

Audit and Assurance Board (AAB)

Minutes of the Meeting held on 6 September, 2022 via Microsoft Teams

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Attendance:

Barbara Scott (BS)	AAB Chair
John Campion (JC)	PCC West Mercia
Katy Bourne (KB)	PCC Sussex
Lizzie Peers (LP)	Independent Member
Janice Shardlow (JS)	Independent Member
Emma Thomas (ET)	Home Office
Martin Hewitt (MH)	NPCC Chair
Gareth Wilson (GW)	CPOSA Representative
Lindsey Heaphy (LH)	DARA Internal Audit
Louise Bailey (LB)	DARA Internal Audit
Sanjay Thakker (ST)	DARA Internal Audit
Gemma Stannard (GS)	NPCC Staff
Tracy Holyer (TH)	NPCC Staff
Hannah Hart (HH)	NPCC Staff
Angela Connolly (AC)	NPCC Staff
Paul Oliffe (PO)	NPCC Staff
Inderjit Malhi (IM)	NPCC Staff
Andy Begent (AB)	NPCC Staff
Lee Milton (LM)	NPCC Staff
Padraig Twomey (PT)	NPCC Staff
Claire Murray (CM)	NPCC Staff
Carolyn Graham (CGr)	APCC Head of Governance
Clare Gardner (CG)	NPCC Secretariat
Simon Talbot (ST)	AAB Secretary

Apologies:

Nicola Growcott (NG) NPCC Staff

1. Welcome, apologies and conflicts of interest

The Chair welcomed board members and colleagues to the meeting. Conflicts of interest were noted later in the meeting for the 3 Independent NED AAB members under the agenda item NED Remuneration Review.

2. Minutes and actions

21 The minutes of the AAB meeting on May 24th, 2022, were agreed and can now be published.

22 Members reviewed progress on actions within the NPCC action log. The following items were noted:

- On Action 50, BS reported that following a successful meeting reviewing agendas and executive summaries this item will now be monitored as business as usual. BS summarised the outcome of the review meeting, explaining that agenda order had been reviewed to ensure that the most pressing items were dealt with first, the AAB cycle of business had been adjusted to be more in line with the NPCC operational cycle and that agreement had been made that board papers would be sent to members 10 days in advance of AAB meetings moving forward.
- On Action 51, 2 PCCs will sit on the AAB going forward but the option of a third PCC will remain open.

- On Action 52, the NPCC are drafting an induction pack for all new board members which will be shared with BS. BS also stated that the APCC should introduce a specific induction for PCC members ensuring that PCC time commitments to the AAB are made clear. JC stated that this would also be effectively achieved by initiating internal conversations with current or previous PCC members.
- Actions relating to the NPCC review of its committees and links to resourcing will remain open.

Action: The AAB agreed to close all actions recommended for closure in the NPCC Action Log other than the actions members confirmed should be kept open in relation to the AAB induction pack and the NPCC review of its committees.

Action: DARA and GS to progress Terms of Reference for an internal audit review of financial transactions.

Action: The NPCC to share their draft AAB member induction plan with BS for comments.

- 23 AC updated members on the NPCC Priority Action Plan and recommended that following recent progress on final actions it was closed.

Action: The AAB agreed to close the NPCC Priority Action Plan.

3. Matters arising

- 31 There were no matters arising.

4. Finance:

41 Financial Assurance Letter

- PO referred the AAB to the Financial Assurance Letter provided in the meeting pack and reported that he had no issues of concern relating to the financial management of the NPCC. In response to member queries, PO confirmed that financial working arrangements between the MPS and the NPCC were going well. LP indicated it was helpful to have this explicit assurance for the first time but asked that the positive verbal assurances that PO had given in respect of the NPCC be included in the written executive summary in future. She asked whether there could be any further tailoring of the work next year to provide greater assurance over NPCC transactions within the Met systems.
- In addition, LB confirmed DARA would be undertaking explicit financial checks on the NPCC as part of its planned audit work and GS confirmed that the NPCC SLA with the MPS was reviewed at monthly MPS meetings. PO agreed that he would explore sampling and testing of some of the finances of the NPCC to provide further assurance.
- BS thanked both PO and the NPCC SLT for their work in this area.

Action: PO/GS will produce an executive summary for the assurance letter next year for the AAB setting out the risks and assurances for the NPCC arising from wider assurance work conducted at the Met.

4.2– 4.5 Scheme of Devolved Financial Management; NPCC Financial Instructions; Reserves Policy; and Reserves Policy

- The above items relating to the Scheme of Devolved Financial Management (4.2); NPCC Financial Instructions (4.3); the NPCC Reserves Policy (4.4); and the NPCC Reserves Strategy (4.5) were presented together by IM. IM reported that these papers were the result of liaison with LP following the last AAB meeting.
- LP raised several queries relating to these papers including ensuring that there is consistency of terminology e.g., the delegation table refers to limits applied to function leads but elsewhere refers to NPCC ‘accountable officers’ which IM agreed to address. ET raised a forecasting issue and asked that we move to profiled budgeting where possible and as soon as possible which IM also agreed to address.
- LP thanked IM for this suite of papers. LP asked a number of questions regarding the detail within these papers which included are members comfortable with NPCC delegation levels?; do we need differing controls around

risks such as expenses and overtime as these are more sensitive and a higher fraud risk and are there any other areas where we need limits?; to whom do monitoring reports go to and do we need to be clearer each time reporting is referenced?; and do we need additional information/controls and reporting on asset levels between £1k and Met £100k cited?

