

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

JOINT INDEPENDENT AUDIT COMMITTEE

Monday, 14 December 2020 - 10.00AM

REMOTE MEETING VIA MICROSOFT TEAMS

AGENDA

Business		Lead	Primary Action Requested
1. Minutes of meeting 28 September 2020	Pages (1 - 7)	Chair	To approve
2. (i) JIAC Action Schedule (ii) Update on JIAC Action (Minute 11-20)	Pages (8 - 9) Page (10)	Chair	To receive
3. JIAC Annual Report 2019/20	Pages (11 - 20)	Committee Manager	To receive
4. Timetable of Meetings 2021/22	Page (21)	Committee Manager	To approve
5. Revision to Membership of JIAC	Pages (22)	Chief Finance Officer (OPCC)	To receive
<u>Corporate Governance</u>			
6. Updated Corporate Governance Framework	Pages (23 - 84)	Chief Finance Officer (OPCC) & Head of Finance and Business Services (HP)	To receive
<u>Risk Management</u>			
7. Risk Register Update	Verbal	Assurance Manager (OPCC)/ Strategic Planning Manager (HP)	To receive
<u>Finance</u>			
8. Treasury Management Mid-Year Update 2020/21	Pages (85 - 90)	Chief Finance Officer (OPCC)	To receive
9. Mid-Year Review 2020/21	Pages (91 - 94)	Head of Finance and Business Services (HP)	To receive
<u>External Audit</u>			
10. Update/Conclusion of Pending Matters - Audit Completion Report 2019/20	Pages (95 - 115)	Mazars (External Audit)	To receive
<u>Internal Audit</u>			
11. Progress Reports	Pages (116 - 123S)	West Yorkshire Police (Internal Audit)	To receive
<u>Force Update</u>			
12. Feedback from the Force HMICFRS Assurance Group	Verbal	JIAC Members	To receive

Business		Lead	Primary Action Requested
<u>Other Business</u> 13. Any Other Business	-	Chair	-

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY, 28 SEPTEMBER 2020

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PRESENT

Members:

Doug Chapman (Chair), Martin Allingham, James Doyle, Pam Jackson, Andrew Smith, Mandy Thomlinson and Clive Vertigans

Officers

Humberside Police (HP)

James Tabor - Strategic Planning Manager (HP) and Jim Wright - Head of Finance and Business Services/S.151 Officer

Office of Police and Crime Commissioner (OPCC)

Martyn Ransom - Deputy Chief Finance Officer (OPCC), Clare Rex - Statutory Operations Manager [for Minute 26/20] and Kevin Wilson - Chief Finance Officer (OPCC)

Auditors

Neil Rickwood and Faye Simmons (Internal Audit)
Louise Allison and Gavin Barker (External Audit)

Committee Manager

Gareth Naidoo

24/20 APOLOGIES FOR ABSENCE - Apologies for absence were received from Rachel Cook - Chief Executive (OPCC), Nicola Hallas (External Audit), Keith Hunter - Police and Crime Commissioner, Lee Freeman - Chief Constable, Donna Tranter - Head of Corporate Development (HP), Paul Wainwright - Assurance Manager (OPCC) and Julie Wraithmell-Giggall (Internal Audit)

25/20 MINUTES OF 27 JULY 2020 - Agreed - That the minutes of the meeting held on 27 July 2020

26/20 JIAC ACTION SCHEDULE - Agreed - That the Action Scheduled be received, subject to following action being closed down:

- (i) Minute 358 (23 September 2019) 'Report to the Fire and Rescue Transformation Board' - a report was not produced for the Board.

27/20 REVISED COMPLAINTS PROCESS - The Committee received a presentation on the new Force complaints process from Clare Rex - Statutory Operations Manager (OPCC).

A new customer focused complaints system was now in place that was:

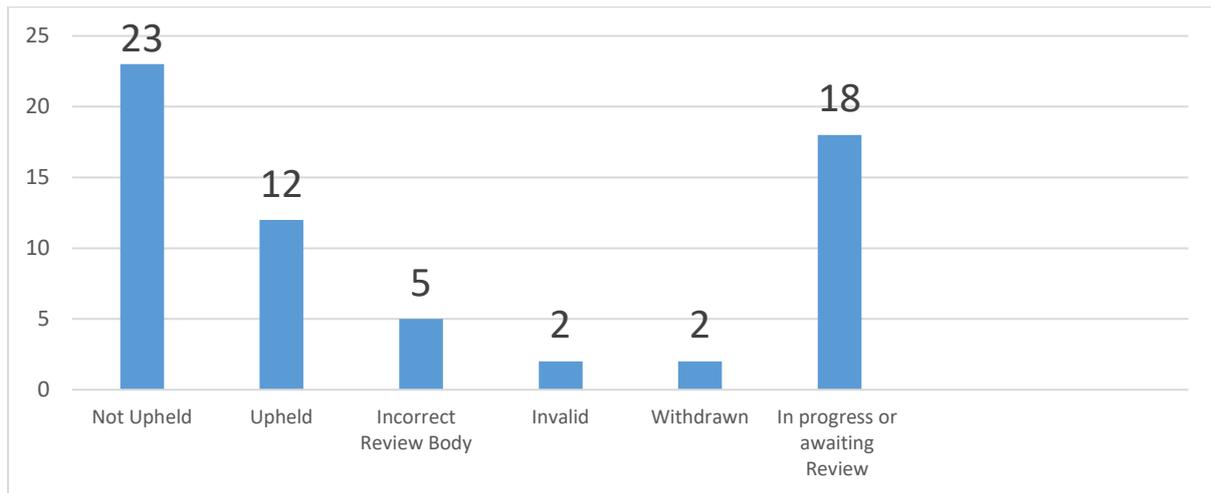
- focused on resolving issues and learning rather than looking for officers to blame.
- a more transparent and independent complaints system with effective local oversight.
- a system that enabled the PCC and Chief Constable to identify patterns of dissatisfaction and address systemic issues.

- a simpler complaints system that's easier to understand.

PCCs were now the Review Body for the majority of complaints about the Force and in Humberside, authority to undertake Reviews had been delegated to the Statutory Operations Manager.

The purpose of the Review was to determine whether or not the outcome of the complaint was Reasonable and Proportionate. The Review Body had powers to make recommendations when upholding a Review. Decision made by the Review Body were final – there was no right of appeal.

To date 62 reviews had been received, broken down as follows:



Lessons learned were captured and shared amongst the Force to help improve service delivery and prevent future complaints of the same nature. Officers were encouraged to make contact with the complainant in the first instance to talk through the initial grievance(s) to see if the issue could be resolved before being submitted as a formal complaint.

Agreed -

- (a) That the Committee receive a progress report (and to include compliments) in six months' time.
- (b) That the administration process of the review mechanism be circulated to Members of the Committee.

28/20 DECLARATIONS OF GIFTS, HOSPITALITY AND SPONSORSHIP - The Committee received the verbal report from Kevin Wilson - Chief Finance Officer (OPCC) and Jim Wright - Head of Finance and Business Services/S.151 Officer (HP) that informed of no declarations by Members over the recent period.

Agreed - That the update be noted.

