

Minutes of the Audit and Assurance Board (AAB)

Minutes of the meeting held on 23 May 2018 at 10 Victoria Street

Security classification: Official
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ATTENDANCE

Present

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| Barbara Scott | Chair |
| Chief Constable Sara Thornton | NPCC Chair |
| PCC Matthew Ellis | APCC |
| Richard Hornby | Home Office |
| CC Mark Polin | CPOSA |
| PCC Martyn Underhill | APCC |
| PCC Alun Michael | APCC |
| Janice Shardlow | Independent |
| Lizzie Peers | Independent |
| | |
| Susannah Hancock | APCC |
| Supt. Richard Cooper | NPCC Chief of Staff |
| Anne-Marie Murphy | NPCC Business Support Officer |

Apologies:

Nicole Higgins NPCC Strategic Planning & Risk Manager

1. WELCOME, INTRODUCTIONS AND CONFLICTS OF INTERESTS

The Chair welcomed attendees to the meeting. Ms Higgins' apologies were noted.

The Chair welcomed Susannah Hancock APCC Chief Executive to observe the meeting.

2. MINUTES AND ACTIONS FROM THE 21 FEBRUARY 2018 MEETING

The minutes were approved as an accurate record of the meeting, with the exception of the action for commissioners to speak with Kenneth Hogg. The specifics of this action could not be recalled so it will be expunged.



The Board discussed the external website, and expressed a keen interest in meeting the new digital communications officer, to engage their perspective on updating the external website. CC Thornton confirmed the new digital communications officer will be invited to a later 2018 meeting.

Action: Supt Cooper to ensure digital communications officer is invited to the November meeting of the AAB.

Under section 4.3.1 of the minutes (Freedom of Information risks) Mr Michael sought for context to be provided within NPCC responses. CC Thornton explained the FOI process and recent conversations regarding the options for FOI compliance either through the Metropolitan Police or through specific statutory instrument.

The Action log was reviewed with the following updates provided to the board:

- (Item 5.2 – NPCC Delivery Plan 2017/18) – Ms Higgins and Ms Peers to undertake further work around measuring benefit. Ms Higgins has reviewed with Ms Peers following LPCC meeting – Action closed.
- (item 6.3.4 – Ms Higgins to meet with NEMS to plan ‘deep dive’ activity, and to assess further requirements on reporting, assurance and risk management. Three deep dives will have been completed by 01/06/2018. A further assessment of the requirement will be made at the June Workshop of the Board – Action closed.
- (item 4.2b – DARA Risk Report for April 18 Board) - Ms Higgins to work with DARA to prepare risk report for the April 18 Board, update will be given at the Board and circulated with papers – Action carried forward to the next meeting.
- (item 2.2 – The APCC members agreed to raise their concerns over Police Scotland’s funding to Kenneth Hogg at the next APPC general meeting – update to be provided at the Board – Action carried forward to the next meeting. *This action in relation to Kenneth Hogg will be expunged.*
- (item 2.2 – The Board will write to Susan Deacon, Chair of the Scottish Police Authority expressing concerns, the letter was sent on 09/05/2018 – Action closed.
- (item 2.3 – The NPCC to consider placing the Coordination Committees ToRs on the external website, these have now been uploaded to the external website on 09/05/2018 – Action closed.
- (item 2.3 – Ms Higgins to share the Coordination Committee ToR with the APCC – Ms Higgins has sent a copy of the Coordination Committee ToR to Oliver Shaw on 01/05/2018 – Action closed.
- (item 3.1 – Mr Ellis to review the annual report and send to Ms Higgins for redrafting – Ms Higgins has received and redrafted the annual report and sent this to Mr Ellis for comment on 23/02/2018, no response and will form part of the matters arising at the next Board meeting – Action closed.
- (item 3.3.3 – CC Thornton to amend letter to confirm remuneration and send to the Chair, letter sent on 02/05/2018 – Action closed.
- (item 3.4.1 – Ms Higgins to publish the new agreement as a revision in draft form (subject to formal signature by all Parties – Ms Higgins has uploaded this on 09/05/2018 – Action closed.
- (item 4.3.3 – Ms Higgins to update the risk with a new risk on pay and workforce reform, Ms Higgins has now completed the update – Action closed.

