

**OFFICE OF THE POLICE & CRIME COMMISSIONER FOR HUMBERSIDE/  
HUMBERSIDE POLICE**

**JOINT INDEPENDENT AUDIT COMMITTEE**

**Monday, 20 June 2022 - 10.00AM**

**REMOTE MEETING VIA MICROSOFT TEAMS**

**A G E N D A**

<b>Business</b>		<b>Lead</b>	<b>Primary Action Requested</b>
1. Minutes of meeting 21 March 2022	Pages (1 - 5)	Chair	To approve
2. JIAC Action Schedule	Pages (6 - 9)	Chair	To receive
3. Annual Cycle of Business 2021/22	Page (10)	Chief Finance Officer (OPCC) & Head of Finance and Business Services (HP)	To receive
4. Terms of Reference	Pages (11 - 13)	Chief Finance Officer (OPCC) & Head of Finance and Business Services (HP)	To receive
<b><u>Corporate Governance</u></b>			
5. Strategic Risk Update	Page (14)	Assurance Manager (OPCC) & Strategic Planning Manager (HP)	To receive
<b><u>Finance</u></b>			
6. Treasury Management Annual Report 2021/22	Pages (15 - 20)	Chief Finance Officer (OPCC)	To receive
<b><u>External Audit</u></b>			
7. Audit Strategy Memorandum	Pages (21 - 51)	Mazars (External Audit)	To receive
<b><u>Internal Audit</u></b>			
8. Progress Reports	Pages (52 - 63)	West Yorkshire Police (Internal Audit)	To receive
9. Annual Report 2021/22	Pages (64 - 70)	West Yorkshire Police (Internal Audit)	To receive
<b><u>Force Update</u></b>			
10. Feedback from the Force HMICFRS Assurance Group	Verbal	JIAC Members	To receive
11. Update on Numbers and Deployment of Additional Recruited Officers	Verbal	Head of People Services (HP)	
<b><u>Other Business</u></b>			
12. Future Meeting Venue			
13. Any Other Business	-	Chair	-



**JOINT INDEPENDENT AUDIT COMMITTEE**

**MONDAY, 21 MARCH 2022**

**Via MS Teams**

**PRESENT**

**Members:**

Doug Chapman (Chair), James Doyle, Pam Jackson, Andrew Smith and Mandy Thomlinson

[Observing - Chris Brown and Gerry Wareham (new Members from April 2022)]

**Officers:**

Humberside Police (HP)

Nancie Shackleton - Assistant Chief Officer (Resources), James Tabor - Strategic Planning Manager, and Jim Wright - Head of Finance and Business Services/S.151 Officer (HP)

Office of Police and Crime Commissioner (OPCC)

Jonathan Evison - Police and Crime Commissioner, Martyn Ransom - Deputy Chief Finance Officer, Paul Wainwright - Head of Assurance and Statutory Duties, Kevin Wilson - Chief Finance Officer, and Clare Rex - Statutory Operations Manager

Auditors

Gavin Barker (External Audit), Louise Stables (External Audit) and Neil Rickwood (Internal Audit)

Committee Manager

Gareth Naidoo

**04/22 MINUTES OF 13 DECEMBER 2021 & 17 JANUARY 2022 - Agreed**

**05/22 JIAC ACTION SCHEDULE - Received**

**06/22 ANNUAL CYCLE OF BUSINESS 2022/23** - The Committee received its draft Annual Cycle of Business for the 2022/23 financial year.

**Agreed** - That the Annual Cycle of Business for the 2022/23 financial year be approved.

**07/22 POLICE COMPLAINT REVIEWS** - The Committee received a presentation from Clare Rex - Statutory Operations Manager (OPCC) on Force complaints.

So far in 2022, 14 review applications had been received. To date, 11 of those reviews had been concluded with 9 dismissed and 2 upheld.

Complaints tended to be of a personal nature rather than procedural.

A snapshot of Force complaints received during 2021 was provided.

- 1336 formal complaints - around 4 per day. Over 60 per cent of dealt with by explanation

- 1 per cent resulted in a misconduct investigation, 1 per cent related to some form of discrimination
- Majority of complaints are from males 41-50 years old, only 40 under 19 years old
- Complainant Ethnicity where disclosed:
  - 97 per cent white – 2 per cent Asian – 1 per cent Black
  - 52 per cent Delivery of duties & services
  - 18 per cent Police powers, policies & procedures
  - 15 per cent Individual behaviours (for example incivility)
- On average, complaint outcomes regarding service provided by police:
  - 77 per cent Acceptable – 16 per cent Not acceptable – 7 per cent not possible to determine

Complaint levels were moving in the right direction with approximately 4 per day in 2021 and so far, 2.5 per day in 2022.

The Force was recognised nationally by the IOPC, the review body, for its complaints process as being strong in every category.

**Agreed** - That the presentation be received.

**08/22 DRAFT ANNUAL GOVERNANCE STATEMENTS 2021/22** - The Annual Governance Statement (AGS) demonstrated the governance arrangements in place for the Police and Crime Commissioner and the Chief Constable, including how the effectiveness of the framework was evaluated and monitored. The statements also outlined significant governance issues and any planned changes.

**Agreed** - That the Annual Governance Statements for 2021/22 for Police and Crime Commissioner and the Chief Constable be received.

**09/22 DECLARATIONS OF GIFTS, HOSPITALITY AND SPONSORSHIP** - Links to the Force and OPCC website were provided to Members in advance of the meeting to view any officer declarations of gifts, hospitality and sponsorship over the past year.

It was felt that some of the registers of gifts and hospitality were not consistent in stating who had offered the gift/hospitality and therefore it was suggested that the form be amended to include an additional column to include who offered the gift/hospitality.

It was also felt that the Chief Executive of the OPCC should publish a separate register of interests form.

**Agreed** -

- (a) That the Gifts and Hospitality form be amended to include an additional column to include who offered the gift/hospitality;
- (b) That the Chief Executive of the OPCC publish a separate register of interest form.

**10/22 TREASURY MANAGEMENT STRATEGY 2022/23** - The Police and Crime Commissioner (PCC) was required to operate a balanced budget, which broadly meant that cash raised during the year would meet cash expenditure. Part of the treasury management operation was to ensure that this cash flow was adequately planned, with cash being available when it was required. Surplus monies were invested in low risk counterparties or instruments commensurate with the PCC's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service was the funding of the PCC's capital plans. Those capital plans provided a guide to the borrowing need of the PCC, essentially the longer-term cash flow planning, to ensure that the PCC could meet their capital spending obligations. This management of longer-term cash might involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it was prudent

and economic, any debt previously drawn might be restructured to meet a risk or cost objectives.

**Agreed** - That the Treasury Management Strategy 2022/23 be received.

**11/22 EXTERNAL AUDIT PROGRESS REPORT** - Gavin Barker - Director (Mazars) presented an Audit Progress Report.

Following a presentation of the Audit Completion Report to the last meeting of the Committee, it had taken longer than expected to complete the outstanding work and resolve the remaining issues. Mazars had concluded its work on 7 March 2022, and at the time of writing was expected to sign the audit opinion in the next few days when it would have received the final signed accounts, annual governance statements and letters of representation.

The audit follow up letter was a separate item on the meeting agenda which formally concluded on the matters which were outstanding in the Audit Completion Report presented to you at the January meeting.

Mazars had been unable to conclude its value for money work at this stage and was currently in the process of completing this work, which would be reported within 3 months of the audit opinion date. Once complete the Auditor's Annual Report, including value for money commentary, would be provided at the next meeting of the Committee.

Mazars would shortly be commencing its planning work for the 2021/22 audit. The formal 2021/22 Audit Strategy Memorandum would be shared with the Committee at its next meeting.

Auditors expressed their thanks to Force colleagues, in particular Sabine Braddy - Financial Accountant, for their assistance with the audit.

**Agreed** - That the update be received.

**12/22 EXTERNAL AUDIT - FOLLOW UP LETTER TO THE 2020/21 AUDIT COMPLETION REPORT** - Agreed - That the follow up letter to the 2020/21 Audit Completion Report be received.

**13/22 INTERNAL AUDIT PROGRESS REPORT** - The Progress Report monitored the delivery of work undertaken in relation to the provision of shared Internal Audit services as per the Joint Service arrangements between West Yorkshire and Humberside Police & Crime Commissioner (PCC) and the respective Police Forces.

### Summary of Progress against the Audit Plan for 2021/22

STATUS OF AUDITS	2021/22 (as at 10 Mar 22) APPENDIX A
Final Reports with Response Received	4
Final Reports – Response Awaited	3
Final Reports – No Response Required	1
Work Completed/ Advice/ briefings provided	-
Draft Reports Issued	1
Commenced/ In Progress	3
<b>TOTAL</b>	<b>12</b>

Since the last meeting of the Committee in December 2021 two audits had been issued as final reports, both of which were awaiting management responses. Reports on the Management of Organised Crime Groups (OCGs) (*limited assurance*) and Use of Community Resolutions (Outcome 8) (*reasonable assurance*) would be made available on the Members' portal shortly once they had been finalised having received management responses.

As reported at the last meeting of the Committee the Missing Persons audit report had been issued as a final report awaiting a management response and this remained the position. The Force had committed to providing the overdue management response in advance of Committee. Under either scenario the report would be made available on the Members' portal with or without management responses.

Currently an Internal Audit Protocol specifically relating to IS audit activity which described the audit process and commitments required from all parties was being agreed. A key element of this approach was the confirmation that the IS Function would undertake an ITIL self-assessment to inform IA coverage for future years based on identified areas of risk. A joint meeting between IS and HP & SYP auditors was to take place (15 March) to develop this workstream further in order that risk-based audit activity could be prioritised and undertaken in the 2022/23 audit cycle.

As previously reported to the Committee, the peer review proposals for an External Quality Assessment (EQA) in accordance with Public Sector Internal Audit Standards (PSIAS) which was due in 2022 were presented and supported by the West Yorkshire audit committee members. The peer review would take place with the Greater Manchester and Merseyside Police audit functions based on a similar methodology to that which worked successfully in 2017.

**Agreed** - That the progress report be received.

**14/22 INTERNAL AUDIT STRATEGY & PLAN 2022/23** - The Internal Audit Strategy set out the methodology used by Internal Audit to determine the Internal Audit Plan.

Internal Audit's annual plan provided the Police and Crime Commissioner and Chief Constable with an independent opinion and appropriate assurances on the internal control environment.

The Audit Strategy and Audit Plan defined the strategic approach and established audit coverage for 2022/23.

**Agreed** - That the Internal Audit Strategy and Plan 2022/23 be received.

**15/22 HMICFRS FORCE ASSURANCE GROUP FEEDBACK** - The Committee had received an update from a Member that had attended the recent Assurance Group meeting, which included:

- The Force was developing leadership modules for all staff;
- Right care, right person - this had had a positive impact on reducing unnecessary deployments.
- Police Service of the Year 2022 - the Force had been recognised as the Gold winner for the UK Police Service of the Year 2022 Award at this year's Public Sector Transformation Public Sector Awards in London. The Force was particularly highlighted for its innovative approach in supporting those in mental health crisis, along with its wider transformation and improvements in the last five years.

**Agreed** - That the update be noted.

**16/22 ANY OTHER BUSINESS** - None

- **Tribute to Retiring Members** - Jonathan Evison - PCC, Nancie Shackleton - Assistant Chief Officer (Resources) (HP) and Kevin Wilson - Chief Finance Officer (OPCC) thanked the retiring members of the Committee for their support and contribution over the years and wished them well for the future.
- **Chair's Tribute to Retiring Members** - Doug Chapman, Chair of the Committee, paid tribute to his fellow retiring colleagues for their support and contribution over the years. Thanks were also expressed to the Committee Manager, Force and OPCC colleagues

and Internal and External colleagues for supporting the Committee's work over the years.

- **Committee Manager** - The Committee Manager informed the Committee this was his last meeting before he would take up the post of Senior Corporate Assurance Officer in April with Humberside Fire and Rescue Service.
- **Future meetings** - the new Chair of the Committee would need to take a view on whether to hold the next and future meetings in person or remotely.