- GS thanked LP for her feedback. She responded that overtime was minimal other than a few members of the comms team; that the NPCC had hardly any assets but will take comments on board and change the language; and that the NPCC will look at asset levels further.
- LB highlighted that DARA are looking at commenting on delegation limits as part of their current work. LB also reported system controls are in place for expense authorisation and capitalisation of assets.
- LP queried the Race and Inclusion underspend in the Reserves Policy and IM replied this item will be presented properly at the next meeting. LP noted it would be helpful for AAB reporting for it to be clear which reserves are from nationally funded sources and which are PCC funded and the % of reserves held so that compliance with the agreed reserves policy can be monitored.

Action: IM/GS to address all of the queries and issues raised by AAB members on the finance papers the NPCC had submitted and to report back on the to the AAB.

- The AAB then debated the NPCC Reserves level presented in the submitted NPCC Reserves papers. KB asked that it was specifically noted in the minutes that she was not comfortable with the 5% being held in reserves. JS also thought 5% was also too high. MH felt it should not go any higher but in the current environment we should keep to 5% for example to cover the NPCC premises move. GS noted that 5% is not a target.
- JC asked that should be an escalation trigger for reporting where levels exceed a certain level? KB felt that the reserves level should be 4% not 5%. JS agreed it should be lower than 5% and felt this should be reviewed. LP noted that CIPFA and other guidance states that it is not appropriate to set a general set % for reserves as each organisation and business will face different risks and challenges. She indicated that management and not AAB members are closest to the business risks and so are best placed to assess the risks that reserves can help manage and should present these as risk assessments to the AAB. Previously a paper had been presented setting out a rationale for holding NPCC reserves up to 5%. It was agreed this needed to be kept under reviewed and refreshed. BS requested the NPCC present and report actual reserves as a % at the next AAB meeting and all future AAB meetings so that board members can see this information regularly at any time. This would allow debate over the levels of reserves held and opportunities to scrutinise the rationale for each.

Action: NPCC to present and report details of NPCC reserves as a % that reflects actual reserves at the next quarterly AAB November meeting, following which there will be further discussion on this item.

42 NPCC Financial Statement Q1

- PT presented the NPCC Quarter 1 financial statement for this financial year. Following a request for clarification by LP and KB, PT agreed to present funding streams by funder; check with the GPA on the accuracy of their forecasts; and make a straight-line profile available for more mature budgets.
- LP asked that of the £19m reported as a top-level financial envelope managed/held/overseen by NCPP, that this be shown clearly split by source of funding, e.g., what was HO funded, HO Grant funded, a pass-through hosted cost line or PCC funded. She also flagged the high % of budget spent on staffing and the need to have greater visibility over value for money and linkages between business delivery and resources applied to deliver this. LP noted the flagged risk of no future grant agreement from the Home Office and asked about this. KB asked is there a trigger point to flag any larger finance bids to the AAB? ET also highlighted the importance of sound budget profiling.
- GS sought to reassure the AAB that the NPCC have monthly meetings with the Home Office on progress relating to the grant agreement progress; are doing further work on governance relating to grant management and reporting; are progressing 2 further Finance Support Officer posts for transactional work; and are monitoring and tracking vfm of pay versus outcomes. MH asked for ET's support around grant agreements.

Action: PT/GS to address all of the queries and issues raised by AAB members on the financial statement the NPCC had submitted and to report back on the to the AAB.

43 Financial Improvement Plan (FIP) Update

- GS updated the AAB on progress on items in the NPCC FIP and proposed that items relating to the Scheme of Delegation, financial instructions, the Reserves Policy and the Reserves Strategy are now managed as business as usual. FIP Action 21 on the 3-Year Financial Plan given this will be addressed by regular financial reporting and delivery against the Strategic Plan in the NPCC Annual Report was also recommended for closure.

Action: The AAB agreed to close the actions recommended for closure in the NPCC FIP as these actions can now be monitored by the AAB as business as usual.

5. Audit:

51 DARA Internal Audit Update

- LB updated members on the key areas within the proposed 2022/2023 audit plan. LB reported that final work auditing risk management advisory work and finance work including financial transaction testing is now being completed. A draft finance review report should be available for the AAB shortly and the NPCC ICT review is progressing well. Findings of all these reviews will be shared with the AAB at the November meeting.
- In response to a query from LP, LB confirmed that previous finance management actions went into the PAP and FIP so there is nothing outstanding from previous audits. GS reported that the NPCC will be undertaking an evaluation of their Comms Strategy but thought it would be good to get a wider review on Comms within the 2022/2023 audit plan too.

