

Draft V03

Item 2 (ii)

MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) POLICE & CRIME MEETING held on Wednesday 5 February 2020

Present:

ETAP members	Officers
Alan McEntire (AM)	Victoria Farrar - SCO Head of Governance & Assurance (VF)
Alan Edwards (AE)	Jean Cass - SCO Governance Lead (JC)
Bob Simpson - (BS) Chair	David Greensmith - SCO Director of Finance (DG)
Clare Cowley (CC)	Nick Baker - Deputy Chief Constable (NB)
Craig Brown (CB)	John Bloomer - Force Chief Finance Officer (JBL)
David Davies (DD)	Justine Kenny - Director of People and Resources (JK)
Emma Christmas (EC)	Deb Wilne - Governance, Planning & Policy Manager (DW)
Jane Barr (JBA)	
Jane King (JK)	Also in attendance
John Wheatley (JW)	Helen Henshaw - EY Associate Partner (HH)
Sue Finney (SF)	Daniel Harris - RSM Partner/Head of Internal Audit (DH)
Sue Westacott (SW)	
Tony Wilmot (TW)	

1. (i) Declaration of interests and apologies.

Declarations of Interest: No Declarations of Interest were received.

Apologies: Glynn Dixon SCO Chief Executive (GD) and Jason Burgess EY Assistant Manager (JB).

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** - Collaboration reports now available in Huddle
- **Item 2** – Updates by JK given during the pre-meeting today

Any updates from last meeting

Members held a pre-meeting today with JK.

2. Deputy Chairs feedback

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

In AE's absence BS gave a verbal update from last week's Finance Panel meeting.

BS confirmed that the panel had received an explanation regarding the budget allocation and this is on today's agenda under item 6.

He thanked the Finance Team for an update against the monthly budget monitoring report.

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

DD presented his updated progress on the Thematic Reports.

Members have been working on three thematic reviews:-

Local Partnerships - This report has now been finalised has been published on the SCO's website;

Commissioning - This report has now been completed and has been sent to the SCO for comments. It is hoped that this will be presented at the next Strategic Governance Board (SGB) meeting on the 26 March and passed for publication on the SCO website;

Children and Young People in Custody - this review is ongoing and the team are working for a March/April completion.

DD also gave update against previous recommendations on Thematic Reports:-

- Hotel & Travel: 2 on track, 2 completed and signed off (signed off at December PEEL);
- Temporary promotions: 1 on track, 3 completed and signed off (signed off at December PEEL);
- Local Partnerships: 8 on track.

Q: SF, is there any follow up action to report on the Data Review report?

A: VF, yes, an update will follow in March to the Finance Panel.

DD asked for clarity on the sign off process of Thematic Reports at SGB meetings.

VF advised that all ETAP Thematic reports are presented at SGB meetings to ensure that Chief Officers are aware of these reports as part of the Governance process. This step is included in the ETAP guidance for Thematic Reviews.

BS thanked DD for his report.

iii. Partnership Report

TW advised that the review covered the effectiveness of the Staffordshire Police's 'Partnership Plan' at local level covering two areas; Lichfield and Tamworth. The Crime and Disorder Act 1998 requires the police force, local authorities, fire and rescue, probation and clinical commissioning groups to work together and with others. The purpose of this report was to review the effectiveness of the Staffordshire Police 'Partnership Plan' at local level.

TW and CB, advised they were made to feel very welcome by both local councils and local police commanders.

TW thanked CB for his diligent work on this report.

A copy of the report can be found on the SCO website <https://staffordshire-pfcc.gov.uk/cms/wp-content/uploads/ETAP-Partnerships-Thematic-Review-Final..pdf>

A copy of all report can be found on the SCO website <https://staffordshire-pfcc.gov.uk/transparency/etap/>.

DD, as Thematic Review Chair, thanked TW for his first report as Lead.