**ROLLING ACTION SCHEDULE OF JOINT INDEPENDENT AUDIT COMMITTEE - HUMBERSIDE POLICE/OFFICE OF POLICE & CRIME COMMISSIONER**

Date of Meeting	Agenda Item	Minute Number	Action	Officer to Action	Complete/Update
21 March 2022	Declarations of Gifts, Hospitality and Sponsorship	09/22	(a) That the Gifts and Hospitality form be amended to include an additional column to include who offered the gift/hospitality.	Paul Wainwright - Head of Assurance and Statutory Duties (OPCC)	
21 March 2022	Declarations of Gifts, Hospitality and Sponsorship	09/22	(b) That the Chief Executive of the OPCC publish a separate register of interests form.	Paul Wainwright - Head of Assurance and Statutory Duties (OPCC)	
13 December 2021	Numbers and Deployment of Additional Recruited Officers	56/21	That regular updates be provided to the Committee.	Emma Bowen - Head of People Services (HP)	<b>Complete</b> - added to annual cycle of business on a bi-annual basis
27 September 2021	Whistleblowing, Fraud and Anti-Bribery and Anti-Money Laundering Policy Updates	40/21	That the update be removed from annual cycle of business.	Gareth Naidoo - Committee Manager/	<b>Complete</b> - annual cycle of business updated.
27 September 2021	OPCC Staff Register of Interests [Minutes of 19 July 2021 - reference to previous Minute 30/21]	36/21	That the staff register of interests of the OPCC be published on the OPCC website.	Clare Rex - Statutory Operations Manager (OPCC)	<b>Complete</b> - The staff register of interests is now published on the website: <a href="https://www.humberside-pcc.gov.uk/Transparency/Who-We-are-and-What-We-Do/Who-We-Are-and-What-We-Do.aspx">https://www.humberside-pcc.gov.uk/Transparency/Who-We-are-and-What-We-Do/Who-We-Are-and-What-We-Do.aspx</a>
19 July 2021	Chief Constable & Police and Crime Commissioner Draft Financial Statements	30/21	Members also queried the role of the Chief Executive of the OPCC as a non-executive director on the Board of Ongo Partnership Limited: <ul style="list-style-type: none"> <li>Duration to date of her role as non-executive director on the Board of Ongo Partnership Limited and whether it was a remunerated post;</li> <li>Any involvement in the £650,000 Safer Streets Grant Income awarded to Ongo Partnership Limited and whether this was recurring expenditure.</li> </ul> <p><i>The Chief Finance Officer (OPCC) agreed to confirm the details of this with Members outside the meeting.</i></p>	Kevin Wilson - Chief Finance Officer (OPCC)	<b>Complete</b> - The Chief Executive of the OPCC wrote to the Chair following the meeting.
19 July 2021	Annual Cycle of Business 2021/22	29/21	That the items 'Decoupling of the joint HR function with South Yorkshire Police' and 'Update on the numbers of and deployment of additional recruited officer' be received at the next meeting (27 September 2021).	Emma Bowen - Head of People Services (HP)	<b>Complete</b> - included on the agenda for 13 December 2021.
7 June 2021	AOB - FOI request figures	26/21	That it be confirmed how and where Freedom of Information (FOI) request figures are disclosed.	James Tabor - Strategic Planning Manager (HP)	<b>Complete</b> - FOI disclosures are made via the website at this address: <a href="https://www.humberside.police.uk/what-weve-already-released-under-foi">https://www.humberside.police.uk/what-weve-already-released-under-foi</a>
7 June 2021	Risk Register Report	20/21	That the item 'Police Legitimacy' be included on a future meeting agenda.	James Tabor - Strategic Planning Manager (HP)	<b>Complete</b> - an update was provided to the Committee at its meeting of 13 December 2021.
7 June 2021	PCC Register of Interest	17/21	That regarding the publication of the PCC's Register of Interest (Minute 7/21 'Declarations of Gifts, Hospitality and Sponsorship'), it be clearly stated on the website that it has been updated annually.	Paul Wainwright - Head of Assurance and Statutory Duties (OPCC)	<b>Complete</b> - the OPCC reviews the publication of the Register of Interests annually and this is made clear on the website.
22 March 2021	CIPFA Financial Management Code	9/21	That the significant compliance demonstrated by the self-assessment against the FM Code be noted and that the areas of partial compliance be developed further during 2021/22	Kevin Wilson - Chief Finance Officer (OPCC)	Complete - an update was provided to the Committee at its meeting of 13 December 2021.
22 March 2021	Treasury Management Strategy Statement 2021/22	8/21	(a) That a paragraph be added to reference potential impact of public sector pay.	Kevin Wilson - Chief Finance Officer (OPCC)	<b>Complete</b> - Strategy updated to reflect these requests.

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Date of Meeting	Agenda Item	Minute Number	Action	Officer to Action	Complete/Update
			(b) That the Strategy Statement be updated to reflect the latest budget and reference to the extended furlough schemes.		
22 March 2021	Declarations of Gifts, Hospitality and Sponsorship	7/21	It was noted that the PCC Register of Interest only detailed interests since taking up office in 2016 and was queried whether this should be updated annually. It was agreed that the Chief Finance Officer would look into this matter further.	Kevin Wilson - Chief Finance Officer (OPCC)	<b>Complete</b> - the register is reviewed annually, but this is unclear on the website. The website has been updated to make this clear.
22 March 2021	Draft Annual Governance Statement - Chief Constable	5/21	The Head of Finance and Business Services/S.151 Officer (HP) agreed to check if a good level of custody support had been maintained over the last year.	Jim Wright - Head of Finance and Business Services/S.151 Officer (HP)	<b>Complete</b> - There has been no shortfall in custody support during the pandemic. Support has been provided by Appropriate Adults UK.
22 March 2021	Force Complaints Update	4/21	That the Committee receive future updates on a bi-annual basis.	Gareth Naidoo - Committee Manager/ Clare Rex - Statutory Operations Manager (OPCC)	<b>Complete</b> - added to annual cycle of business bi-annually for 2021/22
22 March 2021	Risk Register	3/21	(b) That the Risk Register be regularly published on the website in order to support the Committee's bi-annual review of this.	James Tabor - Strategic Planning Manager (HP)	<b>Complete</b> - the risk registers will be updated with the latest that is reported to the Accountability Board. This also allows for a consistent understanding.
22 March 2021	Annual Cycle of Business	2/21	That the Annual Cycle of Business be included as standing item alongside the Action Schedule on every agenda.	Gareth Naidoo - Committee Manager	<b>Complete</b>
14 December 2020	Updated Corporate Governance Framework	41/20	(b) That guidance be issued to all Force and OPCC staff reminding them of the sign-off procedure for Conflict of Interest matters	Kevin Wilson - Chief Finance Officer (OPCC) & Jim Wright - Head of Finance and Business Services/S.151 Officer (HP)	<b>Complete</b> - Reminders on the sign-off procedure for Conflict of Interest matters are posted on the Force Intranet on an at least annual basis for all staff to view. The last reminder posting was 29/08/2020 and the time before that was 11/04/2019. Another reminder will therefore be posted during 2021.   Code of Ethics 2014.pdf  Business Interests and Voluntary Work
14 December 2020	Updated Corporate Governance Framework	41/20	(c) That under 'Money Laundering' the Framework be explicit regarding crypto currency;	Kevin Wilson - Chief Finance Officer (OPCC) & Jim Wright - Head of Finance and Business Services/S.151 Officer (HP)	<b>Complete</b> - The Code of Corporate Governance has been updated accordingly (March 2021) and re-published on the OPCC web-site.
14 December 2020	Updated Corporate Governance Framework	41/20	(d) That the Chair of JIAC be added as a route for reporting whistle blowing;	Kevin Wilson - Chief Finance Officer (OPCC) & Jim Wright - Head of Finance and Business Services/S.151 Officer (HP)	<b>Complete</b> - The Code of Corporate Governance has been updated accordingly (March 2021) and re-published on the OPCC web-site.
14 December 2020	Updated Corporate Governance Framework	41/20	(e) That the Head of Finance and Business Services/S.151 Officer (HP) confirm the command procedures should the Chief Constable and Deputy Chief Constable both be absent at the same time.	Jim Wright - Head of Finance and Business Services/S.151 Officer (HP)	<b>Complete</b> - In the highly unlikely event that anything happened to both the Chief Constable and the Deputy Chief Constable, then an Assistant Chief Constable would be designated.
14 December 2020	Internal Audit - Progress Report	46/20	That the implementation/timeframe for completing the audit on 'Repeat Victims: Tasking & Problem Solving' be confirmed in due course.	Neil Rickwood (Internal Audit)	<b>Complete</b> - The full audit on Repeat Victims will commence in March/April 2021 - the interim audit was finalised in November 2020 with the latest action deadline of December 2020. So further audit work from March 2021 will have given 6 months for the new processes to have matured/become embedded. This in turn will ensure that the

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Date of Meeting	Agenda Item	Minute Number	Action	Officer to Action	Complete/Update
					findings/issues subsequently reported will provide a more accurate reflection of how systems in this area have developed/progressed and been implemented.
28 September 2020	Revised Complaints Process	27/20	(a) That the Committee receive a progress report (and to include compliments) in six months' time.	Clare Rex - Statutory Operations Manager (OPCC)	<b>Complete</b> - Progress report received at 22 March 2021 meeting.
28 September 2020	Revised Complaints Process	27/20	(b) That the administration process of the review mechanism be circulated to Members of the Committee.	Clare Rex - Statutory Operations Manager (OPCC)	<b>Complete</b> - Administration process of the review mechanism circulated to Members of the Committee.
27 July 2020	Minutes & Action Schedule of 8 June 2020	16/20	That the following narrative be added to Minute 4/20: "A Member noted that the Committee was responsible for independent assurance to the PCC and Chief Constable on the adequacy of the governance and risk management frameworks and queried the complete omission from the risk register of the judicial review, to which the Chief Constable was a defendant, given the potential impact on reputation and public confidence. The PCC agreed it should have been included on the risk register and said the process was being reviewed."	Committee Manager	<b>Complete</b> - Minutes amended and published on OPCC website.
27 July 2020	Risk Management Register Update	17/20	That any long running risks that have not changed status or progressed be reviewed on a periodic basis and reported to the Committee accordingly.	James Tabor - Strategic Planning Manager (HP)	<b>Complete</b> - Added to annual cycle of business on a 6 monthly basis.
27 July 2020	Melton 2 Project Update	21/20	(b) That the plans/presentation slides be placed on the secure portal for Members to access.	Committee Manager	<b>Complete</b> - Placed under the 'Reference Material' page on secure portal on 28 July 2020 for Members to access
8 June 2020	Internal Audit Progress Report 2020/21	11/20	That Internal Audit provide an update at a future meeting on areas where best practice can be gleamed or implemented.	Internal Audit	<b>Complete</b> - Updated provided at meeting of 14 December 2020.
8 June 2020	Year-End Financial Outturn 2019/20	9/20	(a) That the link to the Melton 2 Project Decision Record on the Force website be shared with Members; (b) That an update on the Melton 2 Project be provided as part of a future Member Development Session and added to the Annual Cycle of Business	(a) Assurance Manager (OPCC) (b) S.151 Officer for the Chief Constable/ Committee Manager	(a) <b>Complete</b> - link shared with Members via email 8 June 2020. (b) <b>Complete</b> - added to Member Development session topic list on Annual Cycle of Business .Also added as an update presentation for 27 July meeting.
8 June 2020	Risk Management Register Update	4/20	That an update on the Force Risk Management Register be brought to the next meeting.	Assurance Manager (OPCC) and Head of Corporate Development (HP)	<b>Complete</b> - added to agenda for 27 July 2020
8 June 2020	Risk Management Register Update (Revised Complaints Process)	2/20	(a) That a briefing on the revised arrangements for dealing with Force complaints be placed as a reserve item on Annual Cycle of Business and added to a future meeting agenda at the appropriate time; (b) That an update on the decoupling of the joint HR function with South Yorkshire Police be placed as a reserve item on Annual Cycle of Business and added to a future meeting agenda at the appropriate time; (c) That an action schedule be produced for monitoring and tracking completed actions.	(a) Statutory Operations Manager (OPCC) (b) Assistant Chief Officer (Resources) (c) Committee Manager	(a) <b>Complete</b> - To be added to the agenda for 28 September 2020. (b) <b>Complete</b> - Added to list of reserve items on Annual Cycle of Business (c) <b>Complete</b> - action schedule updated and will be included with the minutes at each meeting.
20 December 2019	Professional Standards Department	373	That a briefing on the revised arrangements for dealing with complaints should be provided to a future meeting	Claire Rex (OPCC)	<b>Complete</b> - Added to the agenda for 28 September 2020.



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<b>Date of Meeting</b>	<b>Agenda Item</b>	<b>Minute Number</b>	<b>Action</b>	<b>Officer to Action</b>	<b>Complete/Update</b>
20 December 2019	External Audit Progress Report	374	That more information on the Redmond Review and NAO consultation be provided for Members	External Audit (Mazars)	<b>Complete</b> - Update provided at meeting of 14 December 2020.
20 December 2019	IS Governance And Financial Management	389	That the report be noted and an update be brought to the next meeting.	Internal Audit	<b>Complete</b> - Update provided at 8 June 2020 meeting.
23 September 2019	Implementation Of The Humberside Police/Humberside Fire And Rescue Service Joint Estates Collaboration And Performance Management	358 Repeat of 328 and 331	Report to the Fire and Rescue Transformation Board to be submitted to a future meeting of the Committee.	Assistant Chief Officer (Resources) [HP]	<b>Complete</b> - Fire and Rescue Transformation Board no longer in existence.
23 September 2019	Force Update On Current Issues	358	T/ACC Young and ACO(R) invited members to attend problem solving training in respect of the Neighbourhood Policing Strategy and to visit the Hydra Suite at Courtland Road and consideration be given to holding future meetings at alternative venues.	T/ACC Young and ACO(R) Deputy Chief Executive and Treasurer	<b>Complete</b> - Committee meeting on 9 December 2019 to be held at Courtland Road to allow Hyrda Suite visit. Future meetings to be arranged at alternative venues if possible.
23 September 2019	Internal Audit - Progress Report	360	Members commented on the HMICFRS focus on a process in relation to RUI as against using information to establish whether its use was correct and to identify lessons learned to improve effectiveness.	Head of Audit/ Deputy Chief Executive and Treasurer	<b>Complete</b> - Use of RUI and HMICFRS focus raised at the HMIC Governance Group.
23 September 2019	Committee Self-Assessment and Annual Report	363 Repeat of 341 and 351	Self-Assessment Improvement Plan and updated Draft Annual report to be submitted to the next meeting.	Deputy Chief Executive and Treasurer	<b>Complete</b> - Updated improvement plan and draft annual report on the December 2019 agenda.
23 September 2019	Annual Fraud Risk Assessment	367	The process of Annual Fraud Risk Assessment be continued in 2020. The Head of Professional Standards Department be asked to present to a future meeting of the Committee.	Deputy Chief Executive and Treasurer/ Risk and Governance Officer	<b>Complete</b> - Annual Fraud Risk Assessment to be continued in 2020 and reported to this Committee. Head of Professional Standards' briefing on the agenda.
23 September 2019	Civil Claims	368	That details of claims submitted and costs during the period April to September 2019 be reported to the Committee.	Head of Legal Services	<b>Complete</b> - Report placed on the Member secure area.
29 July 2019	Committee Self-Assessment and Annual Report	351	Self-Assessment Improvement Plan and updated Draft Annual report to be submitted to the next meeting.	Deputy Chief Executive and Treasurer	<b>Complete</b> - Updated improvement plan and draft annual report on the December 2019 agenda.
07 June 2019	Implementation Of The Humberside Police/Humberside Fire And Rescue Service Joint Estates Collaboration And Performance Management	331	Report to the Fire and Rescue Transformation Board to be submitted to a future meeting of the Committee.	Assistant Chief Officer (Resources) [HP]	<b>Complete</b> - Fire and Rescue Transformation Board Report to be provided for a future meeting
07 June 2019	Force Update On Current Issues	333	T/ACC Young and ACO(R) invited members to attend problem solving training in respect of the Neighbourhood Policing Strategy and to visit the Hydra Suite at Courtland Road and consideration be given to holding future meetings at alternative venues.	T/ACC Young and ACO(R) Deputy Chief Executive and Treasurer	<b>Complete</b> - Committee meeting on 9 December 2019 to be held at Courtland Road to allow Hyrda Suite visit. Future meetings to be arranged at alternative venues if possible.
07 June 2019	Committee Self-Assessment and Annual Report	341	Self-Assessment Improvement Plan and updated Draft Annual report to be submitted to the next meeting.	Deputy Chief Executive and Treasurer	<b>Complete</b> - Updated improvement plan and draft annual report on the December 2019 agenda.
18 March 2019	Implementation Of The Humberside Police/Humberside Fire And Rescue Service Joint Estates Collaboration And Performance Management	328	Report to the Fire and Rescue Transformation Board to be submitted to a future meeting of the Committee.	Assistant Chief Officer (Resources) [HP]	<b>Complete</b> - Fire and Rescue Transformation Board Report to be provided for a future meeting

