

Minutes of the Audit and Assurance Board (AAB)

Minutes of the meeting held on 20 February 2019 at 10 Victoria Street

ATTENDANCE

Present

Barbara Scott	Chair
Alun Michael	PCC (dial in)
CC Sara Thornton	NPCC
Janice Shardlow	Independent
Lizzie Peers	Independent
Lee Milton	NPCC
Martyn Underhill	PCC
Matthew Ellis	PFCC
Nishil Shah	Internal audit
Louise Bailey	internal audit
Richard Cooper	NPCC
Susannah Hancock	APCC
Cat McIntyre (minutes)	APCC

Apologies

CC Andy Rhodes	CPOSA
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1. Welcome and introductions:

- 1.1 The Chair welcomed everyone to the meeting.
- 1.2 AM noted that he had previously asked that there be greater co-ordination across APCC and NPCC meetings – not just this meeting, but across other meetings too. SH explained she had raised this with the APCC Board and would shortly be putting in place measures aimed to do this.

2. Minutes from previous meeting and actions reviewed

- 2.1 The Chair asked if there were any comments on the accuracy of the minutes. There were none.

2.2 In relation to the update on action 6 from the last Minutes, the Chair asked about progress on the purchase of laptops for AAB NEDs. ST explained the laptops had been purchased, but there were a number of security and data issues that needed sorting out first.

2.3 Action log was reviewed with updates as follows:

- a. There were a number of comments about the general format of the Action Log:
- i. LP asked about the progress on her request at the last meeting for due date for actions to be included in the log
 - ii. MU asked for a RAG rating to be shown on the log

Action: RC to develop a fuller action log description

b. 4.3 and 5.6 Risks: LP asked if this was covered in more detail later on the agenda. ST confirmed it was.

c. 4.1.1 Reserves: RC confirmed he was close to completing this action, which had been complicated by their place within MPS and clarifying NPCC functions. The second element on the status of the reserves was also incomplete but close to being finalised and will be complete before the end of the financial year. Did the Board want this to be tabled out of committee? Agreed to take the paper at the next Board Meeting.

Action: RC to bring paper to the next Board Meeting.

d. 2.3 Chief Constable register website link with College (on declaration of hospitality when undertaking NPCC business): ST confirmed that she had spoken to the College but the link was not yet right and would chase them on this. ST had raised the issue with Chiefs and confirmed this was not for NPCC, but for Chiefs locally. SH had similar discussions with the APCC Board, which had drawn similar conclusions.

LP asked if a signposting note could be added to the NPCC and APCC websites, that this is a matter for local Chiefs. This was agreed.

Action: ST/SH to ensure a signposting message is included on NPCC and APCC websites.

e. Actions to Close: LM asked if the Board was content with the recommendation about actions that should be closed. The Chair asked that the recommendations about laptops be left open.

3. Matters arising

3.1 AAB Agenda Planning Template: LM noted that there had been an action from the last meeting to prepare a forward plan for AAB meeting agendas. The document has been tabled for discussion to explore whether there are any gaps or missing features.

- 3.2 The Chair said she hoped to sharpen it at the June meeting and hoped that other Board members, particularly LP would review it to ensure it mirrored TORs, and wider planning matters.
- 3.3 LP asked if it could be presented as a grid and also noted that the forward plan for the February meeting says it will review the 3 year finance plan and the S22a agreement, but neither are in papers today.

4. Finance, audit and risk

4.1.1 Finance and budget update

- a. ST presented finance report, noting that NPCC was working to acclimatise to the new Met system and that there had been difficulties with entering wrong cost centres, and there was work underway to correct this.
- b. ST noted that there looked like there would be an underspend of around £34k by the end of Q4, and noted that the overspend in Q3 was largely down to late invoicing for staff and rent.
- c. LP acknowledged the work to correct problems, but the Board is supposed to scrutinise the accuracy and links to 3 year plan – what assurance is there that these figures are stable? LM noted that work was on going on clarifying the outstanding issues on a prioritised basis and the biggest outstanding item looked like being £15k for expenses related to misallocated staff costs.
- d. LP also noted that there remained an issue about implementing internal controls and ensuring there was board visibility of this. LM confirmed work was underway to tighten internal process and expected guidance on this to be in place later in the year – enabling exception reports to be made in future.
- e. There was some discussion about how it was possible to pinpoint where things had started going wrong, and what is was proposed the cut of date should be from the old system.

Agreed:

- The Board should receive a statement about the historic, current and ongoing issues with the system and mitigations being taken
- The Board should receive a copy of the guidance when it is prepared
- The Board should review how the new system was progressing regularly and would like a progress report every quarter, starting in June.