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

SF advised that the next PFCP meeting is being held on Monday 10 February, items on the agenda will include:-

- Termination of the Boeing contract;
- Budget 2020/21 and MTFS, Treasury Report, Capital Strategy and Reserves Policy (papers as Item 6 on today's agenda)

Paper can be found on the SCC website:

<http://moderngov.staffordshire.gov.uk/mgChooseDocPack.aspx?ID=11304>

BS thanked SF for her update

4. SCO Expenses, Gifts & Hospitality report

DG presented his report which covered the expenses paid on behalf of the Staffordshire Commissioner, DPFCC & Senior Staff of the SCO for the period 1 April 2019 - 30 September 2019.

Q: DD, could you explain what the Contributions to Partnerships, on the Credit Card for the amount of £ 746.84, relates to please?

A: DG, I will investigate and advise.

Q: DD, what is the process for the use of the credit card?

A: DG, a process is in place which restricts the use of the credit card and investigations are made for any spends outside of the scope.

Q: SF, what are the spending limits on credit cards?

A: DG, the credit card limits are dependent upon the role of the officer.

Q: CB, the numbers of ICVs has reduced from 27 last year to 23 in this report. Can you explain this drop please?

A: VF, yes there has been reduction in the number of ICVS due to the closure of the Burton Custody suite.

BS thanked DG for his report.

ACTION: DG to advise on the credit card spend under 'Contributions to Partnerships'

5. Force Expenses, Gifts, Hospitality report

JBL presented his report which covered the expenses paid on behalf of the Chief Constable, the Executive Team and the Senior Management Team of Staffordshire Police the period 1 April 2019 - 30 September 2019.

Q: JW, when officers sign for the credit card do they receive guidance?

A: JBL, the force have six credit cards, when these are issued to officers they are given a copy of the Credit Card Policy and asked to sign a declaration of undertakings.

Q: CB, are there any clear rules on what can and can't be accepted under the hospitality?

A: NB, there is a guidance and ultimately officers need to justify their acceptance of items on the register

6.

- i. Budget 2020/21 and MTFS
- ii. Treasury Report
- iii. Capital Strategy
- iv. Reserves Policy

JBL presented the Budget for 2020/21 and MTFS, under item (i), and advised that this should be read in conjunction with items (ii), (iii) and (iv).

JBL confirmed that these reports are now in the public domain on the SCC website in preparation for the Police, Fire and Crime Panel meeting on the 10 February 2020.

The highlights of the reports include:-

- The Staffordshire Commissioner is proposing to increase the policing element of council tax precept by 3.94%; this is equivalent to 16p per week on a Band D property.

Since 2013/14, during the Commissioner's term in office, we have seen the second lowest level of increase in council tax across the country out of 43 areas. The average across the country has been 29.10% to date, the Commissioner has applied 20.80% cumulative

increases, difference being around 8%, approx. £6m more in the base which equates to £20 per on a Band D property.

Overall funding has increased by £15.4m with around two thirds coming from increases in grant from Government funding, a quarter from increases in precept and increases in the one off council tax collection surplus.

Last year, we set out a four year savings plan and this year we are sticking to that plan. Following a review, we have introduced a savings on Capital Financing costs of just over £1m Treasury Management.

The Budget and MTFS fully support and include the investments required to deliver the Uplift of 90 officers by 31 March 2021 in line with the ring fenced grant of £2.532m.

Q: JW, is this a one year budget?

A: DG, this budget relates to only a year settlement grant from the Government. There is a Comprehensive Spending Review next year to cover future budgets.

Q: TW, is there is any indication of how the recruitment of additional officers is going?

A: NB, we do see that police forces are competing amongst themselves. Staffordshire Police, does need to be an employer of choice. At the moment, Staffordshire does appear to be the better choice across the West Midlands.

JK added that we whilst have sufficient numbers applying, the male/female split is acceptable, it's the diversity split that is proving to be more challenging. The force simply does not have enough BME candidates applying.

Q: BS, on the precept, there was room for a larger precept of up to £10 to be applied?

A: JBL, from the national survey of PCCs, some PCC's have gone for the full £10, some have chosen the inflation level, and Staffordshire increase is about in the median.