29/20 CODE OF CONDUCT GOVERNANCE - UPDATE TO VIREMENT AND CARRY FORWARD RULES - The Committee received a report from Kevin Wilson - Chief Finance Officer (OPCC) and Jim Wright - Head of Finance and Business Services/S.151 Officer (HP) updating on the Virement and Carry Forward Rules.

The Accountability Board on 14 May 2020 briefly discussed the issue of reviewing the financial delegations available to the Chief Constable in order to ensure that resources could be managed as effectively and efficiently as possible.

The report set out a possible solution that would supplant some of the provisions that currently existed in the Joint Corporate Governance Framework, although the current document was relatively silent on provisions for virement within the Capital Programme.

Virement was defined as a movement of budget between Commands e.g. a movement between North Bank and Community Safety. Commands were defined as follows:

Command	Central Finance	DCC Portfolio	ACC Crime & Operations Portfolio	ACC Communities Policing
	Corporate Activities	CDB	SOU	Local Policing
		PSD	FCR	North Bank
		Force Command	Specialist	South Bank
		Corporate Comms	PVP	Community Safety
		Legal Services	Regional	CJU
Command		ACO Resources		Safer Roads Humber
		HR and Training		
		FAB		
		Estates		
		IS		
		Fleet		

An individual virement limit was set at £250,000 and the Chief Constable would consult with and agree any proposed virements with the Force's Section 151 Officer. All virements actioned were to be reported through the monthly Management Accounts for transparency.

Income and expenditure budgets were to be created and any in value over £250,000 were to be included in the Monthly Management Accounts for information. From time-to-time the PCC might wish to focus resources in a particular area, and if this was agreed with the release of additional funding from Reserves then clear objectives and outcomes should be defined at initiation for the Force to deliver against and the initiative should be time-bound.

This review brought clarity as to how budgets were managed and simplified delegations. This would be incorporated into the review of Corporate Code of Governance.

The next step was to circulate a revised Code of Corporate Governance amongst the OPCC and Force in October and then onto the Accountability Board in November. A final version of the Code of Corporate Governance would be shared with the Committee once approved.

Agreed - That the report be received.

30/20 EXTERNAL AUDIT COMPLETION REPORT - The Committee received the audit completion report from Gavin Barker (Mazars).

The Audit Completion Report set out the findings from the audit of the Police and Crime Commissioner for Humberside and Group, and the Chief Constable for Humberside (the 'PCC and Group' and 'CC') for the year ended 31 March 2020,

Sections 2 and 5 of this report outlined the detailed findings from the work on the financial statements and the conclusion on the PCC and CC's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 2 also includes the conclusions on the audit risks and areas of management judgement in the Audit Strategy Memorandum, which included:

- Management override of control

- Valuation of land and buildings; and
- Defined benefit liability valuation.

Opinion on the financial statements

It was anticipated to issue an unqualified opinion, without modification, on the financial statements for the PCC and Group, and the CC. The proposed audit opinions were included in the draft auditor's reports at Appendix B.

Value for Money conclusion

It was anticipated to issue an 'except for' qualification on the Value for Money conclusion in respect of the PCC and CC's arrangements to secure economy, efficiency and effectiveness in the use of resources. This was due to weaknesses in the collaborative provision of information services with a neighbouring Force.

Whole of Government Accounts (WGA)

The National Audit Office (NAO) had not yet issued group instructions so the timing of the review of the WGA submission was to be confirmed and would be reported in the Annual Audit Letter.

Status of Audit Work

Audit area	Status	Description of outstanding matters
Pensions	●	Agreement of entries to the actuary reports. There are a small number of figures we still need to agree. Review of source information. We are awaiting assurance from the pension fund auditor.
Property, Plant and Equipment	●	Existence – for a sample of items selected, confirmation the assets exist
Payroll testing	●	For a sample of employees, agreement of pay costs to supporting information
Exit Packages	●	Agree the exit packages disclosed in the accounts to supporting records
Senior Officer Remuneration	●	Agree the disclosure to supporting records
Cash and Cash Equivalents	●	Review of the year end bank reconciliation
Loans and Borrowings	●	Receipt of direct confirmation regarding the loans held with two Local Authorities
Police Pension Fund Account	●	Sample testing of entries to supporting documentations
IT General Controls	●	For a sample of starters we are awaiting evidence to confirm their access was appropriately authorised.
WGA	●	We are awaiting group instructions from the National Audit Office. This may impact on the timing of issuing our audit certificate to formally conclude and close the audit.
Closing Procedures	●	Review and closure processes, including final consideration of post balance sheet events.

Status

- Likely to result in material adjustment or significant change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

Final sign off of the Accounts could not be undertaken by the Committee until assurance from the pension fund auditor was received (expected mid-October)

It was noted that no risks had been tailored to OPCC or Force as these were all generic risks.

The Committee praised the work of auditors in completing their work.

Agreed - That the report be received.

31/20 AUDITED STATEMENT OF ACCOUNTS 2019/20 - The Committee received the Financial Statements 2019/20 of both the Police and Crime Commissioner and the Chief Constable from the Chief Finance Officer (OPCC) which had been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Financial Statements 2019/20 (The Police and Crime Commissioner)

The PCC approved an original budget in February 2019 of £194.507m which following a mid-year financial review was revised to £192.728m after consultation with Branch Commanders / Heads of Department in conjunction with the Force Finance Team. This identified savings and offsetting pressures totalling £0.461m. The budget was realigned in November to reflect these changes and monitoring against this revised budget was undertaken during the second half of the year.

Actual expenditure for the year was £190.478m (with an underspend of £2.251m), which was broadly in line with the projected underspend of £1.827m at period 11. There were minor overspends in charges from the Covert Authorities Bureau and Forensic Science Services and underspends on IS costs, ill health injury awards and capital financing charges. Total police officer overtime reduced to £3.43m, a reduction of 9 per cent from 2018/2019 with police staff overtime decreasing by 13 per cent to £600,000.

Reserves at the start of 2019/2020 totalled £20.002m. The original budget assumed use of £6.86m on a range of activities including the accelerated officer recruitment (£1.227m) and support for partners on crime reduction (£1.675m). The total level of reserves at 31 March 2020 stands at £17.172m.

The original savings target within the MTRS for 2019/2020 was £3.750m which was delivered in full by the Force. The main areas of savings were achieved through PCSOs primarily through transfer to vacant student officer posts (£1.6m), overtime (£523k) and IS contracts (£558k).

The main areas of expenditure during 2019/2020 were on Melton 2 (£1.116m), Grimsby Police Station (£906k), vehicles (£1.168m) and IT mobility roll-out (£1.897m). The main areas of scheme slippage were Melton 2 (£4.103m), Scunthorpe Police Station (£624k), Smart Contact (£452k) and IT (£496k).

The PCC published a Medium-Term Resource Strategy for 2020/21 to 2024/25 which set out the overall shape of the PCCs budget. It established how available resources would best deliver the Police and Crime Plan and mitigate corporate risks identified. The current level of borrowing is £65.966m. The operational boundary was £150.000m and the authorised limit was £180.000m (these were part of the PCC's prudential indicators that had been previously agreed in the PCC's Treasury Management report; Published March 2020).

