

**OFFICE OF THE POLICE AND CRIME COMMISSIONER  
FOR HUMBERSIDE  
DECISION RECORD**

Decision Record Number: **10/2018**

Title: **Extension of Internal Audit Contract**

**Executive Summary:** West Yorkshire OPCC have been the providers of internal audit services to the PCC and Chief Constable since 2010 when the service formed part of the joint working arrangements between three of the four police Yorkshire and the Humber Police Authorities. The arrangements transferred to the PCCs in 2012 and the service in Humberside was the subject of a competitive tendering exercise in 2014 which resulted in the West Yorkshire OPCC Team winning the work. That tender was initially for a period of two years which was subsequently extended was for a further for a further 18 months as approved in decision 31/2016. The service has continued to be provided satisfactorily during this time and it is now proposed to enter into a collaboration agreement with the PCC for West Yorkshire for the continued provision of the service. The matter was considered by the Joint Independent Audit Committee on 19 March 0218 when the proposal to enter into a s22 Agreement was supported.

**Decision:** (a) That approval be given to enter into a s22 agreement with the PCC for West Yorkshire for the provision of internal audit services.

**Background Reports:** Confidential


**Police and Crime Commissioner for Humberside**

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with my code of conduct.

Any such interests are recorded below.

The above decision has my approval.

**Signature**



**Date**

3-4-2018

**POLICE AND CRIME COMMISSIONER  
FOR HUMBERSIDE**

**SUBMISSION FOR:- DECISION**

**CONFIDENTIAL**

**Title: Provision of Internal Audit Service – s22 Agreement with the PCC for West Yorkshire**

**Date: 22.03.18**

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**1. Executive Summary**

This report seeks approval to enter into a s22 Agreement with the PCC for West Yorkshire in connection with the provision of internal audit arrangements. The proposal is for an agreement coming into effect from 1 April 2018. This decision will enable the current arrangements for the provision of the service to be extended until terminated by either party which would require 12 months' notice.

**2. Recommendation(s)**

That approval is given to agree entering into a collaboration with the PCC for West Yorkshire for the provision of internal audit arrangements.

**3. Background**

In 2010 the then Humberside Police Authority joined a collaborative arrangement with West Yorkshire and North Yorkshire which provided for the in house internal audit team from the West Yorkshire Police Authority to provide services to the other authorities. Following the creation of PCCs in 2012 with the Police Reform and Social Responsibility Act 2011 (PRSA), the team transferred en bloc to the Office of the PCC for West Yorkshire. The arrangements had been extended to March 2013 by the three police authorities involved to provide continuity and to allow the incoming PCCs to consider the arrangements beyond that date.

The Office of the Police & Crime Commissioner for West Yorkshire (OPCC WY) has a well-resourced, qualified, experienced and specialised police sector internal audit function.

The arrangement was extended to September 2014 at which point the then Humberside PCC required the service to be tendered. The tender process was carried out in conjunction with the Regional Procurement Team. Bids were received from a selected list of local and regional providers of internal audit services. Five bids were evaluated on the basis of cost and quality by the Assistant Chief Officer, the Deputy Chief Executive and Treasurer, a Member of the Joint Independent Audit

Committee and a member of the Regional Procurement Team and the submission from the OPCC for West Yorkshire was the clear winner.

The contract was awarded for two years and this was subsequently extended until 31 March 2018 in December 2016 (Decision Record 31/2016 refers).

Given the established arrangements which have been in place since 2010 that have proved successful in terms of feedback from the Joint Independent Audit Committee and mutually beneficial for officers from the audit team, the OPCC and the Force, the West Yorkshire PCC's Treasurer and the Deputy Chief Executive and Treasurer discussed options for possible continuation of the service from 1 April 2018. This centred on the need to have regard to the potential impact of uncertainty on staff the staff involved and the pressure to maintain the experienced, qualified and well-resourced team specialising in police audit.

Following consideration of the potential alternative options of retendering the service, taking it in house within Humberside and progressing a formal collaboration for the provision of internal audit arrangements, the latter was deemed to be the best option. This would maintain a cost effective service and provide continuity of employment for those delivering it by enabling the West Yorkshire Treasurer to structure her Internal Audit Department commensurate with known demands on the service,

#### **4. Options**

The overall objective is to ensure that arrangements are in place to enable the PCC and the Chief Constable to discharge their respective responsibilities in relation to internal audit in accordance with the Accounts and Audit (England) Regulations 2011.

