

# Minutes of the Audit and Assurance Board (AAB) held on May 24 2022

**Attendance:**

Barbara Scott (BS)	AAB Chair
John Champion (JC)	PCC West Mercia
Katy Bourne (KB)	PCC Sussex
Rachel Rosewell (RR)	Deputy Treasurer, GMCA
Lizzie Peers (LP)	Independent Member
Janice Shardlow (JS)	Independent Member
Martin Hewitt (MH)	NPCC Chair
Gareth Wilson (GW)	CPOSA Representative
Susannah Hancock (SH)	APCC CEO
Lindsey Heaphy (LH)	DARA Internal Audit
Louise Bailey (LB)	DARA Internal Audit
Sanjay Thakker (ST)	DARA Internal Audit
Aimee Reed (AR)	Metropolitan Police
Gemma Stannard (GS)	NPCC Staff
Tracy Holyer (TH)	NPCC Staff
Hannah Hart (HH)	NPCC Staff
Angela Connolly (AC)	NPCC Staff
Inderjit Malhi (IM)	NPCC Staff
Andy Begent (AB)	NPCC Staff
Lee Milton (LM)	NPCC Staff
Padraig Twomey (PT)	NPCC Staff
Clare Gardner (CG)	NPCC Secretariat
Simon Talbot (ST)	AAB Secretary

**Apologies:**

Bev Hughes (BH)	Deputy Mayor, GMCA
Emma Thomas (ET)	Home Office

**1. Welcome, introductions, apologies and conflicts of interest**

- The Chair welcomed members and introduced Katy Bourne, Sussex PCC, as a new AAB Member to the meeting. Apologies were noted from Bev Hughes and Emma Thomas. Sanjay Thakker from DARA was welcomed. The chair informed the board that in the interest of accurate recording, if board members need to leave a board meeting prior to the end this will now be recorded in the minutes.
- There were no conflicts of interest. In response to a potential conflict of interest raised by Katy Bourne on PCCs funding the NPCC, BS confirmed this was not a conflict of interest as the Section 22 Agreement covered this.

**2. Minutes, actions and matters arising**

- The minutes of the AAB meeting and the AAB Operating Model Gateway Meeting on February 22<sup>nd</sup> 2022 were agreed as a true record and the former can now be published on the NPCC website.
- Members reviewed the NPCC action log. Members stated that the actions relating to the Section 22 Agreement and basic financial items should only be closed if discussions later in the meeting agreed this.

- There were no matters arising.
- BS gave a summary outline of the workshop agenda and informed members that the review of NED contracts would be included in the Day two agenda.
- JC asked that the review paper be circulated to board members (excluding NEDs) in advance of the workshop.

**Action:** GS will circulate the NED review paper to Non NED Board Members before the AAB Annual Workshop.

### 3. Review and Monitor:

#### 3.1 Data Protection Officer update:

- AB updated the AAB on NPCC DP progress including data controllership developments. Aimee Reed, Director of Data at the MPS, introduced herself to the AAB and reported that a paper containing 4 key decisions relating to the data controllership agreement had recently been approved at Chiefs' Council, and a further progress paper will go to the next meeting in July. Next stages involve clarifying Chief Officer Leads, making the case for greater resources, and assigning a senior dedicated officer.
- In response to JC who asked are there enough 'so what's' in this paper, AB was confident this work was purposeful and measured.
- JS was very impressed with this work which had drawn together and demonstrated the positive benefits of data protection for Chief Constables but was concerned about timing. MH commented that a foundation had now been built and confirmed that the momentum on this work will be maintained.
- LP thanked the NPCC for this work but also asked for sight of any risks both around target dates and the risk in the archive data being held from the NPCC's predecessor organisation? AB was developing a Data retention review policy based on national good practice and once completed this will further reduce the latter risk.

**Actions:** AB will provide an update on risks for data protection target dates for the September AAB meeting. LM will add a risk around DP dates to the NPCC Risk Register.

