

**NORTH YORKSHIRE POLICE AND CRIME COMMISSIONER AND NORTH YORKSHIRE POLICE
JOINT INDEPENDENT AUDIT COMMITTEE**

Minutes of the meeting held at Headquarters North Yorkshire Police, Newby Wiske Hall DL7 9HA at 1pm on Monday 14 December 2015.

PRESENT:-

In the Chair: David Portlock (DP)

Members: Steven Hawksworth (SH)

Officers: Deputy Chief Constable Tim Madgwick (TM); Police and Crime Commissioner Julia Mulligan (JM); Commissioner's Chief Executive Officer Joanna Carter (JC); Chief Constable's Chief Finance Officer and Chief Accountant Jane Palmer (JP); Risk and Assurance Manager Donald Stone (DS); Commissioner's Chief Finance Officer Michael Porter (MP); External Audit Engagement Lead and Director (Mazars) Cameron Waddell (CW); External Audit Engagement Senior Manager (Mazars) Gareth Roberts (GR); Dan Harris, Head of Internal Audit (RSM) (DH); Lindsay Straughton, Internal Audit (RSM) (LS); Outgoing Head of Internal Audit Neil Rickwood (NR)

Minute taker: Commissioner's Administration and Volunteer Officer Chris Tapster (CT)

202. **Introductions and Apologies**

Apologies had been received from Chief Constable Dave Jones, and Howard Cutler (member of Audit Committee). Chief Constable Dave Jones was represented by Deputy Chief Constable Tim Madgwick. As the Committee was not quorate with one member missing no decisions could be taken at this meeting.

203. **Declarations of Interest**

The Chair advised the meeting that his wife is an employee of RSM, who are now the internal auditors.

204. **Minutes of the meeting held on 21 September 2015**

There were no matters to be discussed from the minutes of the previous meeting. They were approved for publication.

205. **Matters Arising**

It was agreed that the Committee Terms of Reference and performance should be addressed at the end of the financial year.

206. **Confidential items**

It was agreed that Items 8c and 9 on the agenda should be treated as confidential, and that any confidential information be excluded from the minutes to be made available for public inspection on the grounds that it will involve, or discussion of it will involve, the likely disclosure of exempt information.

207. **External Audit Annual Completion Reports**

CW emphasised that all key messages in the Audit Completion Report for the Chief Constable were positive and an unqualified Value for Money (VFM) conclusion had been issued. The draft financial statements were of good quality and the audit went smoothly. The same comments applied to the audit of the Commissioner's financial statements. No formal objections to the accounts were made by the public, using their formal rights of inspection or challenge, however, a matter was raised by a member of the public with the auditors which was considered and the outcome of which was reported in the Audit Completion Reports in September.

DP queried the risk identified in connection with financial pressures referred to in section 3 of both Completion Reports. CW explained that the risk referred to is that of the auditors arriving at the wrong VFM conclusion.

He went on to state that the fees for the 2016-2017 audits will be held at the same level as for 2015-2016. CW informed the meeting that under current contracts 2017-2018 will be Mazars' final year as external auditors. The Chief Constable and the Commissioner will be required to appoint external auditors for subsequent periods by the end of 2017.

Thanks were expressed to the finance team for producing the accounts and enabling such a positive report to be produced by the external auditors.

The Reports were noted

208. **Internal Audit Progress Reports and Closure Report for the 6 months to 30 September 2015**

NR reported that since the last JIAC in September six internal audit reports had been finalised with agreed management responses. In summary these are:

- Follow-Up Exercise 2 (2014/15) – *Reasonable Assurance*
- Appropriate Use of Places of Safety – *Limited Assurance*
- Clothing Stores – *Reasonable Assurance*

NOT PROTECTIVELY MARKED

- Mobile Phone Examination – *Limited Assurance*
- Delegated Authority - Procurement – *Reasonable Assurance*
- Follow-Up Exercise 1 (2015/16) – *Reasonable Assurance*

There is one further report to finalise – Exhibits Handling. The report has been issued but it is awaiting management's response. It is expected that this report will be finalised by 31 January 2016.

