

Draft V02

Item 1

MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) POLICE & CRIME MEETING held on Wednesday 24 July 2019

Present:

ETAP members	Officers
Bob Simpson - (BS) Chair	Glynn Dixon - SCO Chief Executive (GD)
Alan Edwards (AE)	David Greensmith - SCO Director of Finance (DG)
Craig Brown (CB)	Jean Cass - SCO Governance Lead (JC)
David Davies (DD)	John Bloomer - Force Chief Finance Officer (JBL)
Emma Christmas (EC)	Jasraj Purewal - Force Chief Accountant (JP)
Jane Hackett (JH)	Kirsten Courtney - Head of Finance Business Partnering (KC)
Jane King (JK)	Deb Wilne - Force Planning and Policy Manager
John Wheatley (JW)	
Sue Finney (SF)	Also in attendance:
Sue Westacott (SW)	Hassan Rohimun - EY Executive Direction (HR)
Tony Wilmot (TW)	Kim Smith - RSM Audit Manager (KS)

Observer

Sam De Vere – SCO Communications Team

1. (i) Declaration of interests and apologies.

Declarations of Interest - No Declarations of Interest were received.

Apologies ETAP member Alan McEntire (AM), Claire Cowley (CC), Victoria Farrar SCO Head of Governance and Assurance, Gareth Morgan Chief Constable (GM), Justine Kenny Force Director of People and Resources (JK) and Jason Burgess EY Audit Manager (JB).

Minutes & actions of the meeting held on the 29 May 2019

Minutes of Previous Meeting

AGREED - That the minutes of the meeting held on the 29 May 2019 to be confirmed as an accurate and true record.

Actions

Updates to actions from previous meetings

- Item 1 query on seizure of cash amount over £10k September - carried forward
- Item 2 follow up briefing on Cash Seizures - carried forward
- Item 3 meeting held 4 July - completed
- Item 4 meeting with DW held 19 July - completed
- Item 5 2018/19 audit now finished - completed

Any updates from last meeting

Members held a pre-meeting today, 9.30 - 10.00 and meeting with HR from External Auditors EY held 10.00 - 10.30.

2. Deputy Chairs feedback

i. Chair of the Finance Panel - Alan Edwards (AE)

AE advised that the Finance Panel had met twice since the last ETAP public meeting.

Key areas of discussion included Monthly Financial Monitoring, Police office numbers, Risk Management, ICT system upgrades and Group Commercial Strategy.

AE advised that in this new financial year, financial results up to period 3, showed a good position with a strong cash position and a slightly lower amount of loan borrowings.

AE the panel welcomed the copy of a briefing that was presented to the Police, Crime and Fire Panel meeting in July. The briefing showed increasing numbers of officers in the Target Operating Model from 1549 in April 2017 to 1631 in April 2020.

AE advised that the panel received a copy of a report on Risk Management prepared by EC. The report contained a number of recommendations which have been welcomed by executives to improve the consideration of risks at a Strategic level.

Q: TW, any idea if the outturn will be as positive once the vacancies are filled?

A: JB, we are under establishment on Police Staff number, but the recruitment is 'baked in' within the forecast figures.

BS thanked AE for his report.

ii. Deputy Chair of Thematic Reviews - David Davies

DD confirmed that the three new topics for review are Local Partnership, Fire Protect Programme and Commissioning and gave progress against each of these areas. DD also advised that of the remaining topics proposed by the Force, 'Children in Custody and 'Missing Persons' will commence once progress is seen in the three new topics.

DD also advised that ETAP are going to undertake a 'Subject Review later in the year. This review will focus on the Force's cleansing of data records.

A full list of all published ETAP thematic reviews can be found at <https://staffordshire-pfcc.gov.uk/volunteer/ethics/#etap-thematics>

BS thanked for DD for his report and the Force for their suggestions of future topics for thematic reviews.

3. Police, Fire and Crime Panel - (PFCP)

SF attended the last PFCP meeting on the 15 July.

SF confirmed that items on the agenda included reports;

- Police Officer establishment numbers;
- Commissioner's Annual Report for 2018/19;
- Updates on IT project including the Boeing contract;
- Delivery of the NICHE Programme;
- Draft copy of the Fire and Rescue Plan for 2019/20;
- Progress against the Fire and Rescue Corporate Safety Plan 2020/2023.

BA thanked SF for her update.

4. Force Expenses, Gifts and Hospitality Report 2018/19

JBL presented this Bi-annual report which included spends against the Force credit card, expenses paid through payroll, travel and accommodation costs and register of hospitality accepted or declined.