52 DARA Recommendations Tracking Update

- AC then reminded the AAB of the 2 actions outstanding for the SL review – finance and commercial support which is being worked through with the NPCC business partner in the MPS and performance metrics.
- BS asked about progress on the NPCC estates move? GS replied that she will be looking at this on Thursday and an exceptional meeting with BS and board members may be required on this.
- TH reported that recommendations from the recent DARA Audit had been built them into the Organisational Development Team and Change and Improvement Board. Final actions on this will be completed in Quarter 2.

Action: ST to survey members regarding availability for an extraordinary meeting to review estates move.

6. Risk:

61 NPCC Quarterly Risk Update

- LM presented the NPCC Quarterly Risk update to members. Progress on 3 historic risks relating to data controllership, the Risk Management Framework, and financial management were discussed. LM and AB had also recently reviewed the NPCC Data Protection Plan for risks.
- JS was very concerned about the hesitancy of language used on data controllership and emphasised that the urgency on this issue was recognised by the NPCC.

62 Data Protection Update

- AB updated members on progress relating to data protection. This work will be going to a Regional Chiefs meeting at the end of October and then come back to the AAB.
- AB had also undertaken a thorough review of the Data Protection Bill. BS thanked AB for his work on this.

7. Strategic Hub:

71 End of Pathfinder Year

- TH outlined the end of the Pathfinder Year report which highlighted the success of the Strategic Hub. The recommendations from the review on this had been taken into the Hub Delivery Plan. JC requested that the

narrative articulate success from a public focus.

72 Home Office Grant Governance Reporting

- TH updated members on recent reporting to the Home Office for grant governance purposes.

73 Hub Delivery Plan

- TH outlined the Delivery Plan for the Strategic Hub, including its key deliverables, which links into the NPCC Strategy and Business Plan and the NPCC Risk Management Framework. In response to JC, MH confirmed there are committee leads on all of the main issues and emphasised the UK role.

74 Governance Landscape

- TH presented an updated schematic to reflect recent changes to the governance landscape including the Change and Improvement Board which oversees improvements to the hub. JC asked what controls/drives these thematic boards? GS replied that a monthly Hub SLT meeting oversees this work and every fourth meeting has a thematic focus such as on People or ICT. MH reassured KB on the process for what is agreed at Regional Meetings and what are substantive items at Chiefs' Council.

75 NPCC Strategy, Business Plan and Reporting

- LM outlined 3 key points on this item relating to the NPCC business planning approach, tracking progress against delivery throughout the organisation, and reporting progress through a digestible dashboard approach, including confidence ratings and critical actions, which will be presented to the AAB every quarter. A working example of this dashboard will be presented to the November AAB meeting.
- GS added this dashboard will give a breakdown of progress and vfm investment against committee areas and the strategic hub which can then go into an Annual Report. LM commented this is currently progress reporting but it will move to performance reporting with KPIs and taking stock of the number of delivery objectives will be important in objective setting next year.
- BS was very impressed with this work and thanked everyone who has been involved. LP agreed whilst noting this is still a work in progress.

76 Annual Media and Communications Statement

- GS updated members on NPCC Comms Strategy work which included the Comms SLA being agreed by the Chiefs' Council; work with the Home Office, the College of Policing and the APCC; and development of the new NPCC website. GS highlighted 2 comms risks on Home Office funding and funding the Police Race Action Plan.

8. Updates:

81 Review Section 22a

- GS reported that NPCC work on the review of the Section 22a is ongoing with a number of lead colleagues, the APCC and the APACE. GS reassured BS that the AAB will see a draft of the Section 22a at the AAB before it goes to Chiefs' Council and PCCs.

82 NED Remuneration Review

- BS noted conflicts of Interest for the 3 Independent AAB members for this item.
- The AAB will meet to discuss remuneration.

Action: JC proposed and KB seconded this proposal and the AAB agreed with this proposal.

Action: The AAB will meet to discuss NED remuneration in due course.

83 NED Recruitment

- AC reported that the application is ongoing for LP's role and if AAB members have any questions on this matter, please could they go to her. All applications will be sent to all AAB members for comment. There will then be a shortlisting process. Shortlisted candidates will then meet the board. There will then be a formal interview panel of BS, JC and an Independent Member.

84 Regulatory Code of Conduct Compliance Letters of Assurance

- AC presented the Regulatory Code of Conduct Compliance Letters of Assurance FI for AAB members.

85 Chief Constables' Council Update

- MH reported that the most recent Chief Constables' Council meeting discussed a number of topical issues including IT, the ESMCP and policing protests. MH also outlined the timeline for appointing his successor.

9. Any other business:

91 BS and all of the AAB members then thanked LP for all her work and valuable contribution to the work of the AAB over her tenure on the AAB.

92 BS asked MH to check with Cathy Willis on the next one to one meeting with MH. BS confirmed she has also spoken to the Head of Performance Sub Board about the NPCC Chair recruitment process and that this timetable had previously been circulated to board members.