- (item 4.3.3 –Ms Higgins to change the risk register to show change as positive, negative, new and closed movement for risks to the NPCC and not create cover paper report as well going forward to future AAB meetings – completed by Ms Higgins – Action closed.
- (item 5.2.5 - Ms Higgins to ensure any reference to 'National' in the delivery plan relates equally to England and Wales and check accordingly – This has been addressed in the 2018/19 – Action closed. *Mr Michael raised that what is required is specific consideration of whether references should apply to England and Wales, or one or the other. This will be considered in the delivery plan.*
- (item 7.2 – CC Thornton would review the ToR and current scope of the review and feed this back to Mr Ellis. An updated copy would then be provided to the Chair for review and to the rest of Board for information, update will be given as part of the Matters Arising in April – Action closed.

3. MATTERS ARISING

3.1. AAB ANNUAL REPORT

The updated annual report was accepted by the board and the design of future reports will be discussed at the AAB workshop.

3.2. ACPO DISSOLUTION UPDATE

CC Thornton confirmed that ACPO will soon go into liquidation but this has not occurred yet.

3.3 UPDATE ON RECRUITMENT AUDIT – TOR AND INITIAL OBSERVATIONS

Ms Shardlow gave an overview of what is at present an initial review of a sample of NPCC appointments - a review that had been previously instigated by the Board. The Board discussed the consistency of approach in making appointments as well as the importance of there being demonstrable evidence for a consistent approach in making appointments. Members reflected on the scope of any further work to that completed to date. This centred on the extent to which outcomes and value for money from appointments is included, and the distinction between appointments to posts and consultancy arrangements. Following discussion, the Chair concluded that the task was to establish what policies and procedures exist for NPCC appointments, whether they have been adhered to, and whether they are fit for purpose.

The Board discussed two particular appointments, the NPCC Specialist Capabilities Lead and Specialist Capabilities Programme Director, where Ms Shardlow confirmed there appeared incomplete material for both roles. This included a rationale for decisions being made, recording of decisions, and the wording used. Ms Shardlow requires further clarity on these appointments. CC Thornton confirmed that the NPCC can provide more information to Ms Shardlow to enable a more complete assessment to be made. She suggested that the assessment should be made against the Metropolitan Police processes. There may be additional measures that could be put in place but NPCC recruitment practices should not significantly diverge from those of the MPS.

Ms Shardlow considered that there should be a two-pronged approach to auditing recruitment practices going forward. The first was to provide closure to the current work by considering the two specified posts with the benefit of additional information. The second

was then to examine Metropolitan Police processes and consider the need for any additionality.

Action: Supt Cooper to ensure Ms Shardlow is provided with any additional information required for completion of the initial review.

Action: Members determined that following the completion of that work the board would consider the procedures of the host force and the NPCC's adherence to them.

3.4 UPDATE ON POLICE SCOTLAND

This subject was dealt with under matters arising and discussions of funding and budget.

3.5 FUNDING ALLOCATION

CC Thornton provided an update on the funding allocation for the NPCC as described in the paper by Ms Higgins.

4.0 FINANCE AUDIT AND RISK

4.1 ACCOUNTS / FINANCIAL

4.1.1 QUARTERLY FINANCIAL STATEMENT (Q4)

CC Thornton provided an overview of the NPCC budget as described in the paper. There was a small underspend of £4k, and the Board acknowledged the work of CC Thornton and the NPCC central team for coming in on budget. It was noted there were issues over costs of systems migration issues.

The funding shortfall for 2018/19 caused by the delay in reaching an agreement with Police Scotland will be covered by the £72K transfer from ACPO reserves on the dissolution of the company.

CC Thornton provided an overview of the NPCC forecast outturn for 2017/18 and confirmed the voluntary insolvency of ACPO was not complete, and the transfer of £80K from their reserves was not yet forthcoming. £72K is now expected in 2018/19 and further £8k will be released from reserves to cover the shortfall.

£25k was budgeted to offset legal expenses for the UCPI inquiry. This was not required and therefore not requested.

