

Minutes of the Audit and Assurance Board (AAB)

Minutes of the meeting held on 27 September 2017 at 10 Victoria Street

Security classification: Official
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Force/organisation: NPCC
Date created: 23 October 2017

ATTENDANCE

Present

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| Barbara Scott (Acting Chair) | Independent |
| Chief Constable Sara Thornton | NPCC Chair |
| PCC Matthew Ellis | APCC |
| Richard Hornby | Home Office |
| Assistant Commissioner | Patricia Gallan (representing CC Mark Polin – CPOSA) |
| Supt. Richard Cooper | NPCC Chief of Staff |
| Nicole Higgins | NPCC Strategic Planning & Risk Manager |
| Richard Hampson | NPCC Business Officer |

Present by phone:

| | |
|---------------------------|------|
| PCC Martyn Underhill | APCC |
| Commissioner Alun Michael | APCC |

Apologies:

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| Lizzie Peers | Independent |
| Deep Sagar | Independent Chair |

1. WELCOME, INTRODUCTIONS AND CONFLICTS OF INTERESTS

1.1. The Chair welcomed attendees to the meeting. Assistant Commissioner Patricia Gallan attended the meeting to represent CC Mark Polin. Lizzie Peers and Deep Sagar's apologies were noted.

1.2. The Chair suggested she leave the meeting for a short period to allow the group to discuss item 3.3 on the agenda (Agreement of the Interim Chair Arrangements) and that Ms Higgins would chair that item. No other conflicts of interests were declared.

1.3. Mr Hampson would record the meeting to help with writing the minutes and the group confirmed they had no objections to this.



2. MINUTES AND ACTIONS FROM THE MAY 2017 MEETING

2.1. The minutes were approved as an accurate record of the meeting.

2.2. The minutes of the extraordinary meeting held on 29 August 2017 were approved as an accurate record of the meeting.

2.3. The Action log was reviewed with the following updates provided:

- (Item 5.2 – NPCC Delivery Plan 2017/18) – An update will be provided in item 6.2 on the agenda for Q1 and Ms Peers will work with Nicole Higgins on measuring benefit from the delivery plan – Action carried forward to next meeting.
- (Item 8.1 – ACPO Liability to NPCC) – CC Thornton informed the board that CC Peter Vaughan took advice on passing ACPO's liability to the NPCC. NPCC is awaiting clarity from the Metropolitan Police Service (MPS) lawyers that they are content with this position. The Chair agreed to carry the action forward to the November meeting for further discussion once outstanding issues had been resolved.

3. MATTERS ARISING

3.1. S22A COLLABORATION AGREEMENT

3.1.1. CC Thornton reported that since the last meeting the changes to the AAB Terms of Reference had been sent to legal counsel for including in the revised agreement and to ensure consistency with the main terms of the agreement. Once complete it will be circulated to all Police and Crime Commissioners (PCCs) and Chief Constables for signature.

3.1.2. A member commented on the relationship between the NPCC and College of Policing within the agreement. He raised questions about the College's accountability. The Board noted the appointment of a new chief executive could provide an opportunity to review this collectively. The Board recognised its role as providing scrutiny over the governance of arrangements between the NPCC and the College as set out in the Protocol.

3.2. TERMS OF REFERENCE/AGENDA PLAN

3.2.1. A revised version of the Terms of Reference was tabled with responsibilities listed under three headings, (1) Finance, Audit and Risk, (2) Legal and Governance, (3) Review and Monitor.

3.2.2. Mr Michael drew attention an email he submitted prior to the Board. In clauses 4.2.5 & 4.2.8 where the AAB Chair's opinion is a requirement, he suggested that, in principle, it should be the view of the Board not just the Chair. The Board agreed. In 4.2.8 he queried the statement that members sit "not as representatives". The Board agreed this was incorrect and it was stressed that members "are representatives" of their bodies and it was agreed this statement would be removed.

Action: Ms Higgins make amendments to Clauses 4.25 and 4.28 as agreed of the s22A Agreement, Schedule 2.

3.2.3. The agenda plan was presented providing an overview of the business of the Board over an annual cycle and highlighting key milestones throughout the year. This included a planned

away day in June 2018. The dates for the away day have been circulated in the past week but need confirming.

Action: Ms Higgins to circulate agenda plan to members not in the room.

Action: Ms Higgins to work with Cathy Willis to ensure dates suggested do not conflict with any APCC meetings and consider scheduling on adjacent days.

3.3. AGREEMENT ON INTERIM CHAIR ARRANGEMENTS

3.4. The acting chair withdrew from the meeting to allow the board members to discuss this item.

3.4.1. The options were discussed and the Board were presented with the opinion of the vice chairs that a shared arrangement would not be the best solution. They proposed Barbara Scott act as chair until the end of December 2017.

3.4.2. The Board agreed that Barbara Scott would continue as acting chair until the November Board meeting when a vote to appoint the new Chair would take place. They would become Chair Elect until the position becomes effective on 1 January 2018.