Financial Statements 2019/20 (The Chief Constable)

The PCC had approved the Medium Term Resource Strategy (MTRS) for 2019/20 - 2023/24, including an annual budget of £194.507m for 2019/20. This budget was amended by the PCC

to reflect carry forwards of underspends in 2018/19 and specific additional allocations approved during the year, principally for the additional 0.5 per cent pay award and the creation of a digital innovation team. The level of reserves used, primarily on partnerships, were also revised resulting in a final approved budget of £192.728m.

The Government announced in July 2020 its intention to recruit nationally an additional 20,000 police officers over the following three years, known as Operation Uplift. The Force was set a target to recruit an additional 97 officers by March 2021 and was allocated £464,000 in 2019/20 to commence recruitment.

Actual expenditure for the year was £190.478m achieving a year end underspend of £2.251m. This was greater than the period 10 projected underspend of £1.847m. The main area of underspend was on capital financing costs (£2.092m), primarily due to a change in the basis of calculation for the minimum revenue provision. In addition there were underspends on ill health injury awards (£318k) and IS contracts (£203k) offset by additional costs for forensic science services (£289k) and covert investigation telecom charges (£110k).

The performance on overtime continued to improve following the 40 per cent reduction in officer overtime in the previous year. In 2019/20 there was a further 9 per cent reduction in overtime expenditure to £3.430m. Police staff and PCSO overtime dropped by 13 per cent (following on from the 45 per cent reduction in 2018/19) to £600,000.

Reserves at the start of 2019/20 totalled £20.002m and the original budget assumed use of £6.860m on a range of activities including the full year impact of accelerated officer recruitment (£1.227m) and support for partners on crime reduction (£1.644m). Reserves of £2.830m were actually used and the total level of reserves at 31 March 2020 stands at £17.172m.

The savings target within the MTRS for 2019/20 was £3.750m. This formed part of a 5 year savings plan totalling £13m resulting in the level of reserves reducing to the minimum level permitted under the reserves strategy i.e. retained general reserves at 3 per cent but utilising all of the PCC's earmarked reserves.

The main areas of expenditure during 2019/20 were Melton 2 (£1.116m), Grimsby Police Station (£906k), vehicles (£1.168m) and IT mobility roll out (£1.897m). The main areas of underspend were on Melton 2 (£4.103m) due to delay in project commencement, Scunthorpe Police Station (£624k underspend) due to work with the Local Authority and partners to identify future provision in the town, Smart Contact (£452k underspend) due to delay in implementation, and personal computers (£496k underspend) due to recycling of existing hardware.

The refreshed capital programme 2019/20 - 2024/25 was £62.5m and included provision for a new building at Melton (£26.9m), vehicle replacement (£5.5m), replacement Emergency Services Network (£2.8m), further investment in mobile technology (£2.0m) and an upgrade to ORACLE ERP system (£1.6m).

Agreed - That the financial statements 2019/20 be approved.

32/20 INTERNAL AUDIT PROGRESS REPORT - The Committee received a progress report against the 2020/21 Audit Plan from Neil Rickwood - Head of Audit (Internal).

The report set out the current progress against the 2020/21 Audit Plan which 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.

STATUS OF AUDITS	2020/21 (as at 18 September 20)
Final Reports with Response Received	2
Final Reports – Response Awaited	1

STATUS OF AUDITS	2020/21 (as at 18 September 20)
Final Reports – No Response Required	1
Work Completed/ Advice/ briefings provided	-
Draft Reports Issued	1
In Progress	3
TOTAL	8

Since the last meeting of the Committee continued progress had been made against the 2020/21 audit plan and in total there had been audit activity across eight audit assignments. Two audits (Use of Force & GDPR), both providing REASONABLE assurance had been finalised with management responses. These audits would be made available to the JIAC members on the Member's Portal. A further final audit report had been issued and was awaiting a management response.

Although Internal Audit continued to work in an agile/ remote environment the team had managed to make sufficient progress against the audit plan and progressed largely with business as usual in a risk based approach. It was however worth noting that the slippage in audit timescales and the more protracted nature of client facing engagement remained the most significant impacts of the current COVID-19 working arrangements. As an Internal Audit Function the team was starting to explore 'blended' working arrangements which were more sustainable in the long term, meeting the necessity of some face-to-face audit team and client engagement.

It was requested that future Acronyms in the Appendix be avoided or written out in full.

Agreed - That the report be received.

33/20 FEEDBACK FROM THE FORCE HMICFRS ASSURANCE GROUP - The Committee received verbal updates from Committee Members who attended (on a rolling basis) monthly meetings of the Force HMICFRS Assurance Group.

The following aspects were noted:

- September meeting was cancelled
- August meeting attended by Andrew Smith was very focussed and had good participation. One main issue centred on ethics and an inclusive culture within the Force. The findings of a self-assessment on this would be considered at the October meeting.
- Nationally the demand on Control Centres was becoming overwhelming and more complex. A more standard response to 999 calls was to be agreed nationally.

Agreed - That the updates be received.

34/20 ANY OTHER BUSINESS - None.

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]	Complete - Fire and Rescue Transformation Board Report to be provided for a future meeting
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]	Complete - 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	Complete - 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	Complete - Updated improvement plan and draft annual report on the December 2019 agenda.
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	Complete - Updated improvement plan and draft annual report on the December 2019 agenda.
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]	Closed - 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	Complete - 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	Complete - 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	Complete - 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	Complete - 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	Details of claims submitted and costs during the period April to September 2019 reported to this Committee. Further report to be submitted in March 2020.	Head of Legal Services	Complete - Report to be submitted to the March meeting of this Committee. Placed on the Member secure area.
20 December 2019	Professional Standards Department	373	Agreed - That a briefing on the revised arrangements for dealing with complaints should be provided to a future meeting	Claire Rex (OPCC)	Complete - To be added to the agenda for 28 September 2020
20 December 2019	External Audit Progress Report	374	Agreed - that more information on the Redmond Review and NAO consultation be provided for Members	Mazars	Complete - Update provided at meeting of 14 December 2020

20 December 2019	IS Governance And Financial Management	389	Agreed - That the report be noted and an update be brought to the next meeting.	Internal Audit	Complete - Update provided at 8 June 2020 meeting
8 June 2020	Risk Management Register Update (Revised Complaints Process)	2/20	Agreed - (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) Complete - To be added to the agenda for 28 September 2020. (b) Complete - Added to list of reserve items on Annual Cycle of Business (c) Complete - action schedule updated and will be included with the minutes at each meeting.
8 June 2020	Risk Management Register Update	4/20	Agreed - That an update on the Force Risk Management Register be brought to the next meeting.	Assurance Manager (OPCC) and Head of Corporate Development (HP)	Complete - added to agenda for 27 July 2020
8 June 2020	Year-End Financial Outturn 2019/20	9/20	Agreed - (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) Complete - link shared with Members via email 8 June 2020 (b) Complete - 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	Internal Audit Progress Report 2020/21	11/20	Agreed - That Internal Audit provide an update at a future meeting on areas where best practice can be gleamed or implemented.	Internal Audit	Complete - Updated provided at meeting of 14 December 2020
27 July 2020	Minutes & Action Schedule of 8 June 2020	16/20	Agreed - That the following narrative be added to Minute 4/20: <i>"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."</i>	Committee Manager	Complete - Minutes amended and published on OPCC website
27 July 2020	Risk Management Register Update	17/20	Agreed - That any long running risks that have not changed status or progressed be reviewed on a periodic basis and reported to the Committee accordingly.	Strategic Planning Manager (HP)	Complete - to be reported to the Committee periodically
27 July 2020	Melton 2 Project Update	21/20	Agreed - (b) That the plans/presentation slides be placed on the secure portal for Members to access.	Committee Manager	Complete - Placed under the 'Reference Material' page on secure portal on 28 July 2020 for Members to access
28 September 2020	Revised Complaints Process	27/20	Agreed - (a) That the Committee receive a progress report (and to include compliments) in six months' time. (b) That the administration process of the review mechanism be circulated to Members of the Committee.	Clare Rex - Statutory Operations Manager (OPCC)	(a) Complete - Progress report on Revised Complaints Process added to Annual Cycle of Business for March 2021. (b) Complete - Administration process of the review mechanism circulated to Members of the Committee.