**JIAC Annual Cycle of Business**

Agenda Item/Issue	20 Jun 2022	18 Jul 2022	26 Sep 2022	12 Dec 2022	20 Mar 2023	Lead
<b>Standing Items</b>						
Minutes of previous meeting	X	X	X	X	X	Committee Manager
Action Schedule	X	X	X	X	X	Committee Manager
Draft Annual Cycle of Business for next financial year					X	Committee Manager
Timetable of Meetings				X		Committee Manager
<b>Statutory and Corporate Governance &amp; Risk Management</b>						
Risk Registers (full review)	X			X		Paul Wainwright - Assurance Manager (OPCC)/James Tabor - Strategic Planning Manager (HP)
Force Complaints Update			X		X	Clare Rex - Statutory Operations Manager (OPCC)
Draft Annual Governance Statements					X	Paul Wainwright - Assurance Manager (OPCC) & Jim Wright - Head of Finance and Business Services (HP)
Declarations of Gifts, Hospitality & Sponsorship ( <i>link to Force &amp; OPCC websites</i> )					X	Kevin Wilson - Chief Finance Officer (OPCC) & Jim Wright - Head of Finance and Business Services (HP)
<b>Finance</b>						
Treasury Management Strategy					X	Kevin Wilson - Chief Finance Officer (OPCC)
Treasury Management Mid-Term Review				X		Kevin Wilson - Chief Finance Officer (OPCC)
Treasury Management Annual Report	X					Kevin Wilson - Chief Finance Officer (OPCC)
Draft Accounts		X				Kevin Wilson - Chief Finance Officer (OPCC) & Jim Wright - Head of Finance and Business Services (HP)
Audited Accounts		X				Kevin Wilson - Chief Finance Officer (OPCC) & Jim Wright - Head of Finance and Business Services (HP)
<b>External Audit</b>						
Audit Strategy Memorandum	X					Gavin Barker - Mazars (External Audit)
Report Updates	X			X		Gavin Barker - Mazars (External Audit)
Audit Completion Report		X				Gavin Barker - Mazars (External Audit)
Auditor's Annual Report	X			X		Gavin Barker - Mazars (External Audit)
Audit Opinion		X			X	Gavin Barker - Mazars (External Audit)
<b>Internal Audit</b>						
Annual Audit Plan (Review and Approve)					X	Neil Rickwood - West Yorkshire Police (Internal Audit)
Progress Reports (including any final reports)	X	X	X	X	X	Neil Rickwood - West Yorkshire Police (Internal Audit)
Head of Internal Audit Opinion and Annual Report						Neil Rickwood - West Yorkshire Police (Internal Audit)
<b>Force Update</b>						
Force HMICFRS Assurance Group Update	X	X	X	X	X	JIAC Members
Update on Numbers and Deployment of Additional Recruited Officers	X			X		Emma Bowen - Head of People Services (HP)

Additional Items						



# HUMBERSIDE POLICE AND CRIME COMMISSIONER/HUMBERSIDE POLICE JOINT INDEPENDENT AUDIT COMMITTEE

## TERMS OF REFERENCE

### Composition

The size and membership of the Joint Independent Audit Committee (JIAC) is predicated on the size and membership of Humberside Fire Authority's Governance, Audit and Scrutiny (GAS) Committee.

Currently the Committee is made up of five independent Members.

### Terms of Office

Members will be appointed for a period of one 3-year term and be eligible for re-appointment for one additional term.

### Meetings

The Committee normally meets five times a financial year.

### Quorum

The quorum for meetings shall be three.

### Statement of Purpose

The Committee is a key component of our corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Committee is to provide independent advice and recommendations to the Commissioner and the Chief Constable on the adequacy of the governance and risk management frameworks, internal controls and financial reporting, annual governance processes and internal and external audit, thereby helping to ensure efficient and effective assurance arrangements are in place.

The Committee is therefore responsible for providing assurance to the Commissioner and the Chief Constable in respect of:

### Governance and risk

1. Ensuring effective governance is in place and functioning efficiently and effectively and to make any recommendations for improvement.
2. Reviewing the Annual Governance Statements prior to approval.
3. Considering the framework of assurance and ensuring that it adequately addresses the risks and priorities of the OPCC/the Force.
4. Monitoring the effective development and operation of risk management, reviewing the risk profile, and monitoring the adequacy of management action in addressing risk-related issues reported to them.

5. Considering the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. Reviewing arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources.

### **Internal audit**

7. Considering (i) the internal audit plan (and any proposed revisions), (ii) regular progress reports, and (iii) the Head of Internal Audit's annual report and opinion and the level of assurance it can give over corporate governance arrangements and the effectiveness of internal controls.
8. Considering summaries of internal audit reports and such detailed reports as the committee may request from the Commissioner/Chief Constable, including issues raised or recommendations made by internal audit and the adequacy of management action to address areas identified for improvement.
9. Overseeing the appointment and considering the adequacy of the performance of the internal audit service and its independence.
10. Considering a report on the effectiveness of internal audit to support the Annual Governance Statement

### **External audit**

11. Receiving the external Audit Plan, the external auditor's annual management letter, relevant reports, and the report to those charged with governance and consider the adequacy of the of action being taken by the Commissioner or Chief Constable to address recommendations for improvement .
12. Commenting on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.
13. Advising and recommending on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Financial reporting**

14. Reviewing the annual statement of accounts to provide assurance that they comply with relevant requirements before approval by the Commissioner and the Chief Constable.

### **Other Responsibilities**

15. Reviewing and assessing the adequacy of the Terms of Reference annually and seeking the approval of the Commissioner and the Chief Constable for any proposed changes.
16. Producing an Annual Report that provides details of the Committee's work, evaluates its performance during the preceding year and confirms whether all allocated responsibilities have been carried out.



17. Preparing reports on issues highlighted by the Committee recommending appropriate actions for consideration by the Commissioner and or Chief Constable or their statutory officers.
18. Performing any other relevant activities requested by the Commissioner and or Chief Constable, by agreement with the Committee.





## JOINT INDEPENDENT AUDIT COMMITTEE



### Strategic Risk Exception Update

<b>MEETING DATE:</b>	<b>20 June 2022</b>
<b>AUTHOR:</b>	<b>Jonathan Lambert, Strategic Support Officer, Humberside Police</b>

#### AREA FOR DISCUSSION

The Strategic Risk Report for the Force covering the period from the last JIAC and reported by exception only. These have been signed off by the Chief Officer Group and the OPCC Accountability Board.

#### EXCEPTIONS / ISSUES OF NOTE

By exception, there has been three Archived risks.

**Archived Risk: 06/18 Driver training** – The risk emerged due to a backlog of officers not qualified to drive police vehicles and the inability to pass officers through the training systems in an acceptable time. This was accentuated due to covid-19 social distancing requirements. To mitigate the risk, we have increased the capacity of driver trainers by recruiting two full time positions and now over 50% of patrol officers have completed the training. We are continuing to increase the capacity of our trained drivers, but this will now be managed at command level.

**Archived Risk 04/21 Police Legitimacy** – Humberside Police has always maintained a strong relationship with the communities we serve. However, Covid-19 limited how we could interact with these communities, and we were conscious this could impact our relationship. We had witnessed a few high-profile events, such as Sarah Everard and the Kill the Bill protests, which could have further eroded the public's sense of our legitimacy. As a force we ensured we continued a community-based approach to protesting so that we allow the public to exercise the right to a peaceful protest. We also ensure we meet regularly with event organisers, and this has ensured protest activity across the force has resulted in minimal incidents.

We also have a strong communications strategy in place and our strategic public engagement programme Humber Talking and the Confidence scores from My Community Alert remain strong and show a positive trend. We also have a strong external IAG structure in place covering a number of diverse groups and communities. We will continue our work to instil a strong sense of police legitimacy in our communities through our usual governance channels.

**Archived Risk: 08/19 Information Services (IS) – Governance, Financial Management and Control** - In 2019, our Internal Audit Report identified several significant gaps in relation to the management and governance of the IS Department which had contributed to shortfalls in service provision. In the last Audit Report update, the document recognised the significant improvements that had been made in the governance and financial management arrangements across the IS collaboration. There are still local actions being managed locally but it was agreed that this Risk had now reached the threshold where it no longer needed to be actively monitored via the Strategic Risk Register.

#### NEXT STEPS

That JIAC note the content of the Force Risk Exception Report.



## TREASURY MANAGEMENT ANNUAL REPORT 2021/22

### SUMMARY

1. This report provides the Police and Crime Commissioner with a review of the treasury management activity and Prudential Indicators for the year 2021/22.
2. The report shows full compliance with the Commissioner's Prudential Indicators for 2021/22 and was also considered by the Joint Independent Audit Committee on 20 June 2022.

### RECOMMENDATIONS

3. That the Commissioner takes assurance from the treasury management activities undertaken during 2021/22 and the Prudential Indicators as outlined in paragraphs 14 and 15 and detailed in Appendix 1.

### BACKGROUND

4. Treasury Management, as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2009 is:

"The management of the organisation's investments and cash-flows, its banking and money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of the optimum performance consistent with those risks."

5. One of the main requirements of the CIPFA Code is that the Commissioner receives an annual report detailing treasury management activities within the year and compliance with the annual Treasury Management Policy.
6. This report provides the Commissioner with details of the treasury management activities and Prudential Indicators for the 2021/22 financial year in line with the requirements of the Code.

### INVESTMENT ACTIVITY

7. The Commissioner's temporary investments totalled £9m as at 31 March 2022.

Table 1 – Investment income earned 2021/22

Interest Earned 2021/22	Rate of return 2021/22	Benchmark return 2021/22*	Difference (+ favourable)
£27,494	0.26%	0.14%	+0.12%

\* Benchmark set as the Average SONIA rate for the year

8. Interest earned during 2021/22 was £17k higher than originally budgeted for in respect of investment activity for the year, due to more favourable interest rates than anticipated and a higher level of investments.

### BORROWING

#### Short-Term Borrowing

9. The Commissioner seeks to minimise the use of short-term borrowing to fund temporary cash shortfalls. The Commissioner did make use of short-term borrowing during the course of the year.

#### Long-Term Borrowing

10. Long-term loans are taken out either to replace existing loans which have matured or to fund capital expenditure. Under the Prudential Regime there are no longer centrally imposed limits on borrowing, but individual Commissioners are required to determine themselves what is a sustainable and affordable level of borrowing as an integral part of their Medium-Term Financial Planning processes.
11. The Commissioner's average level of borrowing was £96.9m for 2021/22, on which £1.9m of interest was payable. The Commissioner repaid £3.3m of PWLB debt upon maturity and took new borrowing of £20m. Closing PWLB debt at 31 March 2022 was £105m.

#### PRUDENTIAL INDICATORS

12. Appendix 1 details the agreed Prudential Indicators for 2021/22 and the actual figures for 2021/22.
13. During the financial year the Commissioner operated wholly within the limits approved.

#### Capital Expenditure

14. The Chief Finance Officer/S.151 Officer considers the current capital programme to be affordable and sustainable with the revenue effects of capital investment built into the Medium-Term Resource Strategy. Through the Medium-Term Financial Planning Process, the Commissioner has aligned resources to key strategic priorities.

#### Treasury Management

15. Based on the Operational Boundary definition, external debt at 31 March 2022 was £45m below the agreed Operational Boundary for 2021/22 and the maturity structure for both borrowing and investments remain within the approved upper and lower limits. Subsequent borrowing or re-scheduling during 2022/23 will take into account prevailing interest rates on offer from the Public Works Loans Board, the current maturity structure of loans, balanced with the need to reduce capital risk by keeping down cash-balances.

#### STRATEGIC PLAN COMPATIBILITY

16. Treasury management is an integral part of the financial management of the Commissioner. Utilising approved borrowing and investment strategies will maximise investment income whilst minimising exposure to liquidity and market risks.

#### FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

17. The continued approach to investment of surplus funds is designed to further mitigate against potential losses as a consequence of counterparty failure and reflects a prudent approach to treasury management activity.

#### LEGAL IMPLICATIONS

18. The Commissioner must comply with the requirements of the CIPFA Code of Practice on Treasury Management and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. This report ensures such compliance.

#### EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

19. No direct issues arise from this report.

#### CORPORATE RISK MANAGEMENT IMPLICATIONS

20. The application of and regular monitoring thereafter of a prudent Treasury Management Policy and related Prudential Indicators ensures that the Commissioner effectively manages financial risks whilst minimising borrowing costs and maximising investment income. It is therefore key to good financial management and an important element of the Medium Term Financial Planning Process.