#### 3.2 NPCC Operating Model update:

- TH updated the AAB on NPCC Operating Model delivery. The Pathfinder Programme has now closed with all Home Office reports submitted. The Strategic Hub will now progress this work as BAU and an Organisational Development and Change Team has been formed. TH outlined a positive end of year Pathfinder Survey response. JC noted this good survey satisfaction but sought reassurance on the 'interesting replies' which TH confirmed had been incorporated into Next Steps. TH then presented the NPCC Change and Improvement Board TOR.
- In response to KB, TH confirmed Operating Model Programme documentation that went to the Home Office has gone to the AAB for comment. KB asked how the new board will interact with the AAB? TH confirmed this will continue through AAB meetings and if required Gateway Meetings to provide the scrutiny required. BS clarified this was an internal NPCC board and engagement with the AAB would be via the AAB usual cycle of business.
- LP requested that resources/finances need to be a key element in the next update as we progress to the next stage of financial maturity. Business plan outcomes and resources are not currently aligned and if the AAB are to understand what NPCC Committees are achieving we need to know the resources they consume. Articulating work against the 3 pillars of the NPCC Strategic Plan would initially help the AAB to review VFM.

- TH highlighted the Skills Audit. BS observed this is high level whereas she wanted to see the mechanisms as to how the NPCC will drill down to identify individual skills gaps to ensure that people are in the right posts to be most effective. BS highlighted a lack of reference to the appraisal process and culture which was important in setting tone and ethos. GS and TH will use their People Board to progress these points.
- TH highlighted the review of NPCC Committees that starts in June. BS wants to see what the outcomes and outputs of this are and how this relates to the financial plan.

#### 4. Finance, Audit and Risk:

##### 4.1 DARA Internal Audit Paper:

- LB updated the AAB on DARA internal audit activity. A draft review report of Operating Model Pathfinder Governance has been completed and a final report will be available at the September AAB meeting. A review of IT will follow. All completed reviews will be incorporated into a statement in the Annual Report. A draft plan of priority areas for audit for 2022/2023 will be presented at the September AAB meeting for comment.

**Action:** DARA will circulate the scopes of the Financial and IT reviews to AAB members for feedback.

**Action:** GS will provide a paper mapping NPCC boards, their TOR, how they interact, and how they relate to the AAB for the September AAB meeting.

##### 4.2 DARA update:

- AC updated the AAB on NPCC responses to previous DARA reviews. Outstanding actions on Finance and Commercial Support are being progressed by PT with the IT lead, and performance metrics are being developed.

##### 4.3 NPCC Quarterly Financial Statement and Annual Statement of Accounts/End of Year Report:

- PT updated the AAB on the NPCC Quarterly Financial Statement and Annual Statement of Accounts. Underspends had been transferred to NPCC reserves and Home Office grant funding had been utilised.
- SH queried a. the £669k Home Office funding for specific pieces of work and why it has resulted in underspends? and b. whether the NPCC have a reserves policy and what will these reserves be spent on? PT explained that funding for the NPCC Central Office had been invited by the Home Office earlier in the year and some of this had also funded some VAWG work. The NPCC had also agreed to hold General Reserves at 5% De Minimis level but PT noted that the NPCC are going above this now.
- KB was alarmed as a 5% reserves level was very high and above CIPFA and police force reserves levels. JC requested that the NPCC need to produce a Reserves Policy and develop a Reserves Strategy on how reserves will be deployed to provide clarity.
- IM informed the AAB that the NPCC Finance Committee are creating a transparent reserves process for Committee work. There are specific pieces of work the Home Office wants the NPCC to fund with their money.
- LP explained that a previous paper had set the % reserves levels but agreed that this paper needed further work. She supported JC and KB comments on the need for visibility and work on reserves policy, strategy and reporting. LP asked is it appropriate to earmark reserves given that the Home Office want to fund specific pieces of work? LP noted the Scheme of Financial Delegation will address the reserve level.
- GS confirmed this work is underway. KB highlighted that 25% of NPCC money is currently in reserves but this is

public money and needs to be designated as a matter of urgency. RR observed this situation is also about the profiling of money and we need granularity of presentation for funders and stakeholders. KB asked are the Home Office aware of this?

- PT then outlined the financial update for both the Operating Model and pensions. KB asked why have the PCC contributions not been spent and gone into reserves? PT believed the timing of the Home Office grant funding coming in impacted on this. PT explained further underspends in relation to for example supplies and services.
- BS confirmed with board members that the lack of a Reserves Policy and Reserves Strategy is a reputational risk and should be added to the NPCC Risk Register. JC confirmed that AAB meeting papers are circulated to PCCs.