DG added the Commissioner has reviewed the budget and the positioning and has taken all the aspects of the additional investment into account. From the survey results, the majority of other Commissioners are pushing the envelope up to the £10 limit increase. The Commissioner will be taking this proposed budget to the PFCP meeting on Monday 10 February.

Q: TW, can you comment on the sum of £8.5m for firearms

Q: NB, we currently use a temporary solution with local arrangements for firearms training. We are aware that outsource solutions are very expensive and going forward we need to look at possible solutions with a commercial aspect.

DG commented that it is important to note that this is balance budget position. The savings incorporated in the previous MTFS have been revised and will continued to be monitored. Overall the budget gap in the MTFS is reducing. Overall, the capital financing requirement and the gross debt position is starting to reduce. The reserve position is also improving in the current year.

DG also added we recognise that this is a one year budget and is it a little difficult to see how this will pan out. As JBL advised the gap in the medium term will move.

BS thanked JBL and DG for these reports. Members commented that they can see how well JBL and DG are working as a team and that they find it helpful to receive the Budget, MTFs, Treasury Report, Capital Strategy and Reserves Policy all together.

NOTED: ETAP members noted the proposed Police Budget Precept for 2020/21

7. Internal Auditors RSM

DH presented four reports to the panel;

- i. **Progress Report** - Since the last ETAP meeting, we have issued two reports from the 2019/20 audit plan; Savings Programme and Follow up Data Quality Niche Implementation (Governance) both results are detailed below. In addition we have issued three draft reports which will be presented once finalised at the next ETAP meeting.

Q: SF, under Annual Opinions section of the report, you mention that two reports have been issued with negative opinions which may result in a qualified or negative annual opinion. If improvements are made, can this alter the opinion in the annual report?

A: DH, yes if there are improvements, this does alter the overall opinion in the annual report.

- ii. **Savings Programme** - This was a follow up report from the advisory review in the 2018/19 programme. The opinion given in this report is a **reasonable assurance** with 8 recommendations with 3 medium and 3 low priorities.
- iii. **Follow Up Data Quality Niche Implementation (Governance)** - This was a follow up report. From the 9 actions previously agreed, we have found good progress with 7 actions have been implemented. 1 action has been superseded and 1 action has part superseded whereby we have agreed a revised new medium action.

Q: BS, is the Niche Programme is on target?

A: DH, whilst we have not completed a new audit, clearly significant progress has been made in completing implementing the actions from the follow up review.

NB added, whilst there is an element of risk, we do have a robust process in place with a team around this programme and we are confident this can be delivered.

Q: CB, page 5, second entry, are there missing words?

Q: DH, yes sorry we will re-submit this page.

- iv. Client Briefing 01.20 – Internal Audit Code of Practice

DH explained that this briefing was for information only

- v. Internal Audit plan 2020/21 (Draft)

DH explained that this was the forward looking strategy for 2020/21. This is a draft plan which will change over the next 12 months as new risks come on board.

The plans includes key financial systems, payroll and some follow up work on areas of particle assurance opinions including fleet utilisation.

Q: DD, on page 5, you have quoted fee for each audit, whereas previously we had days allocated, how do we know these rates represent Value for Money?

A: DH, we have provided rates to JBL and DG in the tender document which sits behind each audit. For each audit, the rates include an element of both qualified and un-qualified staff.

AE commented that he welcomed this information and added that it was pleasing to see a number of joint reviews with the force and FARS in the audit plan.

JW commented that the panel would not expect to see any additional audit costs unless the panel were advised otherwise and DH advised agreed that this would be the case.

BS advised that the Finance Panel will examine the plan in full detail and will pass any of their comments to DG.

BS thanked DH for these reports.

ACTION: DH to submit a corrected the page 5, Item 7 (iii) Data Quality Niche Implementation Report

NOTED: ETAP members noted the draft Internal Audit Plan 2020/21

8. External Audit EY

i. External Audit Plan 2019/20

HH talked through the key points of the plan;

Page 5 sets out the significant risks of the audit for 2019/20. The first two items are not unique to Staffordshire Police. These will determine where we believe these risks may manifest in this organisation and what response we will apply to these risks.