#### HEALTH AND SAFETY IMPLICATIONS

21. No issues arising.

COMMUNICATIONS ACTIONS ARISING

22. No direct issues arising.

DETAILS OF CONSULTATION AND/OR COLLABORATION

23. The Commissioner's treasury management strategy has been developed using market information and specialist advice supplied by the Commissioner's treasury management advisors.

BACKGROUND PAPERS

24. 'Treasury Management and Capital Expenditure Prudential Indicators, Treasury Management Policy Statement 2020/21 and Minimum Revenue Provision (MRP) for 2021/22'  
CIPFA Code of Practice on Treasury Management 2009

RECOMMENDATION RESTATED

25. That the Commissioner takes assurance from the treasury management activities undertaken during 2021/22 and the Prudential Indicators as outlined in paragraphs 14 and 15 and detailed in Appendix 1.

**K WILSON**  
**CHIEF FINANCE OFFICER/S151 OFFICER TO THE POLICE AND CRIME COMMISSIONER FOR HUMBERSIDE**





**Prudential Indicators 2021/22**a) Capital ExpenditureIndicator 1 - Capital Expenditure

The actual capital expenditure for the current year compared to the revised budget, together with estimates of expenditure to be incurred in future years are shown below:

	2021/22 Revised £k	2021/22 Actual £k	2022/23 Estimate £k	2023/24 Estimate £k	2024/25 Estimate £k
Total Capital expenditure	26,681	20,977	21,940	11,198	10,822

The underspend against the revised 2021/22 budget reflects slippage across a number of capital schemes as reported to the Police and Crime Commissioner in the 2021/22 Annual Accounts report.

Indicator 2 - Capital Financing Requirement

The capital financing requirement for 2021/22 and estimates for future years are as follows:

	Revised Estimate 31/03/22 £k	Actual 31/03/22 £k	Estimate 31/03/23 £k	Estimate 31/03/24 £k	Estimate 31/03/25 £k
Capital Financing Requirement	126,933	118,272	135,990	142,390	138,748

The capital financing requirement measures the Commissioner's need to borrow for capital purposes. In accordance with best professional practice, the Commissioner does not associate borrowing with particular items or types of expenditure. The Commissioner has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Strategy. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the Commissioner and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Commissioner's underlying need to borrow for a capital purpose. A key indicator of prudence under the Prudential Code is: -

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years".

The Chief Finance Officer/S.151 Officer reports that the Commissioner has had no difficulty meeting this requirement during the course of this financial year and no difficulties are envisaged in future years. This takes into account current commitments, existing plans and the proposals contained in the Medium Term Resource Strategy.

Indicator 3 – Core Funds and Expected Investment Balances

The total core funds and expected investments for 2021/22 and future years are as follows:

	2021/22 Revised £k	2021/22 Actual £k	2022/23 Estimate £k	2023/24 Estimate £k	2024/25 Estimate £k
Total Core Funds	20,400	27,200	17,000	18,100	17,100
Expected Investments	(3,700)	3,100	(300)	(2,500)	(5,500)

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

b) Treasury Management

Indicator 4 - Operational Boundary for External Debt

The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the S.151 Officer's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the Chief Finance Officer/S.151 Officer.

	2021/22 Operational Boundary £k	Actual as at 31/03/22 £k	2022/23 Operational Boundary £k	2023/24 Operational Boundary £k	2024/25 Operational Boundary £k
Borrowing	150,000	105,263	150,000	150,000	150,000

The Chief Finance Officer/S.151 Officer confirms that borrowing in the year has not exceeded the operational boundary at any point within the year and is not expected to do so over the course of the next period based on information currently available.

Indicator 5 - Authorised Limit for External Debt

The table below shows the Authorised limit for External Debt for 2021/22 and subsequent three year period as approved by Members compared to the actual level of borrowing as at 31 March 2022.

	2021/22 Authorised Limit £k	Actual as at 31/03/22 £k	2022/23 Authorised Limit £k	2023/24 Authorised Limit £k	2024/25 Authorised Limit £k
Borrowing	180,000	105,263	180,000	180,000	180,000

The Authorised Limit reflects the Commissioner's projected long and short term borrowing requirements, together with any other long-term liabilities it may have. The figures are based on the estimate of most likely, prudent but not worst case scenario, with sufficient headroom over and above this to allow for operational management of, for example unusual cash movements.

The Chief Finance Officer/S.151 Officer confirms that the Authorised Limit has not been approached at any point during the year.

Indicator 6 - Ratio of Capital Financing Costs to Net Revenue Stream

The ratio of financing costs to net revenue stream for the current year and estimates for future years are as follows: -

	2021/22 Estimate %	2021/22 Actual %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
Ratio of Financial Costs to Net Revenue Stream	2.79	2.70	3.27	4.02	4.45

These ratios indicate the proportion of the net budget of the Commissioner that is required to finance the costs of capital expenditure in any year. Estimates of financing costs include current commitments and the proposals contained in the capital programme of the Commissioner.

In calculating the ratio, Net Revenue Streams in any year have been taken to exclude any element of the net budget requirement that is intended to provide reserves for the Commissioner.

Indicator 7 – Upper and Lower Limits for the maturity structure of borrowings

This indicator seeks to ensure the Commissioner controls its exposure to the risk of interest rate changes by limiting the proportion of debt maturing in any single period. Ordinarily debt is replaced on maturity and therefore it is important that the Commissioner is not forced to replace a large proportion of loans at a time of relatively high interest rates.

“The Authority will set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowings. The prudential indicators will be referred to as the upper and lower limits respectively for the maturity structure of borrowing and shall be calculated as follows:

Amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate;

Where the periods in question are:

- Under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and above”

(Paragraph 74 of the code)

	Actual as at 31/03/22	Upper Limit	Lower Limit
	%	%	%
Under 12 Months	3.1	15	0
12 months and within 24 months	3.36	15	0
24 months and within 5 years	9.44	30	0
5 years and within 10 years	16.18	60	0
10 years and above	67.93	80	0

The Chief Finance Officer/S.151 Officer confirms that the maturity structure of external debt as at 31 March 2022 is within the upper and lower limits approved by the Commissioner.



# Audit Strategy Memorandum

Police and Crime Commissioner for  
Humberside

Chief Constable for Humberside

Year ending 31 March 2022



# Contents

- 01** Engagement and responsibilities summary
- 02** Your audit engagement team
- 03** Audit scope, approach and timeline
- 04** Significant risks and other key judgement areas
- 05** Value for money arrangements
- 06** Fees for audit and other services
- 07** Our commitment to independence
- 08** Materiality and misstatements

Appendix – Key communication points

This document is to be regarded as confidential to the Police and Crime Commissioner for Humberside and the Chief Constable for Humberside. It has been prepared for the sole use of the Police and Crime Commissioner and the Chief Constable. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Mr J Evison - Police and Crime Commissioner for Humberside  
Mr L Freeman - Chief Constable for Humberside  
Humberside Police Headquarters  
Priory Road  
Hull  
HU5 5SF

8 April 2022

Dear Sirs

## **Audit Strategy Memorandum – Year ending 31 March 2022**

We are pleased to present our Audit Strategy Memorandum for the Police and Crime Commissioner for Humberside and the Chief Constable for Humberside for the year ending 31 March 2022. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Police and Crime Commissioner for Humberside and the Chief Constable for Humberside which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07896 684 771.

Yours faithfully

*Gavin Barker*

Gavin Barker

Mazars LLP

Mazars LLP  
The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle Upon Tyne  
NE1 1DF

# 01

Section 01:

## **Engagement and responsibilities summary**



# 1. Engagement and responsibilities summary

<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

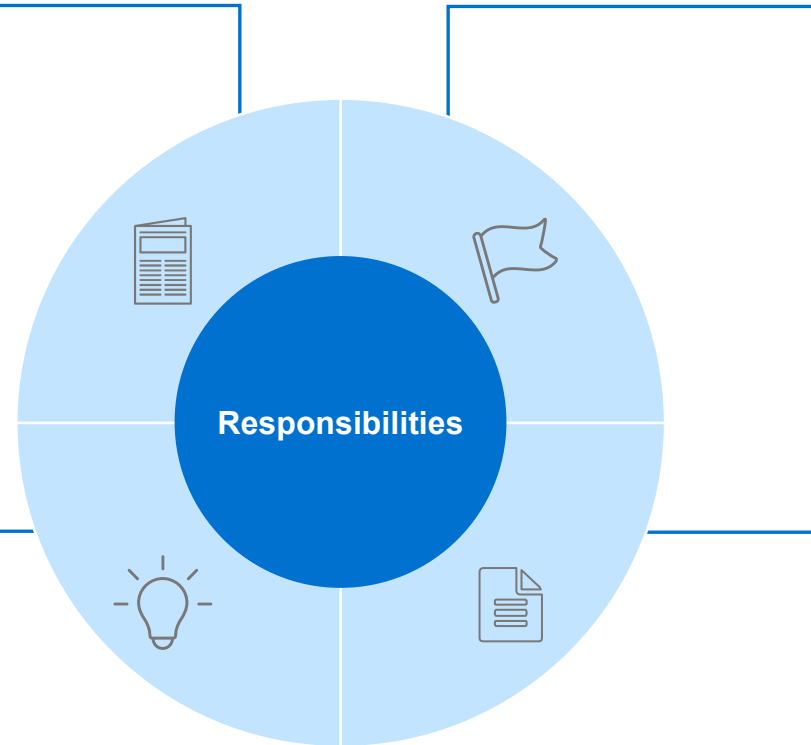
## Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management, the PCC or CC, as Those Charged With Governance, of their responsibilities.

The PCC and CC is responsible for the assessment of whether it is appropriate for the PCC and CC to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence, and conclude on: a) whether a material uncertainty related to going concern exists; and b) consider the appropriateness of the Chief Finance Officers for the PCC and CC use of the going concern basis of accounting in the preparation of the financial statements.

## Value for money

We are also responsible for forming a commentary on the arrangements that the PCC and CC has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



## Fraud

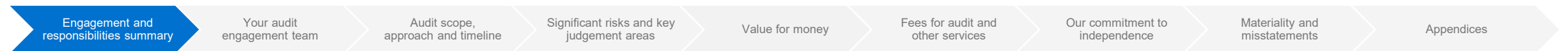
The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of Those Charged With Governance, including key management as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Our audit, however, should not be relied upon to identify all such misstatements.

## Wider reporting and electors' rights

We report to the NAO on the consistency of the PCC and CC's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the PCC and CC and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom



# 02

Section 02:

**Your audit engagement team**

# 2. Your audit engagement team

Your external audit service will be led by Gavin Barker.

Who	Role	E-mail
Gavin Barker	Engagement lead	<a href="mailto:gavin.barker@mazars.co.uk">gavin.barker@mazars.co.uk</a>
Louise Stables	Engagement manager	<a href="mailto:louise.stables@mazars.co.uk">louise.stables@mazars.co.uk</a>
Jodie Steel	Engagement team leader	<a href="mailto:jodie.steel@mazars.co.uk">jodie.steel@mazars.co.uk</a>



# 03

Section 03:

**Audit scope, approach and timeline**

# 3. Audit scope, approach and timeline

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

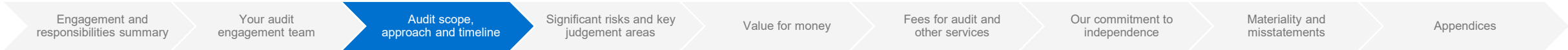
## Audit approach

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.

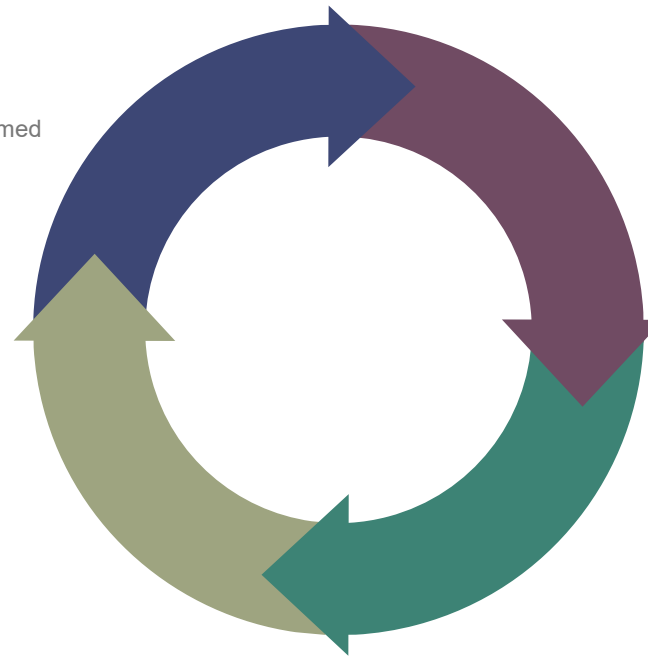


### Planning April 2022

- Planning visit and developing our understanding of the PCC and CC
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

### Completion Sept 2022

- Final review and disclosure checklist of financial statements
- Final Director review
- Agreeing content of letter of representation
- Reporting to the Joint Independent Audit Committee
- Reviewing subsequent events
- Signing the auditor's report

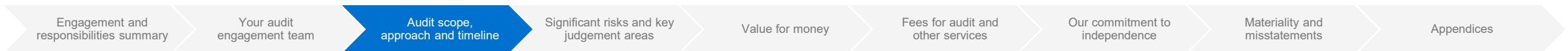


### Interim June 2022

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

### Fieldwork Aug /Sept 2022

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting



## Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

If we decided to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

## Management's and our experts

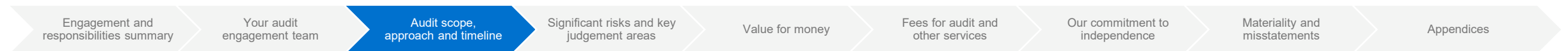
Management makes use of experts in specific areas when preparing the PCC and CC's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Defined benefit liability	Government Actuary's Department (Police Pension Scheme) and Hymans Robertson(LGPS).	NAO's Consulting Actuary (PWC)
Property, plant and equipment valuation	Carter Jonas	N/A

## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the PCC and CC that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the PCC and CC and our planned audit approach.

