

# Minutes of the Audit and Assurance Board (AAB)

**Minutes of the meeting held on 26 November 2019 at 10 Victoria Street**

**Security classification:** Official  
**Author:** Simon Talbot  
**Force/organisation:** APCC  
**Date created:** 26 November 2019

## **Attendance**

Barbara Scott (BS)	AAB Chair
Janice Shardlow (JS)	Independent
Kenny Bowie (KB)	Home Office
Martin Hewitt (MH)	NPCC Chair
Martyn Underhill (MU)	PCC Dorset
Mark Burns-Williamson (MBW)	PCC West Yorkshire
John Champion (JC)	PCC West Mercia
Andy Rhodes (AR)	CPOSA
Charmaine Laurencin (CL)	NPCC Chief of Staff
Lee Milton (LM)	NPCC Risk Manager
Louise Bailey (LB)	Internal Audit
Susannah Hancock (SH)	APCC CEO
Simon Talbot (ST)	APCC Support

## **Apologies**

Lizzie Peers (LP)	Independent
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## **1. Welcome, introductions and conflicts of interests**

- The Chair welcomed everyone to the meeting. There were no conflicts of interest declared.

## **2. Minutes and actions**

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

2.2 LM was asked to add the following items into the action logs:

- The actions shown in Day 1 of the Annual Planning & Review Workshop notes
- Rolling dates for those 2019 actions which link to NPCC resourcing - The latest changes to the AAB TOR (Action Reference 2019-002)

### 3. Matters arising

#### 3.1 Meeting dates and meeting substitutes:

**Action:** LM will circulate 2020 AAB meeting dates within the next 2 weeks. AAB board members were also reminded that they can name substitutes for future meetings if they cannot attend.

### 4. Finance, Audit and Risk

#### 4.1 NPCC Quarter 1/Quarter 2 Financial Statement Paper:

- LM reported a 34k underspend in Quarter 1 and a 76k overspend in Quarter 2 of the NPCC budget. It was further reported that a number of issues had been identified within the NPCC's financial system and financial management processes including misallocated transactions within NPCC cost centres.
- KB expressed concerns at the way that the Quarter 1/Quarter 2 financial statements had been presented including the lack of both budget and variance columns. JC was also very concerned at the mentions of mismanagement and misallocation and wanted confirmation this was due to issues of poor management / incompetence rather than more significant issues (i.e. was there any evidence of corruption ? ). MH said it was certainly the former and that he was assured that there was no evidence of corruption. AAB board members requested the need for far greater financial controls in order that they could be reassured about better financial systems and robust financial management in the future as this was public money that was being spent. BS further reported feedback from LP as follows: that the NPCC will have a deficit this year; that having to make continual manual changes to finances was not acceptable; and that better reporting presentation was required.
- MH stated that this situation was due to previous poor management and problems inherited from the MPS finance system which NPCC was using. He confirmed that the NPCC has now put in place an Action Plan to improve this. BS and board members asked that the Action Plan be strengthened to include clear responsibilities and target dates for completion. MH agreed to include these. BS expressed concerns that similar concerns about financial management and systems had been raised last year with the previous NPCC Chair but that there had been no evidence of progress since then. BS stated that conducting an internal audit of NPCC finances is an urgent piece of work which needed to be done now. This would mean bringing forward the date of the audit. She asked for confirmation from MH that the NPCC had the resources to progress this.
- MU proposed that the AAB Chair should formally write to the NPCC Chair expressing the concerns of the AAB regarding the poor financial systems and management currently in place and asking for urgent action to be taken to address it. This was agreed.
- BS asked how far the NPCC have progressed their review of the Finance SLA. CL said it was planned for early next year. The AAB agreed that we now needed to consider other options including alternative providers who may be able to undertake the financial management for NPCC moving forward. It was recognised there are many other organisations that this work can be outsourced to.

**Action:** BS will draft a formal letter to the NPCC which she will share with AAB members first for comments which will outline concerns and ask that an Action Plan for addressing the financial situation is put in place immediately.

**Action:** BS requested that the NPCC get the Finance SLA review completed as soon as possible and then agree options and next steps including a consideration of alternative provision.