JBL confirmed that the Force's credit card is limited on its distribution through the Force and is used for exception items including Road Fund Licenses.

Q: DD, what are items are included in 'Default Purchases' expenses under item 1.2 Credit Card payments?

A: JBL, I will provide details of these items.

ACTION: JBL to provide details on the items included in item 1.2 'Default Purchases'

Q: SF, Are there guide lines on the timelines on the payment of expenses?

A: JBL, Yes there are guidelines; staff are expected to submit their expense claims in a timely fashion.

Q: SF, Are these guidelines what hospitality items can be accepted or should be declined?

A: NB, officers need to apply their professional judgment in cases of hospitality on a case by case basis.

CB commented on the levels of claims for Hotels and meals.

ACTION: JBL to share a copy of the Subsistence Policy with ETAP members

Q: SW, Is Boeing aware of the register of hospitality items?

A: NB, Yes Boeing are aware of the register and the need to log items accepted or declined. NB added that items will declined that are not in the interest of Staffordshire area.

Q: TW, Are officers who attend events paid for their attendance?

A: NB, the Executive Team as 'Crown employees' are expected to work around these engagements.

Q: CB, the details given on the register in some cases are vague, are there details that lie beneath this?

A: NB, Yes, the full details are contained within the records held in the office.

Q: SF, does the Force get an exemption on credit card fees when purchasing Road Fund Licenses online?

ACTION: JBL to investigate if there is an exemption on credit card fees for Road Fund Licenses purchase by the Force

5. SCO Expenses, Gifts and Hospitality Report 2018/19

DG presented this report which he advised is in a similar format to the Force's report. The Commissioner's report also includes additional costs for Independent Custody Visitors, ETAP and Misconduct Panels.

Q: CB asked about the spends on pages 5, 6, 7, how do these compare with previous years?

A: DG, we will provide comparisons in future reports.

ACTION: DG to provide comparisons with the previous year in future reports

A: SF, Is there a policy on how quickly expenses are claimed and is there a policy on what is individuals accept or decline invitations.

A: GD, as with all human resources items, we treat ourselves as 'policy staff' and therefore staff are subject to Police policies.

Q: DD: on the Forces report there are values against the items in the Hospitality Register, can the same information be provided please for the Commissioner's report?

ACTION: DG to provide values on the Commissioner's Office's Hospitality Register.

6.

- i. Final Statutory Accounts 2018/19**
- ii. Final Annual Governance Statements (AGS)**

JBL introduced the final statutory accounts for 2018/19.

JBL advised that there have been less resources in the team to produce the accounts and added his thanks to JP for his work on the accounts noting that improvements had been made on this year's submission.

The main change on the accounts, since the submission of the draft statement made in May 2019, has been as a result of the pension ruling in the 'McCloud' judgement case. This case

related to pensions and the Government Actuary Department (GAD) issuing guidance following their appeal which was denied.

JBL also advised of changes in relation to the treatment of business rates and a small discrepancy in relation to the floor area used in valuations, a correction will be made in next year's accounts.

TW commented there should be praise given to the Force on their high visibility within Staffordshire (as shown in the graph on page 8 in the accounts)

AE acknowledged these accounts have been seen and scrutinised in draft form before by the Finance Panel. He added that the narrative to the statements is well written and is easy to follow.

BS added he has a lot of confidence from receiving the Accounts and the Annual Governance Statements (AGS) in draft and final stages in advance of the meeting.

DW noted that she has submitted an amended version of the Force's AGS and this is now ready for publication.

AE confirmed that the SCO's AGS had been scrutinised during the Finance Panel meetings.

BS, on behalf of ET, paid his thanks to the SCO and the Force on the accounts and the AGS's are well written documents and are in an easy format to read and understand

ACTION: DW to circulate to ETAP members a link to the Force's Management Statement

AGREED: ETAP members agreed their approval for the sign off of the Group Statement of Accounts and the Chief Constable Statement of accounts for the year ending 31 March 2019

7. Internal Audit - RSM

- i. Progress report - Audit Plan 2019/20**
- ii. Sector Briefing**

KS presented the progress paper. RSM are currently on track with the 2019/20 plan and making progress with the planning of audits in Contract Management and Procurement. There is one element of change in the plan; the Capital Receipts and Assessment Audit has been deferred with the audit in Contract Management being brought forward at the request of management.

RSM has also circulated for meeting a copy of the sector briefing for information.

BS thanked KS for her presentation and also for the progress made by RSM on the audits.