Items of account	Service organisation	Audit approach
Processing the treasury management system underpinning loans and investment figures and financial instrument disclosures within the financial statements.	Hull City Council	We are also the auditor of the Council and have direct access to accounting records and staff. Accordingly, we can substantively test the financial statements in the same way as if the PCC did not rely on a service organisation. We will review and document the controls in place for production of the financial statements and also within the material financial information systems.
Payment of pension lump sums and monthly pension payroll to retirees under the Police Pension schemes.	XPS	Sufficient access provided by Humberside Police to perform walkthrough of transactions as part of planning work. Testing of pensions at the year-end.
IT systems	South Yorkshire Police	Although IT systems are provided by South Yorkshire Police, we have full access to everything needed to test the inputs and outputs to and from the financial systems.



# 04

Section 04:

**Significant risks and other key  
judgement areas**



# 4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

### Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.

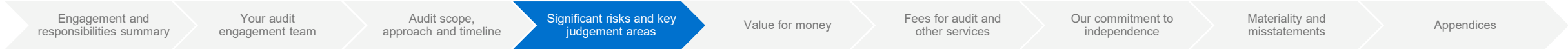
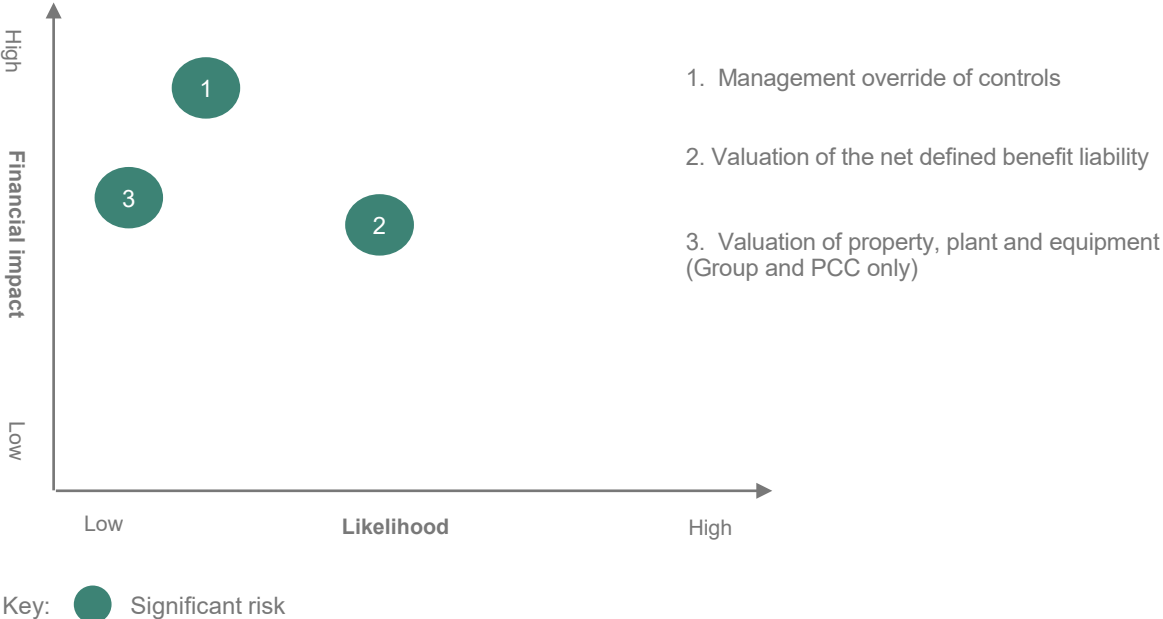
### Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

### Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.



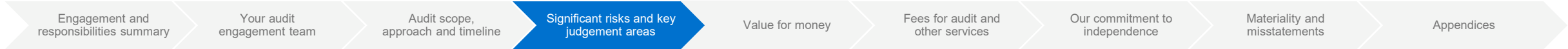
# 4. Significant risks and other key judgement areas

## Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Joint Independent Audit Committee.

## Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p><b>Management override of controls</b> This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	<p>We plan to address the management override of controls risk by performing audit work on accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.</p> <p>We will use a computer audit analytical technique (CAAT) to efficiently identify journals with risk characteristics and test 100% of such adjustments to the financial ledger.</p>



## 4. Significant risks and other key judgement areas

### Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p><b>Net defined benefit liability valuation</b></p> <p>The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	○	●	●	<p>We will discuss with key contacts any significant changes to the pension estimates. In addition to our standard programme of work in this area, we will evaluate the management controls you have in place to assess the reasonableness of the figures provided by the Actuary and consider the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally.</p> <p>We will review the appropriateness of the key assumptions included within the valuations, compare them to expected ranges and review the methodology applied in the valuation. We will consider the adequacy of disclosures in the financial statements.</p> <p>We will also seek assurance from the auditor of East Riding Pension Fund.</p>
3	<p><b>Valuation of property, plant and equipment (relevant to the PCC and Group Accounts only)</b></p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the PCC and Group's holding of PPE. Although the PCC uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of PPE to be an area of significant risk.</p>	○	●	●	<p>We plan to address this risk by considering the PCC's arrangements for ensuring that PPE values are reasonable and we use available third party data to enable us to assess the reasonableness of the valuations provided by the external valuer. We will also assess the competence, skills and experience of the valuer.</p> <p>We plan to discuss methods used with the valuer and examine test valuations. We will use indices available from third party data to confirm the assets not revalued are unlikely to have materially changed in value. We will test a sample of revaluations in year to valuation reports and supporting calculation sheets and ensure the calculations are correct and source data agrees with floor plans.</p>

Engagement and responsibilities summary

Your audit engagement team

Audit scope, approach and timeline

**Significant risks and key judgement areas**

Value for money

Fees for audit and other services

Our commitment to independence

Materiality and misstatements

Appendices

# 05

Section 05:

**Value for money arrangements**

## Framework for our work

We are required to form a view as to whether the PCC and CC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

2021/22 will be the second audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the PCC and CC has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the PCC and CC's arrangements in the Auditor's Annual Report.

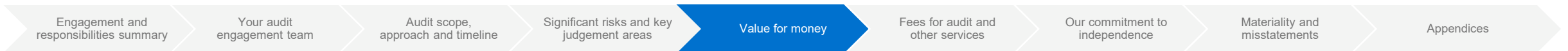
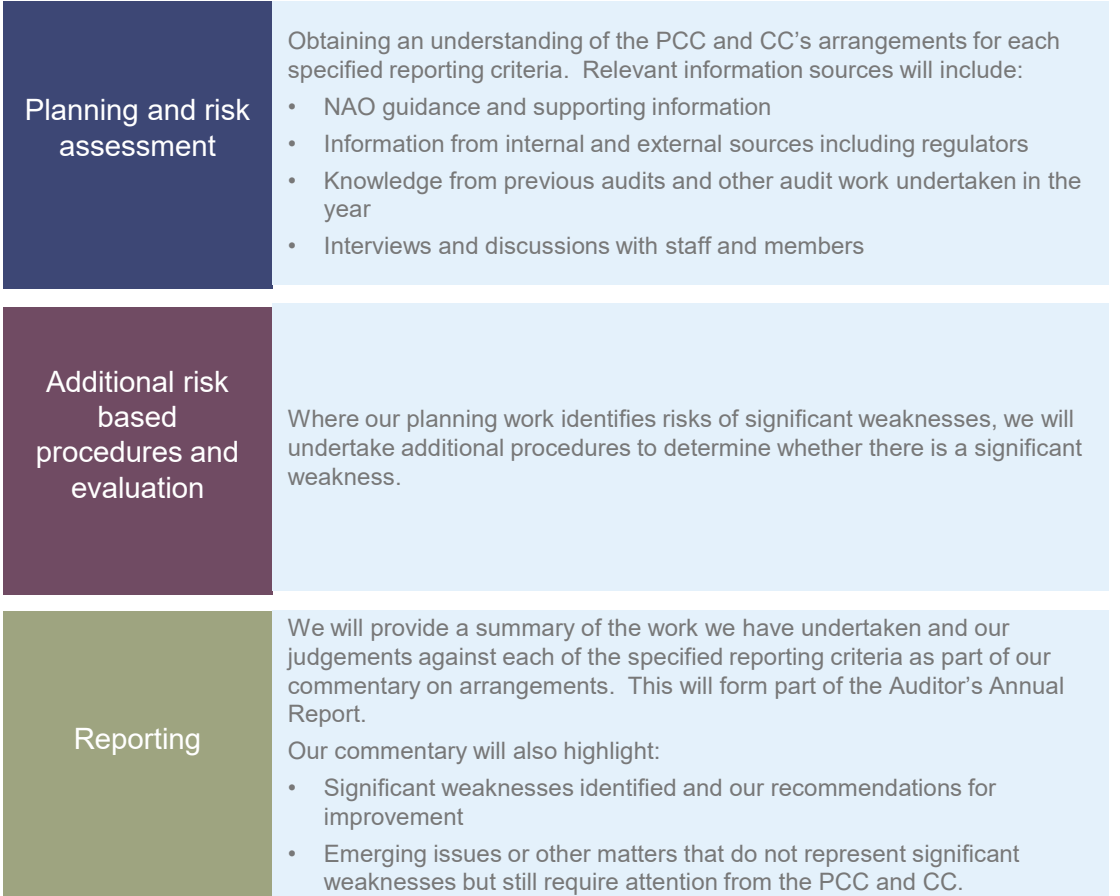
## Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the PCC and CC plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the PCC and CC ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the PCC and CC uses information about its costs and performance to improve the way it manages and delivers its services

## Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the PCC and CC's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the PCC and CC and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

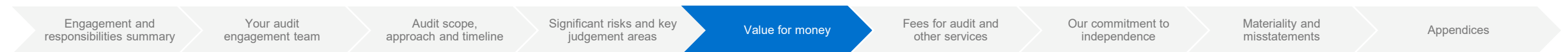


## Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the PCC and CC's arrangements and to identify risks that significant weaknesses in arrangements may exist.

At the time of drafting this document we have yet to complete our planning and risk assessment for 2021/22. We will report the results of our planning and risk assessment work at a later Joint Independent Audit Committee meeting.

Although we have not formally concluded our value for money work for 2020/21, we anticipate reporting a risk of significant weakness in arrangements in the Auditor's Annual Report for 2020/21 in relation to the collaborative provision of information services. We will follow-up on any significant weakness and recommendation identified and reported in our 2020/21 audit.



# 06

Section 06:

**Fees for audit and other services**

## 6. Fees for audit and other services

Area of work	PCC 2020/21 fees	PCC 2021/22 fees	CC 2020/21 fees	CC 2021/22 fees
Planned fee in respect of our work under the Code of Audit Practice (see note 1)	£26,045	£26,045	£11,550	£11,550
Recurring increases in the base audit fee arising from regulatory pressures (see note 2)	£5,242	£5,242	£2,360	£2,360
Additional fees in respect of the new VFM approach (see note 3)	£4,200	£4,200	£1,800	£1,800
Additional fees in respect of the revised ISA540 (see note 2)	£1,750	£1,750	£750	£750
<b>Total fees</b>	<b>£37,237</b>	<b>£37,237</b>	<b>£16,460</b>	<b>£16,460</b>

**Note 1: This scale fee was initially set by PSAA in 2018**

**Note 2: The additional audit cost in 2020/21 relates to additional testing of property valuations and enhanced pension liability procedures in response to increased regulatory expectations, and the additional requirements of ISA540 Auditing Accounting Estimates.**

**Note 3: The additional audit cost in 2020/21 relates to the additional work required to support the value for money reporting required by the new Code of Audit Practice.**

### Fees for non-PSAA work

There are no fees for non PSAA work.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees



# 07

Section 07:

**Our commitment to independence**

# 7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

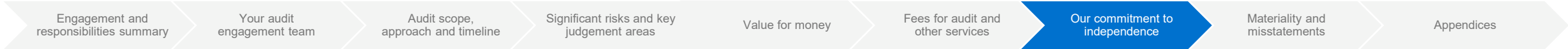
- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team; and
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Gavin Barker in the first instance.

Prior to the provision of any non-audit services Gavin Barker will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

No threats to our independence have been identified.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



# 08

Section 08:

## **Materiality and misstatements**

# 8. Materiality and misstatements

## Summary of initial materiality thresholds

Threshold	Initial threshold £'000s
Overall materiality – Group	5,800
Overall materiality – PCC	5,000
Overall materiality - CC	5,700
Performance materiality – Group	4,640
Performance materiality – PCC	4,000
Performance materiality – CC	4,560
Trivial threshold for errors to be reported to the Joint Independent Audit Committee:	
Group	174
PCC	150
CCC	171

## Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

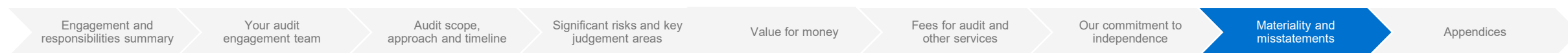
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of 2% of gross revenue expenditure at the surplus/deficit level after excluding exceptional items and revaluation and impairment gains and losses. We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Joint Independent Audit Committee.