Action: RC and LM to prepare and/or provide the papers listed above
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4.1.2 Finance and Budget - 2019/20 Plan

- a. ST noted that because of increased pressures on the NPCC budget (mostly as a result of expected increases in salary costs), the NPCC was looking for a 2% uplift in its members' fees, which was supported by Chiefs.
- b. There was some discussion about why an uplift was needed if there was a realistic expectation that Scotland would pay the outstanding fees it owed, but ST noted there remained some legal barriers to overcome.
- c. There was also some discussion about reserves and whether a statement or strategy was needed, setting out contingencies, what was held and for what purpose.

4.2.1 Audit: Specialist Capabilities Recruitment

- a. RC noted that the Board had requested more detailed recommendations on this issue and the management response, which was set out in this paper. He noted particularly the response to Recommendation 6 that NPCC had now produce guidance on this matter.
- b. The Chair noted that the key issue here was about governance and accountability as the Board wanted to understand what the governance framework was around these issues.
- c. The meeting agreed that the management report and responses were thorough and clear.
- d. The Chair sought assurance that the governance framework was picked up in the guidance. LM confirmed it was.

4.2.2 Audit: Internal Audit Schedule

- a. An oral update on this was given by Louise Bailey (LB) and noted by the Board
- b. LB expected to have Terms of Reference for a framework of risk management available by mid to late April.
- c. The Chair noted that she had asked Audit to pull together and facilitate a session on this at the June workshop.

<p>Action: NS and LB to develop a session on the framework for risk management at the June Board workshop</p>
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4.2.3 Audit: Internal Audit Recommendations Register

- a. LM gave an update on this paper, noting that his recommendations were designed to improve the register and ensure greater consistency. It included recommendations on risks that should be closed and risks that should be reopened.

Agreed: The Board agreed the recommendations

4.3 Risk management

4.3.1 ST presented on the NPCC risk register summary. There followed a discussion on the risks and the following points were raised by Board members.

4.3.2 Security Policy – LP asked if the Board could have a copy of the security policy, as this linked to the laptops issue.

4.3.3 S22 Agreement – ST and SH have been working with Hampshire PCC and some but not all issues have been resolved. There remains a fundamental legal issue, and it will take counsels opinion to resolve this. ST and SH noted that work continued on the core text for future S22 Agreements.

4.3.4 Full Risk Register – LP noted that it was good practice for the Board to receive the full risk register once a year. ST thought this might be tricky because of security issues.

4.3.5 The Chair noted there had been a significant improvement in the papers since LM had come on board. She would put the issues around the full risk register and security policy in to consider at the annual planning workshop.

4.3.6 The Chair also noted that there used to be a section on the papers which was a recommendation to the Board about what they were expected to do with the paper (e.g. monitor, scrutinise, etc). Can this be put back on all papers?

Actions:

- RC/LM to put full risk register and security policy for consideration on the annual planning workshop agenda
- A short recommendation to the Board about action requested of them should be included in all Board papers

5. Review and Monitor

5.1 Chiefs Council Agenda

5.1.1 ST gave a brief run down on the last Chiefs' Council meeting, noting that ME had attended it. She flagged:

- The item on the Emergency Services Network replacement as a significant issue with increasing risks and costs.
- The growing issue with the National Air Service, where key decisions as to its future would be needed after next year, and there was some discussion on this point by Board members.

5.1.2 The Chair inquired, in line with earlier discussions, if there was a reason why the Chiefs' Council meetings and APCC General Meetings could not be held together. However, other Board members felt that the different roles of Chiefs and PCCs meant that different discussions were needed, but noted that there was a joint two day Summit in November and a proposed one day joint meeting in July.

5.2 NPCC Delivery plan

5.2.1 Update from LM on delivery plan, noting that most milestones were set for the last quarter or beyond. He wants to free up time to ensure there is more consistent assurance of risk against delivery. He flagged the following red risks:

- Modern slavery – this is due to continuity of funding issues.
- Unstructured evidential multimedia in CJS to be digitally captured and available to partners – this was red due to delays
- Technical and data sharing standards – this was red due to short term funding shortfall.

6. Governance

6.1 Host Force SLA Review

6.1.1 RC update on this item. The SLA with the Met had last been reviewed in 2017, but there had been no changes. He believed the current arrangement was too focused in specifics (e.g. number of invoices) and not on the main issues at strategic level, and the review needed to go back to first principles.

6.1.2 The Board asked if this risked increasing costs. Noted that this was possible, to cover for inflation of nothing else, but that this was not a good reason not to review an agreement that was not fit for purpose.

Agreed: the Board agreed a fundamental review should take place.

Action: RC – to take forward a fundamental review of the NPCC SLA with the Met

7. Draft Agenda for Next Meeting

7.1 This was linked to agenda item 3 and the Chair would circulate a draft agenda in due course

8. Any other business

8.1 The Chair noted that this was ST's last meeting and presented her with a thank you gift from the Board members. ST thanked the Chair and reflected on the journey of the Board over the last few years.