JM suggested that the report on Appropriate Use of Places of Safety highlighted the issues of timeliness of, and delays in, producing reports. She pointed out that the situation had changed since the report was written, as the Place of Safety at Bootham Hospital is due to re-open and the report does not reflect this, which NR acknowledged. JM felt that this was a significant issue and asked whether she should advise DP as soon as possible of any developments which take place with Places of Safety. DP felt that a follow-up would be more appropriate and TM agreed that this would be done at the next meeting. HMIC had commented on this issue during their latest inspection.

A discussion followed on ensuring reports include latest updates, and DP expressed his concern at the time lapse between fieldwork being carried out and the publication of reports. JC commented that all reports go to the Joint Corporate Risk Group (JCRG). DP queried the *limited assurance* opinion given in the Appropriate Use of Places of Safety Final Report and NR responded that this was because the report identifies some past issues. TM stated that these issues had been recognised and steps are being taken to address them by holding relevant individuals to account. He didn't dispute the assessment of *limited assurance*, and NR commented that other forces besides North Yorkshire have been similarly assessed.

There was a discussion on items of property seized and held by the Police. This focussed on the storage of items, in particular mobile phones. JM cited the case of a member of the public whose phone had been seized yet who was still liable to pay the charges associated with it. TM stated that North Yorkshire Police (NYP) has the best performance rating for timeliness in retrieving stored items when requested to do so. Further investment has been proposed in order to meet the volume of demand for this service.

Regarding the Clothing Store Final Report, it had been established that currently no checklist is completed when an officer returns clothing and equipment to stores, a significant shortcoming in the context of expensive items such as body armour. JP responded that NYP does in fact have some checklists, for example for laptops. TM stated that there is a checking procedure for personal kit but no checklists.

NR presented his Interim Audit Opinion for the first six months of 2015-2016. Whilst there had been a slight deterioration in performance compared with 2014-2015, this was not sufficient to change the overall opinion for 2015-2016 - *Reasonable Assurance* – which had been the outcome in earlier years.

DP announced that this would be NR's last JIAC meeting. He expressed the Committee's appreciation and thanks for all the work NR and his colleagues had done. NR then left the meeting.

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The Reports were noted

209. **Internal Audit Strategy from 1 October 2015**

In presenting this report DH explained that the work of RSM is determined by the PCC and NYP objectives and risks. He outlined the work to be done during the first six-month period, and stated that the strategy set out in Appendix B to the report will need to be refined prior to the next meeting of the JIAC in March 2016. This will be done via the JCRG. JM asked whether there might be the risk of some duplication of effort with work done by HMIC, for example with the Code of Compliance for victims. LS replied that RSM will ensure that there is no duplication and in due course they will consult as to whether any more assurances are needed. JC asked how NYP could be proactive by using internal audit as a management tool, and JM remarked that it would be helpful if RSM could advise as soon as issues emerge. DH confirmed that this could be done. TM stated that internal auditors will have an increased inspection role over the coming year, and that an audit across the whole Force structure would be useful. More cross-agency and inter-Force collaboration is envisaged. It will be important to audit areas of operations which are not inspected by HMIC, and NYP should act as soon as possible on everything agreed by all parties involved. In response to DP's query as to the rationale which governs the timing of an audit on any particular area of NYP, DH replied that this can be based on Risk Register scores, or on areas not scrutinised for three to five years, or on audit results from other police forces. DH reminded the meeting that not everything can be audited in the first year, possibilities for flexible working need to undergo audit, and regulation on complaints is still being developed. The detailed audit plan for 2016 – 2017 is expected to be ready for the JIAC meeting in March 2016. The external PSIAS assessment of RSM is now due in 2016 thus there is no report at present.

The Report was noted

210. **Corporate Performance Report**

TM noted that the overall trend in crime is upwards. For some occurrences this was due to the recording methods used, and for others due to actual increases in offences. He noted that some serious issues involved children, acquisitive crime and crimes of violence without injury have increased but incidents of anti-social behaviour (ASB) have reduced. Some offences recorded in previous reports as ASB may now be classified and recorded as crimes. Road safety is of great concern to the public. By the end of 2015 there will be more than 200 Special Constables in North Yorkshire.