We consider that gross expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



# 8. Materiality and misstatements

## Materiality (continued)

We expect to set a materiality threshold at 2% of gross revenue expenditure at the surplus/deficit level after excluding exceptional items and revaluation and impairment gains and losses. Based on 2020/21 financial statements we anticipate the overall materiality for the year ending 31 March 2022 to be in the region of £5.8m for the Group, £5m for the PCC and £5.7m for the CC (this is consistent with the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

## Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

## Misstatements

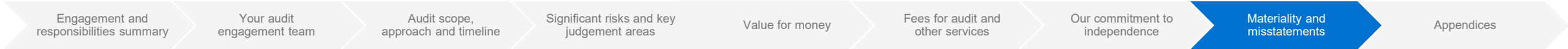
We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Joint Independent Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated

because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £171k for the Group, £150k for the PCC and £171k for the CC based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Gavin Barker.

## Reporting to the Joint Independent Audit Committee

The following three types of audit differences above the trivial threshold will be presented to the Joint Independent Audit Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).





## Appendix: Key communication points

# Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

## Form, timing and content of our communications

We will present the following reports:

- Audit Strategy Memorandum;
- Audit Completion Report; and
- Auditor's Annual Report.

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

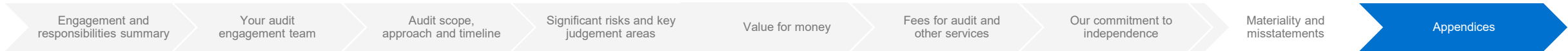
## Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements.
- The planned scope and timing of the audit.
- Significant audit risks and areas of management judgement.

- Our commitment to independence.
- Responsibilities for preventing and detecting errors.
- Materiality and misstatements.
- Fees for audit and other services.

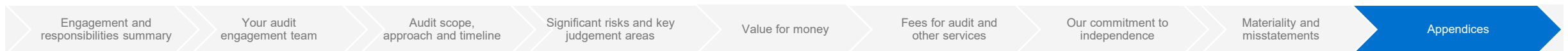
## Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control.
- Significant findings from the audit.
- Significant matters discussed with management.
- Our conclusions on the significant audit risks and areas of management judgement.
- Summary of misstatements.
- Management representation letter.
- Our proposed draft audit report.
- Independence.



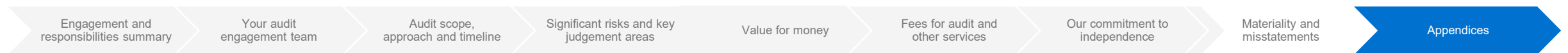
ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> <li>• uncorrected misstatements and their effect on our audit opinion;</li> <li>• the effect of uncorrected misstatements related to prior periods;</li> <li>• a request that any uncorrected misstatement is corrected; and</li> <li>• in writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> <li>• enquiries of the Joint Independent Audit Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• a discussion of any other matters related to fraud.</li> </ul>	Audit Completion Report and discussion at the Joint Independent Audit Committee, Audit planning and clearance meetings

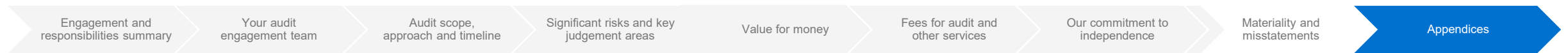




Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>• non-disclosure by management;</li> <li>• inappropriate authorisation and approval of transactions;</li> <li>• disagreement over disclosures;</li> <li>• non-compliance with laws and regulations; and</li> <li>• difficulty in identifying the party that ultimately controls the entity.</li> </ul>	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> <li>• our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• significant difficulties, if any, encountered during the audit;</li> <li>• significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>• written representations that we are seeking;</li> <li>• expected modifications to the audit report; and</li> <li>• other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Joint Independent Audit Committee in the context of fulfilling their responsibilities.</li> </ul>	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during the audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>



Required communication	Where addressed
<p>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Joint Independent Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Joint Independent Audit Committee may be aware of.</p>	<p>Audit Completion Report and the Joint Independent Audit Committee meetings</p>
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• whether the events or conditions constitute a material uncertainty;</li> <li>• whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>• the adequacy of related disclosures in the financial statements.</li> </ul>	<p>Audit Completion Report</p>
<p>Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods</p>	<p>Audit Completion Report</p>
<p>Indication of whether all requested explanations and documents were provided by the entity</p>	<p>Audit Completion Report</p>



Gavin Barker – Director

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## Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.



Humberside Police & Crime Commissioner  
Joint Independent Audit Committee

Report of the Head of Audit

**INTERNAL AUDIT PROGRESS REPORT**

**1 PURPOSE OF THE REPORT**

1.1 The report sets out the current progress against the 2022/23 Audit Plan.

**2 BACKGROUND**

2.1 This Progress Report monitors the delivery of work undertaken in relation to the provision of shared Internal Audit services as per the Joint Service arrangements between West Yorkshire and Humberside Police & Crime Commissioner (PCC) and the respective Police Forces.

**Table 1: Summary of Progress against the Audit Plan for 2022/23**

<b>STATUS OF AUDITS</b>	<b>2022/23</b> (as at 9 June 22) APPENDIX A
Final Reports with Response Received	-
Final Reports – Response Awaited	-
Final Reports – No Response Required	-
Work Completed/ Advice/ briefings provided	-
Draft Reports Issued	-
In Progress	6
<b>TOTAL</b>	<b>6</b>

2.2 The 2021/22 audit cycle is nearing completion and since the last JIAC in March three reports have been finalised and received management responses. Summaries of these audits have been provided (Appendices B-D), two reports (Community Resolutions & Financial Systems) provided REASONABLE assurance, whilst the Management of Organised Crime Groups provided LIMITED assurance.

2.3 One audit assignment, namely the Review of Occupational Health, which commenced late in 2021/22 is still in progress. In addition an audit of Serious Sexual Offences (SSOs): Quality of Investigations has been carried forward into the 2022/23 audit cycle. This reflects additional work necessary as a result of an expanded scope agreed by the Chief Officer Team. These audits will now be incorporated into and reported as part of the 2022/23 audit cycle.

2.4 Members are reminded that they can have sight of all finalised reports issued upon request and all finalised reports are uploaded onto the JIAC members portal.

### **3 OPTIONS, RISKS AND OPPORTUNITIES**

- 3.1 If the Internal Audit function does not provide an efficient and effective risk based audit service the Police and Crime Commissioner and Force will be unable to obtain an appropriate level of assurance regarding the system of internal control operating within both organisations.

### **4 POLICING PLAN AND PERFORMANCE**

- 4.1 Internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It 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.

### **5 IMPACTS ON OR LINKS TO COLLABORATION**

- 5.1 The Internal Audit function is provided to the Humberside Police & Crime Commissioner and Chief Constable by internal audit staff from the West Yorkshire Office of the Police & Crime Commissioner under a s22 agreement with the Police and Crime Commissioner for West Yorkshire.

### **6 FINANCIAL IMPLICATIONS**

- 6.1 There are no direct, specific financial implications within the progress report. However, individual audits contained within the report may include recommendations which contribute to a more effective use of resources and enhance the value for money being obtained by the Force/ PCC. In addition, wherever practicable, recommendations are made which do not cause the PCC/ Force to incur additional costs.

### **7 LEGAL IMPLICATIONS**

- 7.1 The Police and Crime Commissioner and Chief Constable are required to ensure that appropriate Internal Audit arrangements are in place.

### **8 EQUALITY AND DIVERSITY AND HUMAN RIGHTS**

- 8.1 There are none in the context of this report.

## **9 CONCLUSION**

- 9.1 The report summarises both the progress in finalising the 2021/22 audit plan and progress to date against the 2022/23 audit plan.

## **10 RECOMMENDATIONS**

- 10.1 It is recommended that the Joint Independent Audit Committee note the contents of the report and discuss any issues arising.

### **Contact Officer:**

Neil Rickwood, Head of Audit

### **Background documents:**

Appendix A - Audit Plan 2022/23 (to date)

Appendix B – Summary Community Resolutions (Outcome 8)

Appendix C – Summary Management of Organised Crime Groups (OCGs)

Appendix D – Summary Financial Systems





**Appendix A – 2022/23 Internal Audit Plan and Progress (as at 9 June 2022)**

<i>Audit Status</i>	<i>Audit Opinion</i>	<i>Audit Name</i>	<i>Scheduled</i>	<i>Type of Audit (days)</i>	<i>Description</i>	
In Progress		OHU	c/f 21/22	Assurance/Support	15	Completion of carried forward audit work commenced late in Q4.
		Management of Offenders	Q3-4	Assurance/Support	20	Management of Offenders including IOM and the specific management of sex offenders within the community – including the use of VAST (lie detector technology)
In Progress		VAWG	Q1-2	Risk	20	Audit to evaluate/ provide assurance regarding HP’s overall prevention approach to VAWG.
In Progress		Serious Sexual Offences (SSO) investigation quality	Q1-2	Risk	20	Review of the quality of investigations in relation Serious Sexual Offences (SSO) with a key focus on a victim informed approach as part of these investigations. Initial work commenced in 21/22 which has been incorporated in the 22/23 audit programme as an expanded scope.
		Custody	Q3	Risk	20	A review of the management of the risks associated with custody services.
In Progress		Force Vetting	Q1-2	Assurance/Support	15	A review of the vetting arrangements in place for both police officers and police staff.
In Progress		Overtime Processes	Q1-2	Financial Systems	15	Review of overtime processes – Police Officer and Police Staff
		Logistics	Q3	Assurance/Support	15	A review of the management and administration of Annual Leave, RDIL and Time Off processes within the logistics function.
In Progress		Victim Code Compliance	Q1-2	Governance	20	Wider audit focussing on the ‘harder to measure aspects’ not just regularity of victim updates / victim right to review.
-	-	IS Audit Universe workstream	Q1-4	Risk/ Governance	25	IS Department are to commission an ITIL assessment exercise which will identify areas of risk which will provide direction for subsequent audit activity for a shared audit programme of work with SYP IA team.
-	-	Financial Systems Assurance & Testing	Q3-4	Financial Systems	30	Humberside Police are implementing Oracle Fusion in 2021 – the wider Finance systems (excluding Payroll) on 1 June 2021 followed by Payroll in August 2021. As a result a full financial systems audit is planned to be undertaken in 2021/22, including the documentation

<i>Audit Status</i>	<i>Audit Opinion</i>	<i>Audit Name</i>	<i>Scheduled</i>	<i>Type of Audit (days)</i>		<i>Description</i>
						of new systems/processes and testing of changes to key controls implemented as part of the Oracle Fusion project.
-	-	Follow-Up Exercises	Q1-4	Follow-up	10	Follow up of previous audits, providing assurance to JIAC and Senior Management that actions relied on to address risk are implemented with particular reference to fundamental and significant recommendations in areas of limited assurance.

<b>Audit</b>	<b>Use of Community Resolutions</b>
<b>Assurance Opinion</b>	<b>Reasonable Assurance</b>
<b>Overall Risk</b>	<b>Low-Medium Risk</b>
<b>Introduction</b>	
<p>Community Resolutions can be used for adults or youths and are a non-statutory disposal, which can include elements of Restorative Justice. A Community Resolution is a way of dealing with an offender which is a proportionate to a lower-level crime and can be used as an outcome where the offender admits the offence. In most cases, it will also have been agreed that the victim does not want formal action to be taken. By encouraging offenders to face up to the impact of their behaviour and taking responsibility for making good any harm caused, it is considered that a Community Resolution can reduce the likelihood of reoffending.</p> <p>Internal Audit were requested to undertake an in-depth evaluation relating to the appropriate use of Community Resolutions, with consideration being given to whether the use of this disposal is reasonable and proportionate given the nature of the offence.</p>	
<b>Main Findings</b>	
<p><u>Use of Community Resolutions</u></p> <p>In order to examine whether Community Resolutions are used appropriately, Internal Audit (IA) selected a sample of 70 Community Resolutions that had been issued from September 2020 – November 2021. As IA were advised that the Swift App should be fully rolled out by September 2021, IA sought to examine whether there were any notable improvements in compliance since this implementation occurred.</p> <p>The audit report identified that 85% of victims were clearly shown to support the use of the Community Resolution outcome. In a small number of examples however, victim support was only confirmed through the signing of the Community Resolution itself, and in a further 15% of occurrences where the Swift App was used, no victim signature was evidenced on the Community Resolution with no clear rationale as to why this is the case. This is a key benefit of the Swift App and has assisted in demonstrating compliance in this area, as previous forms used did not evidence victims' signatures, as such it should be ensured that this is obtained where possible.</p> <p><u>Administration Processes</u></p> <p>An additional benefit of the Swift App is that it removes the need for suspect admission to be captured by some other means, as providing a signature through the Swift App the suspect is essentially confirming their admission of their responsibility and confirming their understanding of the significance of agreeing to the Community Resolution. In the majority of cases where the Swift App was used a suspect signature was clearly present.</p> <p>As a consideration as a part of the review, IA assessed the adequacy of training provided to support the implementation of the Swift App. In examining this, it was identified that briefings were delivered to officers, as well as ongoing guidance and a policy to support this learning. Overall, the level of guidance and training delivered to officers appeared to be sufficient.</p> <p><u>Supervisory Authorisation</u></p> <p>Where a Community Resolution is issued where suspect history or offence type may not be suitable for the use of a Community Resolution, policy is in place to ensure that either Sergeant or Inspector level authority to demonstrate how despite these factors, the Community Resolution is still the most appropriate outcome.</p> <p>The report highlights that there are some inconsistencies in how this authority had been recorded and the provision of a rationale from this. IA observed in some examples prior to the Swift App being implemented, that the CR5 outcome recorded which Sergeant/Inspector authorised the outcome however no supporting rationale was then evidenced on the IEL record.</p> <p>Of the 37/70 investigations considered which required this level of authorisation, it was noted that 18/37 did not have evidence of any rationale being provided to support the use of the Community Resolution. In one of these examples, the suspect had offending history which included the issuing of 2 previous Community Resolutions. In this example,</p>	

Sergeant input was not evidenced but should have been. If the Sergeant had been consulted, they would have noted that the Community Resolution would have been inappropriate to issue in these circumstances as it is insufficient to prevent suspect reoffending.