2 (i)

Update on JIAC Action (Minute 11/20 refs) from meeting of 8 June 2020

ACTION:

Golden Hour Compliance - Following the introduction of the new arrangements compliance was stated as typically being between 90 and 95 percent, representing a significant improvement. However it was queried if best practice could be gleamed from other Forces to help improve this compliance rate. The Head of Internal Audit agreed to look into if there were any areas where best practice could be gleamed or implemented.

UPDATE:

The Head of Internal Audit (HIA) used the Police Auditor Group contacts to determine whether any audit work had been undertaken in this area, particularly amongst the comparable metropolitan forces.

It quickly become apparent that although the impact of increased numbers of inexperienced officers undertaking basic investigative work in accordance with golden hour (GH) principles appears an issue nationally the HIA was unable to establish/ evidence that any specific & comparable proactive work had taken place elsewhere concerning compliance with these principles in order to gleam any best practice.

(NB) HIA to incorporate work on Golden Hour Principles into the audit planning consultation exercise in WYP for 2021/22)



**HUMBERSIDE
POLICE & CRIME
COMMISSIONER**



**Serving our communities to
make them safer and stronger**

**THE JOINT INDEPENDENT AUDIT COMMITTEE
OF THE POLICE AND CRIME COMMISSIONER FOR
HUMBERSIDE & THE CHIEF CONSTABLE OF
HUMBERSIDE POLICE**

ANNUAL REPORT 2019/20

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Humberside Joint Independent Audit Committee Annual Report September 2019 - September 2020

Chair's Foreword

This is the third annual report of the Joint Independent Audit Committee (JIAC) for the Police and Crime Commissioner for Humberside and Chief Constable of Humberside Police. It covers the period from September 2019 to September 2020.

There has been no change to the composition of JIAC during the year and the Committee continues to enjoy a good working relationship with the Police and Crime Commissioner and Chief Constable and their respective teams, including Internal Audit and External Audit.

2019/20 has been a challenging period for all and the Committee is pleased that their contribution throughout the period has been recognised.

The majority of meetings throughout 2020 have been held virtually, however this has not prevented the Committee from undertaking its role and responsibility.

Opportunities for visits to facilities and training have been well received.

I am grateful for the continued support, expertise and commitment of JIAC members.

We respectfully regard our role as one in complete support of Humberside Police and Humberside Police and Crime Commissioner, delivering positive outcomes.



Doug Chapman
Chair

1. Introduction

- 1.1 The purpose of the JIAC is to provide independent advice and recommendations to the Commissioner and the Chief Constable on the adequacy of the governance and risk management frameworks, the internal control environment and financial reporting to help them to ensure efficient and effective assurance arrangements are in place. To this end the Committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of the governance, risk management and control frameworks within the Office of the Police and Crime Commissioner (OPCC) and the Humberside Police Force and the financial reporting and annual governance processes together with internal and external audit arrangements.
- 1.2 For further information on the work of the Committee (agendas, minutes and reports) please visit the Police and Crime Commissioner for Humberside’s website:

<http://www.humberside-pcc.gov.uk/Working-for-you/How-We-Make-Decisions/How-We-Make-Decisions.aspx>.

2. Membership of the Committee

- 2.2 The JIAC is made up of seven independent members who bring with them a range of experience and skills which cover the various aspects of the work of the Committee.

Member	Bibliography
<p style="text-align: center;">Martin Allingham</p> 	<p>Martin joined the Central Electricity Generating Board in 1966, gaining a degree in Electrical Engineering. He became a Chartered Engineer in 1978 and obtained a Diploma in Management Studies in 1983.</p> <p>He spent 38 years as an engineer in the power industry, mainly as a Performance Engineer, culminating in the post of Commercial Controller of a gas fired power station at Killingholme. He has experience in preparing Business Plans and economic justifications.</p> <p>Martin was a Chair of Valuation Tribunals for 15 years to adjudicate on disputes about Council Tax or Business Rates challenges. He was also a Member of the Board of the Valuation Tribunal Service for 6 years.</p> <p>Martin is a Member of Humberston Lions Club, having held the posts of Secretary and President and is also a Trustee of the local Citizens Advice Bureau.</p>
<p style="text-align: center;">Doug Chapman (Chair)</p> 	<p>Doug’s early career saw him relocate with British Steel to Scunthorpe from Cardiff taking the role of Management Accountant / Financial Analyst before opting for a career change to work in the communications engineering sector.</p> <p>Doug has worked for Philips, NTL and Arqiva and was responsible for the successful transition of all engineering and back office function personnel from Philips to NTL, following acquisition. His work had a particular emphasis on Broadcast Engineering/Voice Transmission & Data Communications within the Emergency Services, including Acquisition, Managed Services and Outsourcing.</p> <p>He has been a Public Safety Board Member having significant involvement in major product development and programme delivery of National communication upgrades. He has experience of heading teams with accountability for engineering service support Budgets of over £500m at Senior UK Operating Board and Divisional Director level.</p>