JM expressed concern about the low level of reporting of domestic abuse, commenting that this is possibly due to the low numbers of reports received. Chief Constable Prince, who heads the National Rural Crime Network, and the Independent Domestic Abuse Service (IDAS) are looking into domestic abuse in rural areas. In response to a question, JM thought that there could be a cultural element in rural communities which influences whether or not domestic abuse is reported. TM agreed with this,

adding that all reports of domestic abuse are scrutinised as it is seen as a serious threat. There are high conviction rates. JM announced that the HMIC report on NYP's response to domestic abuse and vulnerability is imminent.

DP asked whether the reduced number of personnel in NYP would have any impact on the performance of the Force. In reply TM stated that there has been a conscious remodelling of the workforce which takes into account increased use of technology such as ANPR, IR3 and mobile working. NYP is aware that it needs to operate with fewer police officers and also fewer police staff. National and regional crime trends are an issue, and one influence on NYP is the presence of four of the highest crime areas in the UK bordering NYP. 21% of NYP's policing effort is devoted to criminal activity and 42% to social and welfare matters. Vulnerability is an issue as are mental health factors, and most deaths reported to NYP are not due to crime. Whilst HMIC had assessed NYP plans as good, TM acknowledged that some inefficiencies still exist.

TM left the meeting at this point due to a prior commitment.

The Report was noted

211. **Update on the Autumn Statement**

In his verbal update MP provided the following information: 2016-2017 will be a difficult year to plan for, for example because there may be a 40% reduction in personnel over the next four years. The Comprehensive Spending Review (CSR) states that policing will be protected at a national level but it is unclear what the impact will be at local levels. The allocations for 2016-2017 are expected during the week commencing 14 December 2015. At present the funding formula is unclear but it could lead to a loss of an additional £9 million (or 15%) for NYP. The CSR has projected a 2% increase in national funding but such an increase is highly unlikely for NYP. The Force has contingency plans in place which will be implemented in due course. Financial reserves have been retained in order to deal with potential risks as it is unclear how the situation might change over the next three to four years. JM felt that the situation might not be as bad as envisaged, and at a recent meeting the Home Secretary indicated that a refreshed approach to reviewing the funding formula would be taken. No announcements on this are expected until the comprehensive spending review is completed. The ENDAG group has reported on the perceived future structure of policing, which foresees a national senior chief constable and more work on specialist operations. A new board is to be set up to produce an overview of the organisation of strategic policing. Financial incentives have been considered in connection with restructuring policies carried out in a more collaborative way. In this context there is a new forum involving the Home Office and the National Crime Agency (NCA), and PCCs will be developing a strategic plan.

212. **Forecast Financial Outturn – Confidential Report**

The report was discussed at the meeting. The next medium-term financial report is due in January 2016. Discussions covered current and possible future expenditures, the current financial position, future personnel numbers, issues connected with the retention of financial assets, and planning.

The Report was noted

213. **Risk Management Report – Confidential Report**

The report of the Joint Corporate Risk Group provided an update on the Strategic Risk Register. Topics covered included external inspection activity, new and emerging risks, document security, NHS-related matters, Victim Support and departmental risk registers.

The Report was noted

214. **Update on the 2013/14 Annual Governance Statement – 5 key areas for development**

DS outlined the purpose of the report. DP queried the decision by Durham Constabulary to withdraw from the collaboration with NYP and Cleveland Police on major crime, part of the EVOLVE project. JC explained that at this time an option to create a collaboration with Cleveland would be undertaken as due to the operational model the benefit to Durham would not be realised. JM emphasised that Durham had not pulled out of the EVOLVE project but only the major crime component, and may return in due course. JP and JC explained the terms “Priority 8 meeting” and “No 2 Region”.

The Report was noted

215. **Commissioner’s Decisions**

There were no comments regarding decision notices published on the Commissioner’s website.

216. **Commissioner’s and Chief Constable’s items**

There were no items to be considered.

217. **Confirmation of date of next meeting:**

Tuesday 15 March 2016 at 1pm, in Conference Room One, Police Headquarters.

218. **Dates of 2016 meetings:**

All 2016 meetings to take place at 1pm in Conference Room One, Police Headquarters:

- Tuesday 15 March 2016
- Tuesday 14 June 2016
- Tuesday 20 September 2016
- Tuesday 13 December 2016

219. **Any other urgent business**

There were no items for discussion.

The meeting closed at 1500 hrs.

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