Through the course of the review, IA observed numerous examples of training/guidance issued to officers to support the implementation of the Swift App, which includes the need for Sergeant/Inspector authorisation in certain circumstances. It had been recommended that this guidance may need to be expanded to include clarify the level of detail needed within this rationale to support why the outcome selected is deemed to be the most appropriate.

Oversight mechanisms are in place in the form of the CDA to ensure that outcomes filed comply with internal policy requirements as well as national crime recording rules. Throughout the course of IA review, IA noted examples where the Outcome 8 was rejected by them due to policy requirements not being met, for example failing to evidence the Community Resolution signed by the suspect and the victim. However, IA observed few examples where the level of authority given to support the outcome was not correct and the outcome being sent back to the officer to correct. The report has recommended that the CDA should not approve requests for finalisation where sufficient rationale is not in place.

### Conclusion

Internal Audit have provided reasonable assurance in regard to the approach to the issuing of Community Resolutions. The Swift App has increased compliance in terms of recording of suspect understanding/agreement to Community Resolution processes.

However, the App does not negate the need to effectively record the victim's views regarding the outcome and ensuring that relevant risk factors including the severity of the offence committed as well as suspect's previous offending history have been taken into account where required. In these examples, authorisation should also be evidenced from Sergeant or Inspector levels, where the relevant criteria are met. Recommendation was raised to issue additional guidance to supervisors regarding the rationale required to support the use of Outcome 8.

Furthermore, it had been recommended that consideration be given to how oversight and relevant governance structures are utilised. Whilst representing good practice, supervisors do not always provide a rationale on the IEL record and do not always evidence how they have confirmed the appropriateness of the suspects offending history. In these cases, it was suggested that this outcome should be rejected by CDA staff until a sufficient rationale is provided.

### **Recommendations and Management Action**

A total of two significant recommendations were made:

- CDA staff should reject Outcome 8 approval requests for crimes where the appropriate rationale is not in place to support why this outcome is the most suitable given the circumstances.
- Consideration should be given to the guidance provided to Sergeants/Inspectors when authorising Outcome 8 offences, and what should be addressed when providing their rationales on the IEL entry. This should include assessment of the nature of the offence, the suspects offending history, and how risks to the victim and community have been considered.

Management responses have been agreed for all recommendations made.

<b>Audit</b>	<b>Management of Organised Crime Groups (OCGs)</b>
<b>Assurance Opinion</b>	<b>Limited Assurance</b>
<b>Overall Risk</b>	
<b>Introduction</b>	
<p>Serious and Organised Crime (SOC) can impact significantly on communities and is believed to cost the UK economy around £37 billion each year. Whilst SOC is not new, it represents a complex and constantly changing problem which in turn requires an evolving response from Police and partners.</p> <p>The management of OCG's within the force has undergone significant change within recent years, including changes to policy, procedure and leadership.</p> <p>Internal Audit has been asked to perform a review of the management of OCG's to provide assurance that they are being managed appropriately and consistently across the force.</p>	
<b>Main Findings</b>	
<p><u>Overall OCG governance arrangements</u></p> <p>As at September 2021, the Force had mapped 66 OCG's, all but 3 of them categorised as level 1 or 2 Organisational Risk Score, meaning they were being managed by the Lead Responsible Officer (LRO) and do not require additional resource and support. However audit testing does not support that OCG's are being effectively managed at a local level by LRO's. Whilst there are some elements of good practice within the governance arrangements, the lack of consistency, quality and level of detail in some of the minutes/action logs means there is reduced assurance that these arrangements are effective and working as intended.</p> <p>Outside of these governance arrangements, the current framework does not provide a conduit between local teams, LRO's, Specialist Crime and the Regional Organised Crime Threat Assessment team (ROCTA). This means there is reduced assurance that there is effective and consistent management of OCG's, that appropriate specialist advice and support is provided and that governance structures and performance reporting is consistent, detailed, accurate and complete.</p> <p>The force has developed an OCG Process document. This process and guidance document, developed within the Force Intelligence Bureau details how the national and regional guidance should be implemented within Humberside Police to ensure effective management of OCG's at a force level. The document walks through the identification, assessment, management, audit and archiving process for OCG's, including examples of relevant template documents and setting out key responsibilities. One of these key documents, the LRO Review Form, captures the 4P Plan (Pursue, Prepare, Protect &amp; Pursue) and the Tactical Review which should both be completed and updated following every Bronze meeting. Audit testing identified that at present there is reduced assurance that OCG's are being effectively and consistently managed in line with this process and/or that the relevant information and documentation is being appropriately captured and completed.</p> <p><u>Identification of OCGs</u></p> <p>Overall, there is no evidence of a comprehensive force wide approach to training and awareness in relation to identification, management and disruption of OCG's. Comprehensive training to all officers who may be in position to identify the operation of an OCG or involved in disruption activity as well as specific training to LRO's responsible for managing OCG's would provide added assurance regarding the identification, management and disruption of OCG's.</p> <p>Where new OCG's are identified, a Trigger Form should be completed and submitted to the Force Intelligence Bureau (FIB). FIB undertake checks to ensure that the OCG has not been previously identified and perform quality checks before submission to the Regional Organised Crime Team (ROCTA). Whilst in theory trigger forms can be completed by anyone, including partner agencies, in practice they tend to be completed by a limited selection of people/teams that are regularly involved with OCG's or by the FIB as a result of emerging intelligence.</p> <p><u>Mapping of OCG's</u></p> <p>Where OCG's are identified via the appropriate trigger form and subsequently accepted by ROCTA, the trigger form is returned, part MORILE (Management of Risk in Law Enforcement) scored by ROCTA, with the full scoring to be completed by the LRO. This assessment is done using the SOC System Tasking software (APMIS). The auditor was advised that LRO's do not have access to APMIS and need the assistance of an APMIS license holder to access the software. However, there is no mechanism in place to ensure that MORILE scores are promptly, consistently and appropriately assessed. Audit testing of LRO Review Forms noted significant gaps in the recording of the MORILE assessment within the relevant documentation.</p>	

### Amendments to OCG's

Following the initial completion of the LRO Review Form, any significant amendments such as change of LRO, MORILE score, threat level or category and member of the OCG should subsequently be captured/ updated on this form, including a rationale for amendment where appropriate. There is a lack of assurance that relevant amendments to OCG's which should be captured on the LRO Review Form are being recorded promptly, completely and accurately.

### Identification, recording & claiming of OCG disruptions

NCA guidance states that a disruption has been achieved when intentional activity leads to an OCG or individual being unable to operate at its usual level of activity for a period of time. The force report disruptions quarterly to the ROCTA who state that disruptions must be targeted activity, ideally linked to the 4P plans for the OCG.

The ROCTA produce a comprehensive force quarterly performance report which includes disruptions broken down by area, nature of the OCG and other information including recommendations for improvement. Whilst this report shows that comparatively Humberside Police has performed well in terms of disruption claims, this performance has dropped off and audit testing identified a lack of consistency in the capture and recording of disruption activity on the LRO Review Form.

### Allocation of responsibility for OCG's, accounting for capability and capacity etc

The Tactical Tasking and Co-Ordination Group (TTCG) includes a capacity assessment for LRO's rated green (no capacity issues), amber (some capacity availability), red (extremely limited/no capacity) and blue (awaiting assessment). The assessment purely reflects capacity and does not include any reflection of capability as part of the assessment. The failure to properly assess both the capacity and capability means that there is reduced assurance that OCG's are effectively managed and appropriate disruption activity takes place.

### Escalation and de-escalation of OCG's between banks, the Serious Organised Crime Unit & the Region

The OCG process sets out the governance framework in relation to OCG's and the process for escalation and de-escalation of OCG's between the force, SOC Unit & The Region. Whilst overall, as noted throughout this report, there is a lack of evidence that the OCG process is consistently and appropriately followed, the information provided to and discussed at the Force Tactical Tasking & Co-Ordination Group (FTTCG) would provide opportunity to identify significant increased or decreased activity within a specific area/OCG and consideration given to the need to take appropriate action in respect of responsibility within Force, SOC or Region.

### Archiving & re-activation of archived OCG's

A generally robust process is in place covering the archiving of OCG's with the decision to archive requiring approval from senior officers & the ROCTA. The auditor was advised that there had not been any identified re-activations of previously archived OCG's at Humberside Police.

### Multi-Agency working

The 4P part of the LRO Review Form captures the agreed response plan, including specifically actions agreed with or that should be undertaken working with partner organisations. This should provide assurance regarding an appropriate multi-agency approach in the management and disruption of OCG's. As noted throughout this report, there is insufficient evidence that the LRO Review Forms are being appropriately and regularly updated to reflect planned or agreed actions or completed actions, meaning there is reduced assurance that a multi-agency approach is consistently and appropriately adopted in the management of OCG's.

### Development of Force Management Information

Whilst some high level information in respect of OCG's is provided within the TTCG, Internal Audit was unable to establish the extent to which the force currently produces readily obtainable and meaningful management information in respect of OCG's. Where this information isn't readily available, the force should consider the benefits of developing management information to provide additional insight, inform decision making and assess performance

## Conclusion

Whilst the force is making improvements in relation to the identification, management and disruption of OCG's as a result of the development and implementation of the OCG process and oversight via the Governance Framework process, overall there is limited assurance that the risks associated with OCG's are efficiently and effectively managed. Improvement actions are required in particular to ensure that there is adequate and consistent training and awareness in respect of OCG's, that there is effective and robust oversight to ensure that the OCG process is being consistently and appropriately applied and that LRO capacity and capabilities are properly considered in the allocation process, including escalation where re-allocation or additional support may be required.

## **Recommendations and Management Action**

Eleven recommendations were made, two considered fundamental and nine significant, including:

- Consideration should be given to developing a consistent, quality and appropriate level of recording of governance group meetings to ensure they adequately reflect attendees (including agency/responsibility), discussions and agreed actions.
- The force should consider what, if any, additional support is needed within the current framework to ensure that there is an effective conduit between local teams, LRO's, Serious Organised Crime and ROCTA.
- The force should ensure that the OCG Process is effectively communicated to relevant individuals and that their responsibilities in relation to the adoption of the OCG process in identifying, managing and recording OCG activity are acknowledged.
- The force should consider the development and delivery of an appropriate training and awareness model in respect of OCG's, which captures individual roles and responsibilities in relation to the identification, management and disruption of OCG's and ensure a consistent and appropriate approach is taken to tackling the risk/threat posed by OCG's.
- The force should ensure that LRO's, have appropriate support to facilitate prompt, consistent and appropriate assessment of the MORILE score via the proper use of ATMIS. Appropriate remedial action should be taken where this assessment is not properly and promptly completed.  
LRO's should be reminded of the need to promptly, completely and accurately update relevant OCG records, including MORILE scoring.
- Consideration should be given to adopting a quality assurance process to demonstrate that OCG's are being managed effectively, consistently, in line with the force OCG process and that relevant documentation, templates, reports etc are completed promptly, accurately and completely.
- The force should determine a corporate, best practice way of recording, collating, moderating, quality assuring and reporting disruptions, including those which take place as wider force operations and/or initiatives.
- The force should ensure that OCG disruption information can be fully and appropriately captured within systems to improve data quality, the efficiency and effectiveness of the disruption claim process as well as providing added assurance that all disruptions are properly identified and claimed.
- The LRO allocation process should be considered to ensure that LRO's are appropriately skilled and capable of managing the key threats and risks associated with the management of specific OCG's, particularly where specialist skills or knowledge may be required.
- Consideration should be given to formalising management actions, planned dates of implementation and assigning responsible officers for implementation in response to the ROCTA recommendations provided in the quarterly reports as appropriate.
- Consideration should be given to the benefits of developing further, readily obtainable and meaningful management information in respect of OCG's to provide additional insight, inform decision making and assess performance.

Management responses have been agreed for all recommendations made.