8. External Audit - EY

- i. IS260**

HR introduced the IS260, this is the results of EY's 2019/20 audit for the Staffordshire Commissioner and also the Chief Constable for Staffordshire and talked through each section of their findings.

Section 1

The Executive summary outlines the materiality planning assessment. There is an extension to the scope of their work; this now included the Local Government Pension Scheme in light of the McCloud case.

There were a number of areas outstanding at the time the report was written. HR confirmed that EY have now finished the work on receivables; the confirmation letters that were outstanding, the officer remunerations and the work on the movements on of reserves are now complete.

Within the Exec summary, HR confirmed that there are now no areas of unadjusted however they are now looking at the impact in the changes in floor area.

Overall, subject to completion of their work EY, HR anticipates giving an unqualified opinion on the accounts and Value for Money statements.

Section 2

Fraud and Recognition and Pension Liability - there are no areas to bring to member's attention.

Police Pension scheme - We are still awaiting an update relating to the McCloud ruling from EY's pension specialist.

Value of Property, Plant and Equipment - There was one area of operational asset was identified as a surplus, a correction has now been made and we are outstanding the impact of floor area discrepancy.

IFRS15 Revenue and contracts – highlights areas of new accounting standards, we are yet to conclude in this area but based on the work undertaken to date so far we are satisfied.

Q: BS, reference the timetable of outstanding items, when do you anticipate these will be complete?

A: HR, if they are not, I will communicate this to the Chair of ETAP; I am anticipating these being completed within the next week.

Q: AE, what is the logic behind reviewing the work of the Government's Actuaries?

A: HR, as an accountant, I need assurance in relationship to the work of another actuary. Where there are risk factors, we need to gain assurance from our own actuary. In relation to the GAD ruling, our actuaries have had questions and we need assurance that the assumptions are within normal. This is not specifically for Staffordshire Force but for all police forces.

Section 3

Summaries the opinion that EY are intending to give; this is subject to outstanding work.

Section 4

Outlines the audit differences already highlighted by JBL and may be subject to other unadjusted errors.

Section 5

Summaries the Value for Money conclusion and responsibilities; informed decision making, sustainable resource deployment and working with partners and other third parties. At the planning stage, areas highlighted included, securing financial resilience, financial reporting arrangements, and the governance arrangements regarding the PCC now having responsibility for both Police and Fire.

In respect of the financial resilience we are satisfied with the arrangements that are in place and there will be significant challenges going forward. Improvements have been seen in the financial reporting arrangements. In respect of the governance arrangements we are satisfied that there are no issues with the arrangements in relation to the risks originally identified.

AE commented that it was welcome to see an unqualified report in Value for Money. It worth noting the fund gaps in financial funding from 2020/21 onwards and this is an area the Finance Panel will be focusing on.

BS commented that in previous year's additional work was needed for the Value for Money Statement, this year I believe arrangements were a lot smoother. HR noted that they have seen an improvement in the quality of working papers this year.

Section 6

We highlight other reporting responsibilities including consistencies in the AGS. The AGS is consistent with our knowledge and we consider completing this without using any other of our statutory audit powers.

Section 8

Assessment of control environment, this relates to the assessment of control environments; we did not audit internal controls.

Two issues are brought to your attention, journal controls and management review of work performed by external specialists.

JBL confirmed that journals controls are in place with KC carrying out the dip sampling of journals on a monthly basis.

Section 9

This section highlights the analytic data that enables EY to capture entire populations of the financial data and how these are used.

Section 10

HR advised amendments to EY's fees; due to the changes in the scope of work, there will be increases to the Final Fees for 2018/19.

HR advised two errors in the fee, the Scale Fee should read 2018/19 not 2017/18 and the planned fee for 2018/19 should read £24,434, not £23,434.

Appendices these outline how EY have met compiled with the accounting responsibilities a as part of their terms of engagement.

Q: CB, what opportunities and channels are there for members of the public to comment on the accounts?

A: HR, Management would have highlighted that the accounts are available for inspection and there would have been a notice published on the website to this effect.

9. AOB

DD advised of point of amendment on the Group accounts – page 1, date to read 1st August 2019 and not 2018.

Q: AE, what can we anticipated changes and what is the impact of the pay award.

A: NB, The big thing for policing, we have a sense that the law and enforcement will get more cash. With a new Home Secretary and new Policing Minister, we will have to wait and see.

BS added his thanks to DG, JB and HR for a clean set of accounts, one week ahead of the schedule.

Date and time of next meeting Wednesday 23 October at 10.30am