July 2018 which included four operational directories overseen by chief superintendents, 3 hubs and 10 Neighbourhood Teams.

The force is the:-

4th most visible force in the country

7th lowest in the country when it comes to funding

4th lowest absence rates in the country

3rd most productive workforce in policing

Q: CB, What defines visibility?

A: NB, this is made up of mixed data sources but includes officers deployed by various means.

Q: SF what date is the data taken from and are you able to compare data from previous years?

A: JBL, the data is taken from 2017/2018, last financial year and this is the first year data has been captured in this way.

In summary NB concluded, that from these results the force is efficient and are visible when compared to other the forces across the country.

AE raised a couple of comments. The issue was raised on the External Audit Report around the Finance Team restructure which had taken 2 1/2 years to fully implement. The second issue was the need to add NICHE project to the risks of the Capital Programme.

ACTION: JH to report back to members on the External Audit recommendations

JBL confirmed that NICHE would be added to the Risk Register.

CC questioned the back log action of sex offender's cases. This was referred to DW for further information.

ACTION: DW to investigate and respond directly to CC

BS inquired if ETAP will be receiving a Governance Update Report from the Commissioner's office?

A: VF we will be adding a report from the Commissioner's office as a standard item on future ETAP meetings and this will start from the ETAP public meeting in May. This report will include any external verifications and also a Risk update.

ACTION: SCO Governance Update will be added as a standard agenda item from the May meeting onwards.

5. Police Budget Precept 2019/20 including MTFS

BS introduced these papers had been circulated to the full ETAP Panel today for their comments. The contents of the reports had been previously scrutinised by the Finance Panel at their meeting on the 24 January. The results of this work was shared at the meeting today by AE in his Deputy Chair's report at item (2.i) on today's agenda.

BS confirmed that the following papers had also been circulated for noting by members

- i. Treasury Management Strategy
- ii. Capital Strategy
- iii. Reserves Strategy

AE commented that there is significant scale of savings that are required to underpin the 2019/20 budget and these get higher in the three subsequent years. He asked about the level of confidence in the delivery these savings.

JK also asked a supplementary question asking about savings made in 2018/19.

JBL advised that there is a significant savings programme with a greater degree of transparency with Bi-weekly meetings and earmarked small savings being delivered from December 2018.

NB added the savings were all outlined in the business case and we need to understand the impact these have on the service delivery and we may need to look at alternatives.

Q: BS, the Transformation Programme, is this now starting to save money back?

A: JBL, It's slightly difficult to track savings some are delivered on a permanent basis and some are made on a one off basis; but savings have been made of £2m this year.

A: BS, Are you able to track savings?

A: JBL, Yes we are on track

NOTED: ETAP members noted the Police Budget Precept and Budget for 2019/20

6. Internal Auditor - RSM

AW presented the progress report against the RSM internal audit report against their programme for 2018/19.

Aw advised that since the last ETAP meeting that has been one completed internal report; this is on the data quality on the implementation of the NICHE programme. The opinion for this report is advisory.

AW also gave update against the outstanding reports and advised that a number of reports were in progress and once finalised would be presented at the next ETAP meeting in March 2019.

NOTED: ETAP members noted the details within the Internal Audit Progress Report 2018/19 and the NICHE Programme and BS thanked AW for her reports.

7. External Auditors – EY

i. Annual Audit Plan 2018/19

HR talked through the EY's plan for 2018/19 and highlighted the following areas of the plan:-

Section 1, risk of fraud in revenue and expenditure – this is a change of focus from the prior year, pages 6 new risk areas IFRS 9 financial statements and IFRS 15 Revenue Contracts with customers and staff capacity was highlighted in the Finance Team – as a few positions are being recruited to.

Section 2, provides further details of the risks covered in Section 1

Section 3, provides a background of the details of the areas covered by EY under Value for Money (VFM). The three areas covered includes, take informed decisions, deploy resources, and work with partners and other third partners.

Section 4, highlights the materiality of the audit. The group materiality level is £3.7m and the PCC level is £ 2.3m.

Section 5, covers the scope of the audit and EY responsibility's for the audit

Section 6, covers the Audit team and specialist services from the Actuaries

Section 7, covers the Audit Timeline

Section 8, covers the statement of independence from EY.

Section 9, Includes the Appendix A, the fees.

Q: AE why did you pick out Brexit on page 16 of the report?

A: HR, there are no particular issues on Brexit to raise

Q: AE, Have you got sufficient resources to complete the year's audit with the 30% reduction in fees and why there were there additional fees in 2017/18?

A: HR, the additional fees were reported for 2017/18 in EY's report. For 2018/19 fees, Staffordshire Police and the PCC opted in to the PSA tendering exercise for external exercise process and contracts were awarded on a national level.

Q: AE are you confident you can deliver a high quality audit for this fee?

A: HR, yes I am confident that we can deliver a high quality audit within this national contract fee.

Q: SF what happens if you need to charge additional fees outside of the original contract?

Q: HR, EY's fees are set out on page 35 of the report together with the assumptions on how they are set. If any issues arise and delays occur, we then would discuss these with management in the first instance and any additional fees would be reported in our audit results report.

HR agreed that those charged with Governance, the Chief Constable and the PCC would be kept informed of any additional charges. The Chair of ETAP also requested to be kept informed.

BS thanked HR for this report

NOTED: ETAP members noted the External Audit plan for 2018/19.

ii. Qtr. 4 Sector Update

JB Introduced EY's quarterly briefings and highlighted 4 areas of interest including:-
Page 4 Public Sector pension evaluation, Page 8, EY 2018 Transparency Report, Page 10, key questions for Audit Committees and Page 11 links to find out more information for Panel members.

8. AOB

Close of meeting at 3.40pm

Date and time of next meeting Wednesday 27 March starting at 10.30am