#### 4.2 NPCC 2019/2020 & 2020/2021 Audit Plan Paper:

- LB updated the AAB on the recent progress made by DARA on the risk management work identified at the Annual Planning & Review Workshop and will bring an update back to the next AAB meeting.
- BS proposed that given the previous conversation on NPCC finances, it was right DARA should prioritise NPCC finance risk ahead of the data protection risk in the NPCC risk register.

**Action:** The AAB agreed that internal audit should go into the NPCC straight away to examine the financial situation as a matter of urgency and then return to confirm progress in 6 or 12 months. DARA would let the AAB know if they needed more than their allocated 5 days to do this work.

#### 4.3 NPCC Risk Management Framework Paper:

- LM/DARA reported they are currently reviewing the NPCC Risk Management Audit Framework/Risk Register and have now transferred a number of issues that were in there across into the issue log. LM has also refined the risk scoring and a more formal process for raising and addressing risks and recording reported risks that are not included in the risk register has now been established.
- LP had fed back that she thought that the Risk Management Framework looked good but felt that the NPCC now needed to link risks to their strategic objectives. JS recommended that MH needed his SMT to contribute to this risk register as would occur in other organisations. Both MBW and KB noted this will then lead to a better strategic vision and direction for the NPCC. BS also suggested that the NPCC take advantage of LP's previous offer of scrutiny given that she is a risk expert.

**Action:** MH will use his SMT for regular review of the NPCC risk register and also the wider Chief Constables group. NPCC can utilise scrutiny from LP for further development of the risk framework.

## 5. Governance

#### 5.1 AAB TOR Review Paper:

- JS stated that the s22 agreement sets out the TOR/role of the AAB and this cannot be changed without changes to the s22 which needs the agreement of all PCCs and Chief Constables. As a result, the proposed review of the TOR is about identifying small scale changes and for those more significant changes, they can be included in the next review of the s22.
- Following a series of queries posed by LM the AAB confirmed the following items relating to its TOR:

**Action:** An AAB Code of Conduct is needed: JS has done a draft of this which she will send to LM.

**Action:** NPCC's future strategic direction and vision needs to be embedded within the TOR. **Action:** Consideration of a 3 year PCC tenure to assist with succession planning and to ensure all 3 PCCs do not leave at the same time is needed.

**Action:** A distinctive role description is needed for the board chair in the future.

**Action:** Member voting rights need to be agreed through 1 allocated vote each.

**Action:** The Annual Report and AAB minutes should be on the NPCC website.

**Action:** Named substitutes are required for all board members going forward.

**Action:** A quorate of 5 members who do not need to be named is needed.

**Action:** The reasons why members leave the AAB should be recorded.

**Action:** Meeting papers will be circulated 2 weeks before AAB quarterly meetings.

**Action:** Meeting minutes will be circulated 2 weeks after AAB quarterly meetings. **Action:** Members will formally approve all AAB minutes at the next meeting.

## 5.2 NPCC Workplan Paper:

- BS asked when the annual impact assessment statements on Health and Safety, equality and environmental impact would be presented to the board as they had been due to come to the board in the July meeting which was cancelled. These items need to be brought to the next meeting.

**Action:** CL will bring these annual statements to the next board meeting and continue to provide future updates to AAB meetings on elements of the NPCC Workplan such as health and safety amongst other areas.

## 6. Review and Monitor

### 6.1 October 2019 Chief Constables Council:

- MH reported that he now distributes NPCC papers to regional leads and these are discussed at a monthly conference call to reduce the time spent at the NPCC meeting. NPCC meeting have received recent updates on officer safety, EU Exit and the Spending Reviews and from the College of Policing, and will be having future updates on officer recruitment, government planning and SOC.

### 6.2 NPCC Operations Model:

- MH is currently developing a national capability Operations Model that will look at what a strategic centre and better decision making based on accurate information looks like, which will also link into partners such as the APCC and the College of Policing. MH met with PCCs before the AAB for initial discussions and will bring a more detailed paper to the February AAB meeting for discussion and review. Once agreed, this will lead to the development of a business case for investment in the new operating model. The AAB will have a key role in the review and scrutiny of this model.

**Action:** MH will bring the draft operating model to the February AAB meeting for discussion.

## 7. Any other business

- BS will circulate a recent letter from the Performance Committee to AAB members for information.