**Action:** The NPCC will produce and circulate a Profile Paper for Reserves and develop a Reserves Policy and Reserves Strategy by the next meeting. The Reserves Policy and Reserves Strategy will be added to the Risk Register.

#### 4.4 NPCC Mid Term Financial Plan:

- IM outlined the NPCC Mid Term Financial Plan (MTFP) to board members. IM confirmed the MTFP will be amended throughout the year to reflect for example inflation changes and that these changes will be presented to the AAB. BS highlighted that finance will be a workshop agenda item and she is keen to look at mitigation planning as well. LP confirmed that regular refreshing of the MTFP would be required.

#### 4.5 NPCC Financial Improvement Plan:

- GS updated the AAB on the NPCC Financial Improvement Plan (FIP) and assured the AAB that it will be updated on a regular basis. 5 of the 21 items are recommended for closure and other work is ongoing including around financial training and financial recruitment.
- AAB members declined to close FIP-21 on the Medium Term Financial Plan and FIP-10 on budget delegation. In addition, members requested that FIP-03 on the Reserves Policy and FIP-04 on earmarked resources are progressed as a matter of some urgency given earlier board comments in this meeting.

#### 4.6 NPCC External Audit Paper:

- GS presented an NPCC paper on External Audit options including that of using DARA. LP felt once we get full financial reporting then an external audit would be good and could be included in the Annual Report, but DARA in the interim period could do some initial work on this.
- BS stated the Annual Workshop has both a finance and an audit element and a further discussion on an external audit could fit in these sections. The board agreed that as an interim measure they would be comfortable with using DARA to do this work for now.

**Action:** GS, DARA and the Met will progress the initial TOR for an external audit and the external audit roadmap can then be discussed at the AAB workshop.

#### 4.7 NPCC Priority Action Plan:

- AC updated the AAB on the NPCC Priority Action Plan and recommended that the last two outstanding central office resource arrangements and KPIs on operational work be closed. BS stated that the Skills Outcome work action cannot be closed yet given the previous meeting points raised on this.

#### 4.8 NPCC Quarterly Risk update:

- LM provided the NPCC Quarterly Risk update. Some of the risks contained in both the Corporate Risk Register and on the Risk Radar were discussed in some detail. In response to KB, LM confirmed that Operation Uplift relating to police recruitment targets will now be added to the NPCC Corporate Risk Register.

**Action:** LM will add a risk on Operation Uplift and police recruitment to the NPCC Corporate Risk Register.

**As the board became no longer quorate from this point forward, the remainder of the meeting items were presented for information only.**

## 5. Governance:

### 5.1 NPCC Strategic Plan and Delivery Plan:

- HH updated the AAB on a delay to the production of the NPCC Business plan due to the need to still get information from a small number of NPCC Committees. It was agreed that this item could be discussed further during the strategic planning section at the AAB workshop.

### 5.2 Review of the Section 22a Collaboration Agreement:

- It was not possible to discuss this item at the meeting due to a lack of time.

### 5.3 Exit from 10 Victoria Street:

- AC presented a paper relating to the future NPCC exit from 10 Victoria Street. Unfortunately the NPCC were not able to provide assurance on this item due to the lack of a business case which demonstrated all options.
- LP expressed concern that once again the AAB were not being presented with an appropriate options paper.

**Action:** LP will send AC a business case template in order that a business case that sets out the options for the office exit can be produced.

### 5.4 Health & Safety Compliance Paper:

- BS stated that as the board was no longer quorate, members should be emailed for comments on the paper so that it can be agreed.

**Action:** AC was asked to circulate the Health and Safety Compliance paper to members for their comment.

### 5.5 Chief Constables Council update:

- It was not possible to discuss this item at the end of the meeting on this occasion in the time available.

### 5.6 Performance Sub Committee – Annual Report:

- It was not possible to discuss this item at end of the meeting in the time available.

## 6. AOB:

**Actions:** GS will confirm workshop facilitators for the AAB workshop sessions with BS. BS will send ST the AAB effectiveness survey for circulation to board members so that they can be returned to ST for compilation in readiness for the Workshop. BS will also circulate the Workshop Agendas for circulation to board members.