Risk of fraud in revenue and expenditure recognition – we will focus on the cutoff of revenue and expenditure to ensure that items have gone into the correct accounting periods and capitalisation of expenditure.

Misstatements due to fraud or error – most of our work will focus around journal entry testing

Valuation of property, plant and equipment, PPE- land and buildings - This risk has been elevated to a significant risk due to the fact that the Commissioner has changed his valuer for 2019/20.

Page 7 includes details of the levels of materiality in line with last year.

Planning materiality is 2% and performance materiality, what drives the level of testing, is set at 75% of materiality.

Page 16, includes the two Value for Money (VFM) areas, one area of focus will be around the MTFs and the other area will be around the recent decision on the Boeing contract.

Q: AE, how much resource will you be able to put into these two areas of Value for Money?

A: HH, VFM work tends to be undertaken by the Audit Manager. The fee set by the PSAA does not cover the amount of work required to do this work in an audit with risks. We do have enough resource to do the work, I will reassure you that the approach EY takes is not to reduce the amount of quality that we apply to match a fee.

HH added that she will be having a further conversation with the panel and the CFOs regarding the fee.

Q: BS, we were aware of a proposal to separate the VFM work from the audit work and charging a separate fee?

A: HH, this is currently out for consultation, there will be various implications of this change which will for the accounts year 20/21.

NOTED: ETAP members noted the External Audit plan for 2019/20.

ii. Police Sector Audit Committee Briefing

HH advised that a lot of the issues in the briefing papers have previously been mentioned in today's meetings with the exception of 'going concern'. This is an areas that they will be focuses on in the further.

BS thanked HH for her reports

9. AOB

Force - Governance Highlight report

DW talked through the report which summarised progress against Governance related matters in relation to HMICFRS, both internal and externally issues, ETAP recommendations from thematic reports and Strategic Risk, Issues and Opportunity management.

Highlights of the report included:-

HMICFRS

Under the 2016 Peel Legitimacy Inspection report there is one areas for improvement, (AFI) remaining action since the last ETAP report. There is a plan to stand down the action under the 2017 Unannounced Custody Inspection Visit at the Peel meeting next week.

We are expecting our refreshed assessment from 2019, integrated Peel Assessment report from HMICFRS Friday this week. We are likely to see 7 AFIs in this report; the full details of these will be included in the next ETAP Governance Highlight report.

Internal Audit Report and Recommendations

There has been some movements are these recommendations and now there are only a small number of actions on the system. The full details of these are included in the report.

There were four reports that featured at the last ETAP meeting. Facilities Management is being managed in a different way, but the progress in recommendations for Financial Controls, the Fleet Utilisation and Contract Management will be included in the next Governance Report.

ETAP Thematic Reports and Recommendations

The live ETAP reports recommendations are included in DD's report under item 3. This includes eight recommendations from the recently published Local Partnerships report.

Recommendations from the Out of Court Disposal Report has been archived following it's signed off at the December Peel Board.

Strategic Risk Board – Strategic Risk Issue and Opportunity (RIO) and Management

The Risk Register currently contains 7 risks, 2 issues and 1 opportunity and these are listed in the report. There has been some changes since the last Governance Report in October; the Brexit Risk has been escalated and the Crime Classification Validation is on the register. We also identified Operation Uplift as an Opportunity. The Effective Management of stalking risk has been de-escalated since the last report in October.

BS confirmed that Data Management issues were reported to ETAP colleagues in December and the force is providing a further update to members at the March's Finance Panel meeting.

DW confirmed that EC, on behalf of ETAP members, is attending the Force's Strategic Risk meetings.

JK added that the IT Risk is now out of date in the register and that this will be updated next time.

AE commented that this is the shortest report that members have received to date. The Force should be commended for their action progressing these recommendations.

NOTED: ETAP members noted the contents of this report.

BS thanked DW for her reports.

Date and time of next meeting Wednesday 27 May 2020 at 10.30am.