The £31k expected underspend was not drawn down from reserves since it was not required to cover the rent increase as anticipated. There was a failure to invoice the Royal Navy due to system issues; this will be rectified in 2018/19.

Expenditure is reported as £107k below budget at the end of 2017/18. The main shortfalls in expenditure relate to staffing, legal costs and lower than budgeted accommodation cost increases.

The NPCC will have an opening reserve balance in 2018/19 of £90k between the two cost centres. £32K will be transferred out of reserves to cover known costs and shortfalls. The reserve balance carried forward will be £58k. This has been agreed and reconciled with the MPS.

Mr Hornby queried what measures the NPCC could take to satisfy the accuracy of the 'other costs' as reported. CC Thornton explained the reasons for this terminology but said that this would be examined and would be reported back to a later meeting.

Action: Supt Cooper to take steps to ensure the accuracy of 'other costs' as reported in the financial outturn paper given the limited granularity available.

Mr Hornby also queried what rationale had been used to determine the level of reserves held and whether these were set against specific risks. CC Thornton explained the background in relation to previously anticipated legal costs and the possibility of the need for specific contracted support.

Action: Supt Cooper to consider a statement of intent to be produced regarding NPCC reserves.

4.2 AUDIT

4.2.1 INTERNAL AUDIT UPDATE

The internal audit is now available in document form and the outstanding actions were discussed as follows:

- 4.1.2 Communicate and train all identified stakeholders on risk management approach within the NPCC through a series of workshops – Has been partly implemented, a workshop has been organised for all CC Staff Officers to train on Risk in early June. Action: Original action continues to apply, target date: June 2018.
- 5.2.1 Develop an internal process for the prior approval of purchases and sign off of credit card statements prior to submission to the MPS. All card reconciliations and approvals are now electronic and being monitored centrally. It was suggested this is now recorded as implemented.
- 7.1.2 A risk assessment will be undertaken of the potential cultural/behavioural impacts on NPCC Staff of the implementation of the self-service delivery model. Where necessary, training on new systems will be requested – Full transition has now been completed, all Staff have registered and are using the system. This is now recorded as implemented.

The Board discussed the process by which objectives arising from the internal audit are signed off. Members agreed that those items which are listed as partly implemented should remain open until fully complete. Ms Peers specifically raised those objectives at 1.2.1 and 3.1.1.

Action: Supt Cooper to review internal audit objectives to bring back a revised rationale for closure.

4.2.2 MANAGEMENT OF RISK TOR AND REVIEW

The terms of reference used by the audit team were considered by the Board. Mr Hornby raised the specific issue of how closely defined a risk management framework can be for a coordinating organisation. It was agreed that the future approach to internal audit would be discussed at the upcoming workshop.

4.3 RISK MANAGEMENT AND INTERNAL CONTROLS

CC Thornton provided the following update from the risk register:

- (Risk Number 15/004: Police Scotland) – (High Impact) – An initial response was received from T/CC Livingstone but a full response is awaited. NPCC Chair has met with Ms Deacon (Chair of SPA) regarding other issues and mentioned funding. Ms Deacon was not aware of the issue and would raise this with Police Scotland. Chair NPCC AAB wrote to Ms Deacon outlining the Boards concerns and asked that the issue of funding be resolved.
- (Risk Number 15/010: FOI) – (Very Low Impact) – The NPCC continues to seek to comply with the Act, and clarity is being sought as to whether this is best achieved through MPS mechanisms or through a statutory instrument. Conflicting views have been provided.
- (Risk Number 15/013: UCPI) – (Medium Impact) – Oversight continues through the NPCC Gold Group and the NPCC remains fully cooperative with the inquiry – however progress remains slow and costs are being incurred to the NPCC (funded by forces).
- (Risk Number 15/014: IICSA) – (Low impact) – A further request has been made for core participant status for the inquiry. The Chair has suggested that Chiefs should be consulted before any decision is taken outside of Council.
- (Risk Number 17/08: Risk Management) – (Low impact) – Discussed elsewhere on the agenda.
- (Risk Number 17/012: NPCC's governance process) – (Low impact) –The NPCC has identified legacy ACPO policy / MoU/Strategy that needs to be reviewed when resource allow. Mr Hampson has created a template for identifying current ACPO policy, MoUs and ISAs and will start populating the template with information from the current NPCC systems. Once complete and agreed this will be shared with the Staff Officers of the Coordination Committee for review.
- (Risk 18/002: Workforce Reform) – (Medium Impact) – Chief Constables agreed that they need to take leadership of this together with the College of Policing. The Management meeting reduced the impact to Medium following agreement at Council in April 2018.