Member	Bibliography
	<p>Doug currently provides consultancy services on ITIL Service Support and Service Delivery, business restructuring and customer services initiatives and has over 25 years' experience of working in the public safety sector in the field of Police/Fire/Ambulance/HM Coastguard/RNLI. Doug is a Cert. Manager ITIL.</p> <p>Doug's outside interests include golf where he is the captain of the Ashby Decoy Golf Club and rugby union having been a player, and later, an International and Premiership referee. Doug is also a past Governor of John Leggott College, Scunthorpe, having had responsibility for audit and remuneration.</p>
<p>Jim Doyle</p> 	<p>Jim is a self-employed provider of non-executive solutions across a wide range of sectors a role that he has performed since 2009. Before that he was a Financial Director of a globally branded food business for 10 years, and a UK hotel group for 5 years. He has worked at C-Suite level since 1988 in over 20 sectors.</p> <p>He is a Fellow of the Chartered Institute of Management Accountants and a Fellow of the Hospitality Professionals Association (HOSPA). Jim is on a number of NED panels, including KPMG, RSM, BTG, Barclays & Muckles LLP and was a Non-Executive Director in the NHS between 2006 & 2008. During his career he has been Chairman of a global healthcare software business & Managing Director of an engineering company. He has been a trustee/director of the local Citizens Advice Bureau since 2015 and of Dove House Hospice since 2013 (Vice Chairman). His outside interests include sport and music.</p>
<p>Pam Jackson</p> 	<p>Pam worked at the University of Hull from 2006 to 2019, most recently as the Research Manager for the Faculty of Business Law and Politics. She has worked on a number of international research consortia, Chaired a European group of research managers and delivered projects involving port operations and the logistics of both food and fish. In addition, she has managed the successful application for the £6 million Sparkfund project funding, which is now supporting businesses with innovation in our region.</p> <p>Her career has been spent in universities and local authority employment and her roles have included being Registrar, HR Manager and Staff Development Manager. In the latter she has been: Policy Group Manager, Local Strategic Partnership Manager and Committee Manager.</p> <p>In addition to the 'day job' she has been the Chair of the Governing Body for Cottingham High School, an elected staff representative on a university Academic Board, an elected staff representative on a university Board of Governors and an elected member of the National Executive Committee of a professional association.</p>
<p>Andrew Smith</p> 	<p>Andrew is a native of Leicester and after secondary education went on to graduate from the University of Newcastle -on-Tyne with a degree in English Literature. He joined M&S as a graduate trainee before moving to Northern Foods as an HR Manager, subsequently moving on to become HR director of Britvic Soft Drinks, Bass Brewers/Bass International Brewers and Wedgwood UK. After retirement, he moved to East Yorkshire and became a magistrate in Hull for 10 years.</p> <p>He was also a member of the Humberside Police Authority for 6 years and chaired the Standards Committee, the Business Development Committee and the Human Resources Committee. Andy is currently a Director of a Multi-Academy Trust and a Board Member of The Alcohol and Drug Service. His outside interests include sports, mainly rugby union and cricket, and he is also interested in travel and current affairs.</p>

Member	Bibliography
<p data-bbox="199 302 351 369">Mandy Thomlinson</p> 	<p data-bbox="411 201 1434 369">Mandy Thomlinson is Master of Medical Science and member of the Institute of Health Care Management. She is also a part qualified accountant. In addition she has considerable experience as a management consultant and auditor and she has held senior positions in the NHS. Mandy has worked in the voluntary sector as a charity coordinator.</p> <p data-bbox="411 403 1434 701">Mandy is a good communicator and facilitator with considerable experience in overseeing finance and governance regimes. Having spent time as a member of Humberside Police Authority's Standards Committee and acting as an Independent Person for the East Riding of Yorkshire Council, she is fully conversant in ensuring that standards in public life are maintained. She is a good team player who has the ability to see the big picture whilst paying close attention to detail, skills she has demonstrated as a member of the Humberside Fire Authority's Governance, Audit and Scrutiny Committee and in her role as a member of the Joint Independent Audit Committee.</p>
<p data-bbox="175 873 375 907">Clive Vertigans</p> 	<p data-bbox="411 705 1434 974">Clive started work with British Gas and was involved in Internal Audit for 4 years covering all aspects of the business, sales reporting to the Chairman and Director of Finance. He later became Area Accountant for Hull & East Coast and was involved in restructuring and rationalisation of operations at Clough Road in Hull before moving to headquarters in Leeds. He subsequently became Operations Manager for 280 internal staff and 200 external staff and was the management representative on National Committees, local TU productivity meetings and disciplinary hearings.</p> <p data-bbox="411 1008 1434 1272">Clive has been Implementation Manager on 3 key IT systems dealing with consultants, systems analysts and users. He was appointed National Electricity Manager overseeing the contracts with the 14 Public Electricity Companies worth approx. £40 million per year working with the Managing Director. Clive has been a local Magistrate for 22 years in Hull and East Yorkshire and over past 4 years he has been involved in covering Family Courts in Sheffield, Huddersfield and Leeds in addition to Hull and Beverley. He was also Chair of Governors at Francis Askew Primary School in Hull for 3 years.</p>

3. Meetings

- 3.1 The Committee is scheduled to meet five times throughout the year. Due to the outbreak of the Coronavirus (COVID-19) pandemic, the March meeting was unable to take place so the agenda and reports were circulated electronically and feedback was captured as part of the 8 June meeting of the Committee.

Attendance

Audit Committee Member	9 December 2019	8 June 2020	27 July 2020	28 September 2020	Total Attended
Martin Allingham	✓	✓	✓	✓	4/4
Doug Chapman	✓	✓	✓	✓	4/4
Jim Doyle	✓	✓	✓	✓	4/4
Pam Jackson	✓	✓	✓	✓	4/4
Andy Smith	✓	✓	✓	✓	4/4
Mandy Tomlinson	✓	✓	✓	✓	4/4
Clive Vertigans	✓	✓	✓	✓	4/4

4. Work of the Committee

- 4.1 The Committee reviews its terms of reference annually to ensure it is relevant and up to date.
- 4.2 The Committee sets an annual cycle of business to inform agendas for future meetings. This identifies the requirement for reviews and reports covering key areas of activity including:-
- Corporate Governance and Transparency
 - Finance
 - Assurance
 - Risk Management
 - Internal Audit and Counter Fraud
 - External Audit
 - Audit Committee Reviews and Self Assessments
 - Collaboration/Partnerships
- 4.3 A secure area of the PCC's website is well established whereby Members can access sensitive reports (such as internal audit reports) and reference material.
- 4.4 Agendas and minutes of previous meetings are made available to the Police and Crime Commissioner and the Chief Constable together with their statutory officers and are extended standing invitations to attend every meeting.
- 4.5 Agendas and minutes are published on the PCC's website.
- 4.6 The Committee also receives an Action Schedule at each meeting to monitor the progress made against actions and recommendations made by the Committee.

5. Governance and Financial Statements

- 5.1 The Committee has supported the PCC and Chief Constable in their governance arrangements and in the governance of their financial responsibilities through the consideration of draft Annual Governance Statements and draft Annual Statement of Accounts. Through its consideration, the Committee are able to provide assurance to the PCC and Chief Constable that all requirements have been fulfilled, prior to their approval.

6. External Audit

- 6.1 Mazars LLP are the appointed external auditors to the PCC and Chief Constable. Members receive a progress report from Mazars at each meeting along with the Annual Audit Letter and Opinion.
- 6.2 Members have the ability to meet privately with External Auditors prior to each meeting without officers present.

7. Internal Audit

- 7.1 The Office of the PCC for West Yorkshire are engaged to provide the internal audit function to the PCC and Chief Constable following a tender exercise.
- 7.2 Members have reviewed the effectiveness of internal audit and been satisfied with the service provided and the level of support given to the Committee. The annual reports and opinions of the Head of Audit on the control environment have also been considered. These opinions have supported the Annual Governance Statements.
- 7.3 Members have the ability to meet privately with both Internal and External Auditors prior to each meeting without officers present.

7.4 The Committee has also been sighted on the wider audit and inspection activity conducted within the Force, and is now sighted on this activity via the work of the HMIC Governance Board.

8. Risk Management

8.1 The Committee has considers risk management arrangements biennially, with any significant risk related activated reported by exception as and when required.