3.5. NPCC SERVICE CHARGE

3.5.1. Ms Higgins referred to the previous action where the board sought clarity on the breakdown of the service charge the NPCC pays to the MPS as the host force. The group discussed how the amount of £46k had been spilt and the board were satisfied with the report provided.

3.5.2. The board noted the update.

4. FINANCE, AUDIT AND RISK

4.1. ACCOUNTS/FINANCIAL

4.1.1. QUARTERLEY FINANCIAL STATEMENT

CC Thornton provided an overview of the NPCC forecast outturn for 2017/18 and confirmed the NPCC is forecasting an underspend of 2%, due to vacancies carried forward from Q1. There is a £14k remaining in reserves.

The Board were informed that there would be £80k transferred from ACPO once voluntary insolvency was completed and the risk associated with receiving this amount would be reviewed and a future update sent to the board.

4.1.2. ANNUAL STATEMENT OF ACCOUNTS

The paper highlighted final income and expenditure statements for cost centres overseen by the NPCC central office for 2016/17. CC Thornton reported the accounts showing an underspend of £40k at the end of 2016/17 and that this amount would be carried forward to provide for contingency for 2017/18.

The board discussed points 2.4 & 2.5 for Q4 income and expenditure. The group highlighted an error in point 2.6 & 2.1. Ms Higgins noted the error as a transcribing issue.

Action: Ms Higgins to update the annual statement of accounts paper to reflect the suggested adjustments and re-circulate to the board after the meeting.

The income and expenditure of Chief Constables' Council and other national events is managed under a separate cost centre within the MPS under the budgetary control of the NPCC. This allows management information to determine the correct costing models.

4.2. AUDIT – QUARTERLY PROGRESS

4.2.1. The board reviewed progress towards completing the agreed Internal Audit actions from 2016/17.

4.2.2. The NPCC held a progress review meeting with DARA on the 14 July and current deadlines were revised to accommodate the 2017/18 audit plan (in related to the management of risk). The Board had subsequently commissioned the 2017/18 audit to focus on risk and Ms Higgins is working with the MPS risk team to consider alternative approaches.

4.2.3. Ms Higgins noted that the internal auditors had acknowledged progress and would attend the November Board meeting to present their findings.

4.2.4. The external audit has been delayed due to unforeseen circumstances and audit team felt they would be rushed and have sent their apologies to the board. They will report to the Board on their findings at the AAB meeting in November.

Action: Ms Higgins to circulate the external audit report to the Board.

- Appendix 1 stated the annual report is sent to CCC and “individual” PCCs. It was suggested the text should be changed to reflect the annual report being sent to CCC and “the general meeting of the Association of Police and Crime Commissioners (APCC)” instead.

Action: Ms Higgins to make the amendments to appendix 1.

4.2.5. The board agreed to review the annual report at the next meeting. It was suggested that this should be used to highlight the work of the Board and the progress that has been made on the transition from ACPO. It should be circulated more widely and consideration should be given to circulating it to Parliament.

4.3. RISK MANAGEMENT AND INTERNAL CONTROLS

4.3.1. CC Thornton provided the following updates from the risk register:

- (High Level Risk) – Undercover Policing Enquiry: Whilst the likelihood of not adopting an appropriate role and damaging the NPCC reputation are low if not managed, the impact would be high. CC Thornton stressed the need to differentiate the NPCC interests from those of the MPS, Operation Herne and other forces and she would keep reviewing the capacity requirement and cost associated to this.
- (Medium Risk) – Police Scotland. The risk has been reduced; impact is lower as savings have been identified elsewhere allowing the current budget to be set without a contribution. MPS

legal services are progressing this matter further. An update will be brought back to the AAB November Board meeting.

- Ms Higgins confirmed that the 2015/16 contribution for Scotland had been written off and would confirm to the Board whether the 2016/07 contribution was invoiced and therefore an outstanding debt. In which case the accounts would be amended to reflect this. Ms Higgins confirmed that no invoice had been raised for 2017/18 since the budget had been set without a contribution.

Action: Ms Higgins to show Police Scotland as a debtor if required and show any other debtors and liabilities in the annual statement of accounts.

- (Medium Risk) – Independent Inquiry into Child Sexual Abuse - CC Thornton confirmed the risk level remains unchanged and the NPCC continues to engage with Operation Hydrant with ongoing discussions around core participant status.
- (Medium Risk) – Judicial Review of Recruitment Decision by South Wales Police – The judgement will be given in the next month but is likely to focus on the Government’s approach to disclosure rather than the NPCC approach to retention. The NPCC leads responsible have provided evidence in defence of the case and both policies are under review. A new vetting policy will be laid before Parliament during October.

A discussion focused on the NPCC liability since the College is responsible for setting the standards. Clarity was sought on both organisations’ governance responsibilities.

Action: Ms Higgins to circulate a copy of the signed protocol between the NPCC and College of Policing to the Board for review.