CC Thornton confirmed Risks numbered in the register – 15/005, 17/002 and 17/007 have all been closed and shown as complete.

Ms Peers commented that the next stage she would wish to see reached is to develop the level of assurance that can be derived from risk management. For example, the setting out of the risk scores, relevant mitigations and controls in place and then the residual risk score in light of those mitigations and controls. CC Thornton welcomed a maturing risk management process that also remains usable and pragmatic. Ms Peers also seeks to

delineate risks from issues in future iterations and stated that risks 17.10 and 17.11 should still be shown as open.

Action: Supt Cooper to consider re-opening risks 17.10 and 17.11 through NPCC Management Meeting.

Mr Underhill raised two matters that he felt were risks that were not recorded on the register. The first related to potentially large-scale historic enquiries in care settings that may not be fully investigated if they were deemed to significant an undertaking by the home force. Supt Cooper suggested that the risk here would remain with the force in which the care institution was sited. The second possible risk relates to gifts and hospitalities received by chief officers in relation to their NPCC lead role rather than their position within a force. Mr Underhill was unsure of any consistent position adopted in relation to such gifts and hospitalities.

Action: Supt Cooper to consider with CC Thornton the possible risks suggested by Mr Underhill.

4.4 HMICFRS RECOMMENDATIONS UPDATE

Supt Cooper provided an overview of the extant HMICFRS recommendations, which name the NPCC as a responsible body for their implementation. He drew particular attention to the significance of work being led by Commissioner Dyson to produce ambitious plans for improving digitally-enabled services in forces. Members discussed the expectations of the AAB in relation to these recommendations and concerns were raised about expectations of the Board in assuring their implementation. Mr Ellis indicated that this information had been introduced in a previous meeting in order to demonstrate the breadth and extent of expected NPCC activity in relation to HMICFRS reports. The extent to which the NPCC was correctly identified as the responsible body in some of the recommendations was also raised.

Supt Cooper explained that non-completion of recommended activity when named as the responsible body could constitute a risk for the NPCC and as such, the material was presented to the Board as part of their monitoring role. In the discussion that followed it was agreed that regular presentation of the spreadsheet containing all the recommendations was unnecessary. The Board agreed that where non-completion was expected then consideration should be given to that being included on the risk register for management and reporting in the normal way. It was also agreed that the Board would benefit from a short paper explaining the process by which HMICFRS recommendations are managed by the NPCC.

Action: Supt Cooper to submit a paper to the next AAB reporting the process followed for managing HMICFRS recommendations, and to withdraw the list of such recommendations from the next agenda.

5. REVIEW AND MONITOR

5.1 NPCC CHAIR'S UPDATE AND APRIL 2018 CCC (AGENDA)

The following highlights from the CCC were discussed:

- CCC received presentations from Francis Habgood, Mike Cunningham and Giles York on workforce pay reform. CC Thornton confirmed most Forces are involved in the working groups for pay reform.
- The Worboys Supreme Court Judgement implications.
- Pre-Charge Bail update - Forces establishing more work on pre-charge bail and varying application rates of bail between forces.
- Counter Terrorism Policing vision and priorities, presentation from Neil Basu, Keir Pritchard, and Francis Habgood.
- Scott McPherson, Director General of the Crime Police and Fire Group was invited to give a presentation on Serious Violence and Strategy.
- The former Bishop of Liverpool addressed chiefs regarding his report on the experience of those families bereaved at Hillsborough.

5.2 NPCC 2018/19 DELIVERY PLAN

CC Thornton confirmed the NPCC 2018/19 Delivery plan was discussed at the CCC in April 2018 and it was agreed by all Chief Constables. A planned workshop will take place on 5th June 2018 to take the lead staff officers through this and updating requirements in more detail.