9. Treasury Management

9.1 The Committee has been designated by the PCC as the body to give prior scrutiny to reports in connection with Treasury Management. This is in accordance with the CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities.

9.2 The Committee receives regular Treasury Management and Budget Monitoring updates to ensure sound finances and value for money.

10. Other Issues

10.1 Members are kept abreast of issues impacting upon policing, both locally and nationally, by receiving briefings from officers from the OPCC and Force. Senior officers have provided regular updates on local policing issues and members have been invited to become engaged in Force activities. In addition, individual members are now regularly attending meetings of the HMIC Governance Board on a rotational basis.

10.2 Regular reports have been considered in connection with budget monitoring and workforce plans with periodic update reports being submitted on other significant issues as and when appropriate including an update on the Melton 2 construction project and the process for the handling of Complaints.

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

TERMS OF REFERENCE

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.

Date	Meeting	Draft Agenda to share with Kevin	Chair's Brief	Reports Deadline (9am)	AGENDA PUBLISHED/EMAILED
Mon 7 June 2021 (10.00am) Humberside Police Headquarters, Priory Road, Hull HU5 5SF <i>tbc</i>	JOINT INDEPENDENT AUDIT COMMITTEE	<i>Tue 20 April 2021</i>	<i>Thu 29 April 2021, 10am</i> <i>(via MS Teams)</i>	Thu 27 May 2021	Mon 31 May 2021
Mon 19 July 2021 (10.00am) Humberside Police Headquarters, Priory Road, Hull HU5 5SF <i>tbc</i>	JOINT INDEPENDENT AUDIT COMMITTEE	<i>Tue 1 June 2021</i>	<i>Thu 10 June 2021, 10am</i> <i>(via MS Teams)</i>	Thu 8 July 2021	Mon 12 July 2021
Mon 27 September 2021 (10.00am) Humberside Police Headquarters, Priory Road, Hull HU5 5SF <i>tbc</i>	JOINT INDEPENDENT AUDIT COMMITTEE	<i>Tue 10 August 2021</i>	<i>Thu 19 August 2021, 10am</i> <i>(via MS Teams)</i>	Thu 16 September 2021	Mon 20 September 2021
Mon 13 December 2021 (10.00am) Humberside Police Headquarters, Priory Road, Hull HU5 5SF <i>tbc</i>	JOINT INDEPENDENT AUDIT COMMITTEE	<i>Tue 2 November 2021</i>	<i>Thu 11 November 2021,</i> <i>10am</i> <i>(via MS Teams)</i>	Thu 9 December 2021	Mon 6 December 2021
Mon 21 March 2022 (10.00am) Humberside Police Headquarters, Priory Road, Hull HU5 5SF <i>tbc</i>	JOINT INDEPENDENT AUDIT COMMITTEE	<i>Tue 1 February 2022</i>	<i>Thu 10 February 2022, 10am</i> <i>(via MS Teams)</i>	Thu 10 March 2022	Mon 14 March 2022
TBC (10.00am)	Member Development Session 1		-	-	TBC
TBC (10.00am)	Member Development Session 2		-	-	TBC

Committee Members to meet with Internal Audit and External Audit in private at 9.30am prior to main meeting at 10.00am

**REVISION TO MEMBERSHIP OF JOINT INDEPENDENT AUDIT
COMMITTEE (JIAC)**

MEETING DATE:	14 December 2020
AUTHOR:	Chief Finance Officer (OPCC)

1. BACKGROUND

- 1.1 The arrangement exists that the size and membership of the Joint Independent Audit Committee (JIAC) mirrors that of Humberside Fire Authority’s Governance, Audit and Scrutiny (GAS) Committee.
- 1.2 The current membership and terms of office of JIAC Members is as follows:

Member	Effective Date	Term of Office	End Date
Mr Martin Allingham	1.4.19	2 years	31.3.21
Mr Clive Vertigans	1.4.19	2 years	31.3.21
Mr Doug Chapman (Chair)	1.4.19	3 years	31.3.22
Mr Andrew Smith	1.4.19	3 years	31.3.22
Ms Mandy Tomlinson	1.4.19	3 years	31.3.22
Mr James Doyle	1.4.19	4 years	31.3.23
Ms Pam Jackson	1.4.19	4 years	31.3.23

2. REDUCTION IN MEMBERSHIP

- 2.1 As a result of the upcoming end of two members’ terms of office on 31 March 2021, both organisations have agreed that the membership of the respective Committees (GAS Committee for HFA and JIAC for the Police and Crime Commissioner and the Chief Constable) will reduce from seven to five members.
- 2.2 To implement this change the JIAC membership will, from 1 April 2021, need to be reduced from seven to five Members as follows:

Member	Effective Date	Term of Office	End Date
Mr Doug Chapman	1.4.2019	3 years	31.3.2022
Mr Andrew Smith	1.4.2019	3 years	31.3.2022
Ms Mandy Tomlinson	1.4.2019	3 years	31.3.2022
Mr James Doyle	1.4.2019	4 years	31.3.2023
Ms Pam Jackson	1.4.2019	4 years	31.3.2023

3. TERMS OF REFERENCE

- 3.1 The Committee’s Terms of Reference remains unaltered.
- 3.2 The quorum for meetings of the Committee from 1 April 2021 shall be three.

CORPORATE GOVERNANCE FRAMEWORK



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STATEMENT OF CORPORATE GOVERNANCE

This statement provides an integrated scheme of governance to clarify the way the two corporations sole, Police and Crime Commissioner (PCC) and Chief Constable of Humberside Police, govern both jointly and separately.

CONTEXT

The principal statutory legal framework within which the corporations sole will operate is:

- Police Reform and Social Responsibility Act 2011.
- Policing Protocol Order 2011.
- Financial Management Code of Practice for the Police (Home Office, 2018).
- Strategic Policing Requirement.
- Code of Ethics.
- Victims' Legislation.

Operating within this framework, the PCC and Chief Constable intend to build upon existing good governance principles and experience. In accordance with CIPFA/SOLACE Guidance: Delivering Good Governance in Local Government, the PCC and Chief Constable are required to produce separate Annual Governance Statements (AGS) to show how their respective organisations have complied with the Code of Corporate Governance.

PRINCIPLES

The seven core principles adopted are those highlighted by the Good Governance Standard for Public Life (supported by the Nolan Principles of Public Life):

A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

B: Ensuring openness and comprehensive stakeholder engagement.

C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F: Managing risks and performance through robust internal controls and strong public financial management.

G: Implementing good practices in transparency, reporting and audit to delivery effective accountability.

FRAMEWORK/INSTRUMENTS OF GOVERNANCE

The framework within which the PCC and Chief Constable govern, both jointly and separately, consists of:

- Statement of Corporate Governance: statutory framework and local policy.
- Code of Corporate Governance: how good governance principles will be implemented.
- Scheme of Corporate Governance: parameters within which the corporations sole will conduct their business.
- Separate policies/procedures for each corporation sole, with protocols/other governance documents where they operate jointly.

The framework will be reviewed annually through the OPCC Accountability Board, with findings informing the Annual Governance Statement (AGS) and Annual Reports of both corporation's sole. The Joint Independent Audit Committee (JIAC) advise the PCC and Chief Constable according to Good Governance principles, providing independent assurance on the adequacy and effectiveness of internal controls and risk management.