- (Low Risk) – Continued accommodation at 10 Victoria Street – Rent is still under review however negotiation on renewing the MOTO indicate this is likely to be no higher than 3.3% for the next 5 years. Risk reduced likelihood and impact to very low.

5. GOVERNANCE AND LEGAL

- 5.1.1. The Board noted the Performance Sub Committee report relating to the performance of the NPCC Chair for the period from April 2016 to March 2017.
- 5.1.2. The Chair queried if the personal objectives agreed by the Performance Sub-Committee have been published externally and internally. CC Thornton informed the board since these were personal objectives they had not been published but was happy to circulate them to the board. This was not required.

6. REVIEW AND MONITOR

6.1. CHIEF CONSTABLES’ COUNCIL (CCC) AGENDA JULY

- 6.1.1. The following highlights from CCC were discussed:

- CCC received presentations from Chief Richard Smith from the International Association of Chiefs of Police and the Cyprus Police Chief Zacharias Chrysostomou on their challenges.

- The majority of regional papers submitted were supported with the exception of the following papers which required further work:
 - Stop and Search – A further paper will be developed to address concerns.
 - National Volunteer Cadets - A further paper will address the potential transfer of responsibility to a NVP cadets charity and outline the funding requirements from forces.
 - Wellbeing support for policing – more detailed and pro-rata costing requested.
- Counter Terrorism - An overview was provided with an update on the current threat and nature of terrorist activity and the impact on UK policing.
- PEQF – The College and Workforce Coordination Committee agreed to create a plan for transition to PEQF for the October 2017 Council meeting. The Board raised concerns over the implementation plan and level of consultation and considered whether the Board should write to the College Board expressing their concerns.

Action: 6.1.1. CC Thornton to consider draft wording for a letter to the College for the Chair

- Personal Resilience Surveys – CC Thornton highlighted concerns amongst chiefs for health and wellbeing of officers. Representatives from the Superintendents Association and the Police Federation presented results of their resilience surveys. These highlighted the stress within the system created by increased demand with reduced numbers and looked at the relationship between demand and capacity and the subsequent impact on officer welfare.
- United Kingdom Protected Person Service – Chiefs supported the option for a national service to be managed by the National Crime Agency (NCA) which compliments the Regional Organised Crime Unit (ROCU) structure.
- Emergency Service Mobile Communication Programme (ESMCP) – CC Thornton summarised progress towards a national solution.

6.1.2. The Board noted the update in the paper.

6.2. NPCC DELIVERY PLAN – Q1

- 6.2.1. The board discussed the development of the NPCC 2017/18 Delivery Plan and scrutinise the level of detail on the objectives agreed at the April CCC meeting.
- 6.2.2. Ms Higgins reported the majority of objectives have been expanded to demonstrate clearly defined outcomes with indicators/measure of successful delivery. Further development of the plan and a report of the progress would presented in the Q2 update. Members noted the clear relationship between the Delivery Plan and the outcomes of the Policing Vision 2025.

6.3. REPORT FROM THE COORDINATION COMMITTEES

- 6.3.1. Ms Higgins summarised the finding of the report. This included a review of the coordination committee response to the Basic Requirements agreed by their leads and provided further detail on the work of three committees selected at the last meeting of the Board - Crime Operations, Equality, Diversity and Human Rights (EDHR) and Local Policing.

6.3.2. The Board felt that the matrix reporting on compliance to the Basic Requirements provided assurance that the committees were complying with their responsibilities but some members felt that a 'deeper dive' was required to understand the quality of the submissions.

6.3.3. The Board were happy, at a basic level, with the level of content provided by the report on the three committees and felt it had identified better understanding of their work. The differing level of maturity in terms of transformation was noted. The non-executive members (NEMS) will be meeting with a number of the coordination committees further scrutinise and providing assurance.

6.3.4. The Chair thanked Ms Higgins and Mr Hampson for their work in collating the detail and associated document required in table 1 of the report.

Action: Ms Higgins to meet with NEMS to plan 'deep dive' activity, and to assess further requirements on reporting, assurance, and risk management.

Action: The coordination committee documents collation in table 1 to be kept up to date and tabled as a standing agenda item for each AAB meeting going forward.

7. REVIEW OF DRAFT AGENDA FOR THE NEXT MEETING

7.1. It was agreed to maintain the agenda as planned. The November meeting would focus on Audit and therefore Finance and Audit should remain at the beginning. It was felt this could be resolved by better time management of the meeting and that during agenda planning, the key issues would be placed at the start of the agenda.

8. ANY OTHER BUSINESS

8.1. RECRUITMENT OF THE NEW INDEPENDENT MEMBER

Action: Ms Higgins to e-mail three PCCs on the board with possible interview dates.

Action: Ms Higgins to request Alison Phillips to sit as an independent on the NEM recruitment panel.

Action: AC Gallan to be added to the Board distribution list for future meetings.

DATE OF NEXT MEETING

The next meeting will take place on 8 November 2017 in the NPoCC Conference Room, 2nd Floor, 10 Victoria Street, London SW1H 0NN.

END OF MEETING