5.3 NPCC DELIVERY PLAN – Q4

The Board discussed the final update on the progress against the NPCC 2017/18 Delivery Plan. It will consider risk to delivery of those objectives that are being carried forward into 2018/19.

The NPCC Delivery Plan is structured around the five strands and the eight outcomes of the Policing Vision 2025 (the Vision). All updates have been provided by operational portfolio leads and have been submitted to the NPCC via the Coordination Committee Chairs. These have been collated and analysed by the NPCC central office. This update was given to the CCC in April 2018, progress was noted and it was agreed it was an accurate record.

5.4 UPDATE ON COORDINATION COMMITTEE COMPLIANCE

An overall update was given on the NPCC Coordination Committees' compliance with the agreed basic requirements and an update on the detailed scrutiny in the form of 'deep dives' of the three selected committees (Crime Operations (NCoCC), Local Policing (LPCC) and Equality, Diversity and Human Rights (EDHR)).

CC Thornton reported that an update to the "Basic Requirements for Coordination Committees" was agreed by the Chairs and approved by Council in April 2018. The main changes include a requirement for each committees' Terms of Reference to be reviewed

annually and a series of guidelines relating to the submission of papers for Council. The aim of the guideline is to:

- Provide assurance that the papers have the endorsement to the committee and its chair;
- List of stakeholders that have been consulted;
- Provide clarity on the purpose of the paper decisions required and;
- Outline any cost or resource implications associated with the proposal.

In addition to the compliance report, it was agreed that there would be a quarterly assessment of the work of three coordination committees – National Crime Coordination Committee (NCoCC), Local Policing (LPCC) and Ethics, Diversity and Human Rights (EDHR). Each of the three NEDs would take lead responsibility for a committee.

Once complete the NEDs will assess their experiences and report to the Board. At the June workshop the Board will be asked to decide what further (and ongoing) action is required to gain assurance over the workings of the Coordination Committees.

A summary of the information / monitoring of basic requirements at the end of Q4 was presented, of particular note:

- There are three upcoming vacancies for the position of Chair, which are in recruitment. The Operations and Performance Management Coordination Committee Chairs are due to in October 2018 and September 2018 respectively. The position of Chair of the Criminal Justice Committee is currently occupied on a temporary basis. The Chair (currently suspended) has confirmed that he will be stepping down from the committee. The temporary Chair has indicated an interest and further expressions of interest have been requested for anyone else eligible to apply.
- The Chair of the International Coordination Committee will complete the first three-year tenure in July 2018 and has indicated that he would like to continue to serve for a further term. Further expressions of interest will be sought by central office during May/June 2018.
- Terms of reference (with exception of EDHR) have all been refreshed within the last 12 months. The EDHR terms will be finalised at the June 2018 meeting.

The Board discussed the implementation of the requirements and are satisfied with the progress made over the last year.

6. REVIEW OF DRAFT AGENDA FOR THE NEXT MEETING

The draft agenda was agreed for the next meeting in July 2018.

7. ANY OTHER BUSINESS

Ms Peers raised the issue of GDPR, it was confirmed that the NPCC would not be fully compliant by Friday 25th May 2018 but that a plan was being developed. Issues of cyber security and business continuity were discussed. The main IT system used by the NPCC is covered by the Host force the MPS, who are fully compliant in dealing with such attacks.

The NPCC confirmed that measures are in place to protect ChiefsNet with regular penetration testing.

Action: Supt Cooper to explore options for non-executive members to be provided with secure email access.

CC Thornton provided the Board with an update on Key Forensics, a prospective buyer has now been found for Key Forensics by the Administrators.

The Chair updated members are plans for the AAB workshop. This included developing a greater understanding of the board's skills profile and views on its strengths and weaknesses.

CC Thornton discussed the recruitment for Ms Higgins' position, this has been advertised within the MPS and externally. CC Thornton advised members of the board that her executive assistant would act as their point of contact pending the appointment of a successor to Ms Higgins.

DATE OF NEXT MEETING

The next meeting will take place on 23rd July 2018 in the NPoCC Conference Room, 2nd Floor, 10 Victoria Street, London SW1H 0NN.

END OF MEETING