The Code sets out how the PCC and Chief Constable govern their organisations both jointly and separately in accordance with the Statement, highlighting key enablers for ensuring Good Governance.

GENERAL PRINCIPLES OF GOOD GOVERNANCE

The PCC has adopted a Code of Corporate Governance, consistent with the CIPFA/SOLACE Guidance: Delivering Good Governance in Local Government¹, outlining the systems, processes, culture and values to achieve compliance. It shows the commitment of the PCC and Chief Constable to their statutory requirements and how they discharge their responsibilities. Effective governance relies on public confidence in the PCC and Chief Constable, ensuring the intended outcomes are achieved whilst acting in the public interest at all times.

The PCC has two key responsibilities: (i) secure maintenance of an efficient and effective local police force, and (ii) hold to account the Chief Constable for the exercise of their functions and those persons under their direction and control. In exercising these functions, the PCC is accountable to the public. The Chief Constable has statutory responsibility for control, direction and delivery of operational policing services provided by Humberside Police.

CORPORATE GOVERNANCE ARRANGEMENTS

Governance arrangements for the PCC and force follow the seven principles set out in the revised Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales (2016). These are:

- A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.*
- B: Ensuring openness and comprehensive stakeholder engagement.*
- C: Defining outcomes in terms of sustainable economic, social and environmental benefits.*
- D: Determining the interventions necessary to optimise the achievement of the intended outcomes.*
- E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.*
- F: Managing risks and performance through robust internal controls and strong public financial management.*
- G: Implementing good practices in transparency, reporting and audit to delivery effective accountability.*

Underneath each principle are behaviours and outcomes demonstrating Good Governance in practice. The Code applies to all personnel, contractors and agents providing a direct service to the PCC and/or Chief Constable.

A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The PCC and Chief Constable are accountable not only for how much they spend, but how they use resources under their stewardship. They have an overarching responsibility to serve the public interest, adhering to legislation and government policies. They must demonstrate the appropriateness of their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

- PCC and Chief Constable abide by Policing Protocol Order 2011, outlining expected relationship between them.
- PCC has a Code of Conduct.
- Code of Ethics is embedded in both organisations.
- Shared values are communicated clearly with staff (e.g. through the Force's 'Plan on a Page').
- Decision-making practices are clearly set on our website.
- Anti-fraud and corruption policies are up-to-date and kept under review.
- Registers of interests/records of gifts/hospitalities/expenses published for PCC, Chief Officers and relevant staff.
- Whistle-blowing policies are in place.
- Policies on complaints are published on our respective websites.

¹ Delivering Good Governance in Local Government – Guidance Notes for Policing Bodies (revised 2016) www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-guidance-notes-for-policing-bodies-in-england-and-wales-2016-edition

- Joint Ethics Committee provides external perspective to some key decision-making.
- PCC has arrangements for oversight of Professional Standards.
- Force HR Plan sets out how they will lead/develop/support people via a healthy and professional workplace.
- PCC and Chief Constable abide by the CIPFA Financial Management Code of Practice.
- PCC has in place a Chief Executive who undertakes responsibilities of Monitoring Officer.

B: Ensuring openness and comprehensive stakeholder engagement

The Police is run for the public good. We must ensure openness in our activities. Clear channels of communication and consultation are used to engage effectively with all stakeholder groups.

- Police and Crime Plan and Force Plan on a Page set out the strategic direction and objectives for the Humberside Police area and how they will be delivered.
- PCC and Force communication and engagement strategies set out how local people will be involved to ensure they are part of decision-making, accountability and future direction.
- PCC fosters good working relationships with the Police and Crime Panel, local authorities and other partners including Community Safety Partnerships (CSPs).
- Force and OPCC have Freedom of Information Act Publication Schemes.
- Force and OPCC operate accessible/engaging public websites and social/digital media channels.
- PCC publishes key decisions and diary.
- PCC and Force utilise My Community Alert and other methods to communicate with/gather community views. Four Engagement Officers in the OPCC act as eyes and ears on behalf of the communities they serve.
- PCC consults in advance of putting forward precept proposals.
- Collaboration agreements are published and set out areas of business to be undertaken jointly with other Forces and Local Policing Bodies.
- Force operates a recently reviewed Independent Advisory Group.

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

The long-term nature and impact of many of the PCC and Chief Constable's responsibilities mean that they should seek to define and plan outcomes and that these should be sustainable.

- Police and Crime Plan, OPCC Delivery Plan, Force Plan on a Page, Force Management Statement (FMS), Medium Term Resource Strategy (MTRS) and Force Corporate Planning/Performance Framework are in place.
- Annual Reports communicate Force and PCC/OPCC achievements. Key strategies/plans regularly reviewed.
- PCC and Chief Constable have governance structures that assess progress against their objectives.
- PCC has developed a commissioning and grant award approach.
- Processes for identification and management of risk are in place and kept under review.
- Capital investment plan reviews are undertaken.
- Projects are subject to sound business cases.

D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The PCC and Force achieve intended outcomes through a mixture of legal, regulatory and practical interventions. Determining the right mix is important and they need robust decision-making mechanisms to ensure achievement in a way that provides the best trade-off between resource inputs while enabling effective and efficient operations. Decisions must be reviewed continually to ensure achievement of outcomes is optimised. Policy implementation usually involves choice about approach, objectives, priorities and incidence of costs and benefits. The PCC and Chief Constable must ensure access to appropriate skills and techniques.

- PCC and Chief Constable maintain a Medium-Term Resourcing Strategy (MTRS).
- Processes are in place that allow proper analysis and evaluation of plans including option appraisal, assessing the impact of alternative approaches and benefits realisation.
- PCC and Force maintain workforce development, estates, IT and other management plans.

- PCC and Force have governance frameworks and agreement on information provided between them.
- Force has a Corporate Planning and Performance Framework and the OPCC has an Annual Delivery Plan in place.
- Joint Service Level Agreements (SLAs) are being developed between the Force and OPCC.
- PCC assurance structure clarifies responses organisational or individual learning issues or good practice.

E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

The PCC and Force need appropriate structures, leadership and people with the right skills, qualifications and mind-set, to operate efficiently and effectively. They must ensure they have the capability to fulfil their mandate and policies in place to guarantee management has the operational capacity for the organisations. They must continually develop capacity and respond to change over time. Leadership is strengthened by the participation of people from different backgrounds, reflecting the structure and diversity of the community.

- Force HR Plan prioritises leadership, workforce and professional development.
- Force and OPCC undertake and analyse feedback from staff surveys.
- Force is committed to flexible approaches to reward that attract/retain the best and appropriately skilled.
- Force and OPCC have 'Employer of Choice' schemes and approaches in place to develop people.
- Briefings are held for potential PCC candidates in advance of elections.
- PCC and Chief Constable ensure equality and diversity policies readily set out how each promotes diversity by recognising, valuing and respecting different contributions and needs of communities and staff.