<b>Audit</b>	<b>Financial Systems</b>
<b>Assurance Opinion</b>	<b>Reasonable Assurance</b>
<b>Overall Risk</b>	
<b>Introduction</b>	
<p>Internal Audit undertake testing of Humberside Police’s core financial systems in order to provide assurance that key financial controls are operating effectively. Testing during the course of the audit was undertaken in the following areas:</p> <ul style="list-style-type: none"> <li>• Payroll</li> <li>• Pensions</li> <li>• Accounts Receivable (Debtors)</li> <li>• Accounts Payable (Creditors)</li> <li>• Financial Management</li> </ul>	
<b>Main Findings</b>	
<p><u>Payroll</u></p> <p>Testing in respect of Payroll proved generally satisfactory, however, the audit identified the following areas for improvement and efficiencies, including reminders to:</p> <ul style="list-style-type: none"> <li>• offset salary overpayments against amounts due for untaken leave to reduce the risk of bad debts</li> <li>• ensure that changes/inputs are made exactly according to relevant HR approval</li> </ul> <p><u>Pensions</u></p> <p>Testing in respect of Pensions proved satisfactory in that individuals had been correctly established on the pension scheme, opt-outs were appropriately authorised and contributions correctly calculated.</p> <p><u>Accounts Receivable (Debtors)</u></p> <p>Testing in respect of Accounts Receivable proved generally satisfactory however, the audit identified a number of areas for improvement and efficiencies, including:</p> <ul style="list-style-type: none"> <li>• continued efforts to undertake prompt recovery action in accordance with the agreed timetable</li> <li>• ensure that write offs/credit notes are correctly accounted for</li> <li>• where appropriate, invoices are re-raised in respect of cancelled invoices (credit notes)</li> </ul> <p><u>Accounts Payable (Creditors)</u></p> <p>Testing in respect of Accounts Payable proved generally satisfactory, however, the audit identified the following areas for improvement and efficiencies, including:</p> <ul style="list-style-type: none"> <li>• continued efforts to achieve target of 30 day payment terms</li> <li>• further reminders in respect of raising of official orders in accordance with force policy</li> <li>• continued efforts to ensure appropriate authorisation of invoices in accordance with delegated approval matrix.</li> </ul> <p><u>Financial Management</u></p> <p>Financial Management processes, including the production of budget summaries for the Chief Officer Group (COG) and Senior Leadership Teams are appropriate. Budget reports are clearly presented, relevant and produced on a timely basis.</p> <p>The auditor was provided with details of authorised signatories for Lloyds bank accounts ending XXX 806 and XXX 911 as at January 2022. A number of the authorised signatories could not be confirmed as live employees and/or are known to have left the organisation. The force should ensure that authorised signatories are promptly revised to reflect changes in approved personnel.</p> <p><u>Overall Opinion</u></p> <p>Although the audit identified some weaknesses and areas for improvement, overall, there is <b>Reasonable Assurance</b> that the Force’s core financial systems are being effectively monitored and managed in accordance with documented policy and procedure.</p>	

### Recommendations and Management Action

A total of nine significant recommendations were made:

- **PAYROLL:** Efforts should continue to ensure that Annual Leave balances are promptly confirmed and that relevant payroll adjustments can be undertaken promptly.
- **PAYROLL:** In relation to the submission of mileage claims, individuals should be reminded of the need to:
  - Evidence HR authorisation in respect of any agreed excess mileage claims
  - Provide full details of journeys claimed, including starting location and destination postcode
  - Include details of passengers where mileage claims include an additional passenger mileage rate claim
- **ACCOUNTS RECEIVABLE:** Relevant personnel should be reminded of the criteria for the processing of credit notes vs write offs to ensure that the force is appropriately accounting for all written off bad debts and cancelled invoices.
- **ACCOUNTS RECEIVABLE:** Recovery action, including formal reminder letters and chaser telephone calls should be made in accordance with the agreed debt recovery timetable. All communication, including details of telephone chaser calls should be documented on the associated debtor record.
- **ACCOUNTS RECEIVABLE:** Accounts Receivable should ensure that regular reminders are issued to the payroll team to request updates in respect of disputed leaver payroll overpayments to ensure that debts can be promptly recovered.
- **ACCOUNTS RECEIVABLE:** Where a cancelled invoice (credit note) needs re-raising, the invoice should be raised promptly, to avoid increased risk of dispute/bad debt.
- **ACCOUNTS PAYABLE:** There should be periodic reminders to all relevant officers to ensure that official orders are raised appropriately at the time of service requests/goods ordered.
- **ACCOUNTS PAYABLE:** Additional efforts should be made to ensure payments are made within 30 days of invoice date as far as possible. Where delays are as a result of issues in evidencing goods receipting, relevant personnel should be reminded of the need to promptly evidence receipt of goods or services to ensure that prompt payment can be made.
- **FINANCIAL MANAGEMENT:** The force should ensure that authorised signatories are promptly revised to reflect changes in approved personnel.

Management responses have been agreed for all recommendations made.

Humberside Police & Crime Commissioner  
Joint Independent Audit Committee

Report of the Head of Internal Audit

## **INTERNAL AUDIT ANNUAL OPINION AND OUTTURN REPORT 2021/22**

### **Report of the Head of Internal Audit**

#### **1 PURPOSE OF THE REPORT**

- 1.1 To set out Internal Audit's Annual Opinion on the internal control environment and Outturn Report for 2021/22.

#### **2 BACKGROUND**

- 2.1 This report represents the Internal Audit Annual Opinion and Outturn Report 2021/22 for the Police and Crime Commissioner for Humberside and the Chief Constable of Humberside Police, based on the service provided by West Yorkshire OPCC staff under a s22 agreement with the Police and Crime Commissioner for West Yorkshire.
- 2.2 The Accounts and Audit (England) Regulations 2015 require that the Commissioner and Chief Constable maintain an adequate and effective internal audit function. The Financial Regulations require that the Treasurer of the Commissioner and Chief Financial Officer of the Chief Constable must be satisfied as to the system of financial controls in place and the effectiveness of the financial administration system. This report should contribute towards a discharge of those responsibilities.
- 2.3 The Internal Audit services are provided in compliance with the Public Sector Internal Audit Standards (PSIAS) which define internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
- 2.4 As previously reported the Internal Audit function was subject to an External Quality Assessment (EQA) in August 2017 that provided confirmation and assurance that the audit strategy and planning processes adopted conforms to the International Standards for the Professional Practice of Internal Auditing (IPPF). A recent EQA has been undertaken (May 2022) in line with PSIAS requirements whereby an external assessment is required at least every five years and the draft report indicates continued conformance to professional standards. This will be reported in full once finalised.
- 2.5 This report also provides commentary and assurances on the internal control environment that contribute to the Annual Governance Statement of the Commissioner and the Chief Constable.

- 2.6 The annual report does need to remain cognisant of the fact that the audit cycle was largely completed during a period when remote working was still prevalent, although as the year progressed hybrid working arrangements were developed and more on-site fieldwork and meetings were facilitated. In line with previous commentary the Internal Audit team have managed to complete a majority of the audit plan and progressed largely with business as usual in a risk based approach, which was sufficient to enable us to provide an audit opinion on the internal control environment.
- 2.7 The opinion provided is based upon the audit programme undertaken during 2021/22. Of 12 audited areas where opinions were provided, nine audits were rated as providing reasonable assurance. Of the remaining three audits assessed as providing limited assurance, two related to follow-up audit work (Golden Hours Principles & Crime Screening).
- 2.8 Overall Internal Audit considers that on the basis of the audit work undertaken and subject to the caveats detailed below (Appendix A), that this equates to an overall opinion of REASONABLE Assurance, demonstrating a positive direction of travel and reflects the audit opinions provided in several operational areas of business.

### **3 OPTIONS/RISK AND OPPORTUNITIES**

- 3.1 If the Internal Audit function does not provide efficient and effective risk based audit service the PCC and Chief Constable will be unable to obtain an appropriate level of assurance regarding the system of internal control operating within the organisation.

### **4 POLICING PLAN AND PERFORMANCE**

- 4.1 Internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It 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.

### **5 IMPACTS ON OR LINKS TO COLLABORATION**

- 5.1 The Internal Audit function is provided to the Humberside Police & Crime Commissioner and Chief Constable by West Yorkshire OPCC internal audit staff under s22 agreement with the Police and Crime Commissioner for West Yorkshire. The WYIA function is working on a collaborative and liaising where necessary with the SYP auditors regarding any remaining collaborative work streams.

## **6 FINANCIAL IMPLICATIONS**

- 6.1 This report illustrates how Internal Audit resources have been directed during the 2021/22 financial year, discharging the proposed annual audit programme of 250 days.

## **7 LEGAL IMPLICATIONS**

- 7.1 The Police and Crime Commissioner and Chief Constable are required to ensure that appropriate Internal Audit arrangements are in place.

## **8 EQUALITY AND DIVERSITY IMPLICATIONS**

- 8.1 There are none in the context of this report.

## **9 CONCLUSIONS**

- 9.1 This report provides commentary that Internal Audit's Annual Opinion on the internal control environment for 2021/22 has been assessed, subject to the provisos detailed, as providing reasonable assurance.

## **10 RECOMMENDATIONS**

- 10.1 It is recommended that Members note the contents of the report and discuss any issues arising.

**NEIL RICKWOOD**  
**Head of Audit**

Contact Officers:  
Neil Rickwood, Head of Audit

Background Papers:  
Appendix A – Internal Control Assessment

## Appendix A: 2021/22 Internal Control Assessment

The annual audit opinion is determined using information and conclusions drawn from a number of sources during the course of the annual audit programme. These include:

1. A categorisation of individual audit opinions;
2. Specific findings relating to the main financial systems;
3. An analysis of the significant areas of concern relating to other key systems;
4. Findings relating to investigative/ irregularity work undertaken during the year;
5. Implementation of previous recommendations in areas of significant weakness;
6. Examples of added value; and
7. Summary of performance indicators.

### 1 Summary of Audit Opinions 2021/22

Audit	1	2	3	4	
	Substantial Assurance	Reasonable Assurance	Limited Assurance	Inadequate Assurance	No Opinion
Repeat Victims (Full Review)		●			
Management of Organised Crime Groups (OCGs)			●		
Application of THRIVE / Re-THRIVE		●			
Use of Community Resolution (Outcome 8)		●			
Follow-Up: Released Under Investigation (RUI)		●			
Follow-Up: Crime Screening			●		
Follow Up (2): IS Governance & Financial Management		●			
Follow-Up: Golden Hours Principles			● <sup>1</sup>		
Financial Systems: payroll		●			
Financial Systems: creditors		●			
Financial Systems: debtors		●			
Financial Systems: pensions		●			

●<sup>1</sup> - Briefing Note (Currently in draft)

- 1.1 All audits are given a score of between one (highest level of assurance) and four (inadequate assurance) dependent on the level of risks identified. Equating the four levels of audit assessment of internal control for each audit to a numerical scale, a score of 2.25 is achieved.

## Previous Internal Control Scores

Year	2021/22	2020/21	2019/20	2018/19
Internal Control Score	2.25	2.23	2.4	2.45

- 1.2 For the purposes of the annual report this equates to an overall opinion of REASONABLE Assurance, demonstrating a continued consolidation of the positive direction of travel previously reported as indicated by the lower internal control score.

## 2 Main Financial Systems

- 2.1 The full audit of financial systems during the 2021/22 financial year has recently been reported and concluded that significant progress has been made. Whilst there are still a number of areas for improvement, overall, there is reasonable assurance that the Force's core financial systems are being effectively monitored and managed in accordance with documented policy and procedure.

- 2.2 Internal Audit had previously reported that they were satisfied that by the improved system capabilities, controls and processes to be implemented as part of the upgrade to the Oracle Cloud system would provide added assurance in relation to some identified areas for improvement. Humberside Police has now taken the decision to upgrade the on site Oracle system later in 2022 and it is understood that the upgrade includes the majority, if not all, of the improved capabilities within the Oracle Cloud system.

## 3 Areas of Concern

- 3.1 The absence of IS audit activity remains a concern although it is anticipated this will be addressed during 2022/23 following an ITIL assessment exercise commissioned by the IS Department which will identify areas of risk which will provide direction for subsequent audit activity for a shared audit programme of work with the SYP IA team.
- 3.2 As previously reported **data quality** remains an overarching, ongoing issue, broadly categorised as falling into the widely accepted data quality characteristics of completeness, consistency, accuracy, validity and timeliness. There continues to be a range of causal factors such as human error, poor compliance with processes & procedures, inadequate processes & procedures, and data being housed across a multitude of operational systems & applications. Internal Audit continue to provide commentary on this across our audit programme whenever necessary.

#### **4 Investigations/ Irregularity Work**

- 4.1 During the course of the year Internal Audit has had no involvement in investigative or irregularity work. Should the need have arisen during 2021/22 the Audit Plan would have been adjusted accordingly or alternatively additional audit days agreed.

#### **5 Follow Up Work**

- 5.1 Internal Audit has undertaken four significant follow-up exercises. Of these two exercises provided REASONABLE assurance (Released Under Investigation (RUI) & IS Governance & Financial Management) while two assessments of LIMITED assurance were provided (Golden Hours Principles & Crime Screening) and these will be re-visited again in 2022/23.

#### **6 Added Value**

- 6.1 During the year Internal Audit continued to provide a significant support and liaison function, particularly to the Chief Officer Team. Internal Audit has by necessity adapted their audit approach through the COVID/ post-COVID working arrangements to ensure business as usual wherever practicable whilst providing continuing ad-hoc advice and proactive contributions now expected by the client/auditees.
- 6.2 Internal Audit has maintained a visible audit presence but due the various restrictions in place of the last two years much of the audit visibility has been through the medium of 'virtual' meetings. Although as the year progressed the Internal Audit team increasingly worked under 'hybrid' arrangements and have had several on-site meetings throughout Humberside in relation to audits in operational areas where 'virtual' auditing was not feasible or practical.
- 6.3 IA have become part of the HMICFRS Integrated PEEL Assessment & Governance Board oversight processes in HP. This enhances engagement by Internal Audit across key areas of organisational risk.



## 7 Performance Measurements

- 7.1 Internal Audit prepares various Performance Indicators to enable ongoing monitoring and to allow comparisons to be made. A year end summary of performance against these is provided below:

### Summary of Performance Indicators 2021/22

<b>Output Indicators</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<i>Audit Days Charged</i>	250	250	250
<i>Number of Reports</i>	11	11	12
<b>Timeliness Indicators</b>			
<i>% of Final Reports issued within 5 working days of Draft discussion</i>	100%	100%	100%
<i>% of Audits finished within timescale indicated in Audit Brief</i>	40%	40%	30%
<b>Quality Indicators</b>			
<i>Recommendations (Fundamental/ Significant) where Management Action does NOT fully address risk</i>	0%	0%	0%
<i>Client Surveys - % Excellent / Good</i>	91%	85%	100%
<i>Client Surveys - % below Fair</i>	0%	5%	0%

- 7.2 In total all 250 audit days were delivered against an original audit plan of 250 days.
- 7.3 The timeliness of issuing the final report shortly after the final discussion remains at 100%, whilst the proportion of audits finished within the timescale indicated in the audit brief has continued to remain low. The timeliness of audit completion has been impacted by the protracted nature of audit activity during the COVID/post-COVID remote working arrangements. In order to mitigate these timeliness concerns revised assignment scoping and escalation arrangements have recently been agreed with the DCC and early indications are that this is proving effective.
- 7.4 No recommendations of a fundamental or significant nature were made and not adequately responded to. In accordance with the requirements of the PSIAS, it can therefore be confirmed by the Head of Internal Audit that in their professional opinion there has been no decision made by management to tolerate an unacceptable level of risk to the organisation.
- 7.5 The survey results continue to indicate a high level of satisfaction (100% Good/ Excellent) with the work that we undertake, from those involved in the audit.