These Regulations require effective internal audit of the affairs of both bodies to be maintained. Provision can be provided in house, in collaboration or through a third party public or private sector provider, internal provision or a continuation of the existing arrangements.

PCCs and Forces can collaborate in the provision of services using the arrangements set out in s22A and S23 of the PRSRA where it is in the interests of efficiency and effectiveness.

When compared with using other external public sector providers, the current arrangements, utilising staff with significant sector specific experience has proved to mutually beneficial. The long standing arrangement has led to the streamlining of processes and the adoption of common principles and practices. It has also led to the West Yorkshire OPCC Internal Audit Team becoming increasingly involved in Force activities and in the development of OPCC and Force governance and assurance processes.

## **5. Risks**

There is a risk that without effective internal audit arrangements in place the s151 officers will not be able to discharge their obligations for ensuring that effective systems of internal control are in place within the OPCC and the Force. The current arrangements have been shown to be adequate. No adverse comments have been received from the Joint Independent Audit Committees nor from external audit when forming their opinions.

## **6. Driver for Change/Contribution to Delivery of the Police and Crime Plan**

Internal audit contributes towards the delivery of the Police and Crime Plan as it is an assurance function that provides an independent and objective opinion on the control environment by evaluating its effectiveness in achieving the organisation's objectives. The service objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

## **7. Financial Implications**

The provision of an effective internal audit service is essential as there must be independent scrutiny and assurance of the system of internal controls operating within both organisations. The costs of the service were market tested in 2014 and were shown to be competitive.

Provision is available within the approved OPCC budget to meet the costs of the service which will be charged at £275 per day.

## **8. Legal Implications**

There is a legal requirement to ensure that the PCC and the Chief Constable comply with the Accounts and Audit (England) Regulations 2011 by having effective internal audit arrangements in place.

The proposals set out in this report and the arrangements in terms of the form of the agreement have been considered by the Head of Legal Services. They are deemed to be satisfactory and are in line with other similar agreements. It should be noted that the proposed agreement will include provisions for the TUPE transfer of staff where appropriate if and when the contract is terminated.

## **9. Equalities Implications**

There are no equality issues in the context of this report.

## **10. Consultation**

Consultation has taken place between the two OPCCs, the T/Assistant Chief Officer Resources and the Heads of Legal Services from both forces.

### **11. Communication Issues**

If the arrangements are approved then this will be formalised in the proposed S22 agreement with the PCC for West Yorkshire.

### **12. Background documents**

Code of Practice for Internal Audit in Local Government in the United Kingdom  
issued by CIPFA

Financial Management Code of Practice

Audit and Accounts Regulations

Decision Records 31/2016 and supporting documents

### **13. Publication**

The report is confidential as it contains commercially sensitive information.

PLEASE COMPLETE AND APPEND THE FOLLOWING TABLE TO ALL REPORTS THAT REQUIRE A DECISION FROM THE COMMISSIONER

This matrix provides a simple check list for the things you need to have considered within your report. If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, OPCC officer(s) etc. prior to submitting this report for official comments	Legal Advice has been sought from the Head of Legal Services.
Is this report proposing an amendment to the budget?	The costs can be met from within the approved budget for the OPCC.
Value for money considerations have been accounted for within the report	The service is in line with that covered in the tender exercise that was carried out in 2014 where the evaluation showed the West Yorkshire provision to be a clear winner judged on a cost/quality comparison.
The report is approved by the relevant Chief Officer	The Deputy Chief Executive and Treasurer and T/ACO(R) have approved the report.
I have included any procurement/commercial issues/implications within the report	The procurement/commercial issues are set out in the report.
I have liaised with Corporate Communications on any communications issues	There are no communications issues as the report is confidential.
I have completed an Equalities Impact Assessment and the outcomes are included within the report	There are no equalities issues arising from the report.
I have included any equalities, diversity and or human rights implications within the report	There are no equalities issues arising from the report.
Any Health and Safety implications are included within the report	There are no health and safety issues arising from the report.
I have included information about how this report contributes to the delivery of the Commissioner's Police and Crime Plan	The report includes information on how the service contributes to the delivery of the Police and Crime Plan.