F: Managing risks and performance through robust internal control and strong public financial management

Public bodies must ensure organisation and governance structures they oversee have implemented, and can sustain, effective performance management systems to facilitate effective and efficient delivery. Risk management, business continuity and internal control are integral parts of a performance management system. Strong financial management systems are essential for implementation of policies and achievement of intended outcomes, enforcing financial disciplines, strategic resource allocation, efficient service delivery and accountability. Public bodies spend money raised from taxpayers and they are entitled to expect high standards of control and oversight of performance.

- Overarching Scheme of Corporate Governance highlights parameters for decision-making, including arrangements for governance, delegations, consent, specific financial limits and standing orders for contracts.
- Joint Independent Audit Committee (JIAC) uses CIPFA guidance and Financial Management Code of Practice.
- Risk Management Strategy allows identification and management of operational, strategic and project risks.
- Accountability Board provides scrutiny of Force strategic risks by the PCC.
- Effective business continuity planning is in place.
- External scrutiny of PCC decisions is provided by the Police and Crime Panel.
- Internal Audit is provided by West Yorkshire OPCC and External Audit reports are scrutinised by the JIAC.
- Annual Governance Statements (AGS) are produced by the Force and OPCC.
- Data Protection policies are in place and published online.
- Her Majesty's Inspectorate (HMICFRS) provide assurances around Force efficiency and effectiveness.
- Data quality is constantly kept under review by the Force and assessed by HMICFRS.
- PCC receives regular budget monitoring reports to the Accountability Board and Police and Crime Panel.
- PCC approves the Treasury Management Strategy.
- Force and OPCC receive annual external audit opinions.

G: Implementing good practices in transparency, report and audit to deliver effective accountability

Accountability ensures those making decisions/delivering services are answerable for them. Effective accountability reports on actions completed and ensures stakeholders can understand responses as the organisations plan and carry out activities in a transparent manner. External/internal audit contribute to effective accountability. Both organisations will be as open as possible about all their decisions, actions, plans, resource use, forecasts, outputs, and outcomes.

- PCC holds the Chief Constable to account on a regular basis via an assurance mechanism – including the Accountability Board and weekly/monthly assurance meetings.
- Information is published on OPCC website in accordance with Elected Local Policing Bodies (Specified Information) Order 2011, for example the publication of Decision Records by the PCC.
- Force and OPCC publish their respective Annual Reports for presentation to the Police and Crime Panel.
- Force and OPCC publish their respective Statement of Accounts and Annual Governance Statements (AGS).
- OPCC believes transparency is very important to the way it works and has a CoPaCC transparency award.
- Police and Crime Panel provides checks and balances in relation to performance of the PCC and publish reports provided by the OPCC.
- Internal Audit is provided by West Yorkshire OPCC and External Audit reports are scrutinised by the JIAC.
- Her Majesty's Inspectorate (HMICFRS) provide assurances around Force efficiency and effectiveness.
- Force and PCC welcome reviews and inspections from regulatory bodies and have oversight of recommendations through the JIAC.
- Use is made of standard decision reporting templates.
- Data Protection Impact Assessments (DPIA) are undertaken to identify the most effective way to comply with data protection obligations and meet individuals' expectations of privacy.
- PCC and Chief Constable ensure that arrangements are in place for whistleblowing.

SCHEME OF CORPORATE GOVERNANCE

This scheme sets out delegations from the PCC and Chief Constable to staff, incorporating instruments such as financial regulations/standing orders relating to contracts. It clarifies the powers which, for good business practice, are given to statutory officers. The PCC and Chief Constable may limit powers and/or remove delegation.

It provides a framework to ensure business is carried out lawfully and efficiently, that decisions are not unnecessarily delayed and are taken at an appropriate level. It forms part of the overall corporate governance framework of both corporations sole. Powers are given to the PCC and Chief Constable by laws, orders, rules or regulations. National conditions of employment also give powers to the PCC and Chief Constable or (in the case of police regulations) the Secretary of State for the Home Department. Any powers or duties placed on other statutory officers should be exercised lawfully in accordance with respective delegations of the PCC and Chief Constable, standing orders and financial regulations, relevant policies, procedures, plans, strategies and budgets. It does not identify all the statutory duties which are contained in specific laws and regulations.

GENERAL PRINCIPLES OF DELEGATION

Persons appointed as Chief Executive (also Monitoring Officer) and Chief Finance Officer (under Schedule 1, paragraph 6(1) (b) of the PRSR Act 2011) for the PCC have statutory powers and duties relating to their positions and do not rely on certain matters being delegated to them to carry out those specific powers and duties. This scheme provides persons with legal authority to carry out appropriate duties of the PCC and/or Chief Constable. They must comply with all other statutory and regulatory requirements and relevant professional guidance including:

- Police and Social Responsibility Act 2011 and relevant legislation issued under this Act.
- Financial and Contract Regulations.
- Home Office Financial Management Code of Practice.
- CIPFA Statement on the role of Chief Financial Officer of the PCC and Head of Finance and Business Services of the Chief Constable.
- PCC and Chief Constable's governance frameworks.
- PCC and Humberside Police policies and procedures.
- Data Protection Act 2018/General Data Protection Regulation (GDPR) and Freedom of Information Act 2000.
- Health and Safety at Work legislation and codes.

This Scheme is a record of formal delegations in effect at the time of publication. The PCC and Chief Constable's governance framework, including this Scheme, will be reviewed at least annually. With the exception of those matters listed above, any person to whom a power is delegated under this scheme may sub-delegate that power as they deem appropriate. Formal responsibility and accountability for effective discharge of sub-delegated powers legally remains with the person to whom the power was delegated by the PCC or Chief Constable.

The PCC and/or Chief Constable may ask for specific matters to be referred to them for decision and not be dealt with under powers of delegation.

The scheme does not attempt to list all matters which form part of everyday management responsibilities. Such matters will generally be set out in Service Level Agreements currently being developed by the OPCC and Force, for provision of support services from the Chief Constable to the PCC. Giving delegation to persons under this scheme does not prevent referral of any matter to the PCC and/or Chief Constable for decision if felt appropriate (e.g. sensitive community/stakeholder issues or matters having significant operational or financial implications).

The PCC and Chief Constable may set out their reporting arrangements on actions undertaken by their own staff in respect of the use of powers delegated to them.

ROLE AND PRIMARY RESPONSIBILITIES OF THE PCC

- Holding the Chief Constable to account for performance of the Force.
- Appointing the Chief Constable (and dismissing them when necessary).

- Setting out the Force's budget.
- Providing a link between the police and the community, obtaining and representing the views of local people, local authorities and criminal justice organisations.
- Working with partner agencies.
- Provision of an efficient and effective Criminal Justice System.
- Setting local strategic policing/crime priorities and objectives through publication of a Police and Crime Plan.
- Setting the policing and crime precept.
- Overseeing community safety, reduction of crime and value for money in policing.
- Commissioning victim and witness services, including restorative justice.
- Preparing and publishing an Annual Report on progress in delivery of the Police and Crime Plan.
- Owns all land/buildings and will sign contracts in accordance with the requirements of financial regulations.
- Approves the annual Treasury Management Strategy and borrowing limits.
- Receives government grants and the council tax precept.

When exercising duties and functions, the PCC must have regard to (not exhaustive list):

- Views of the people in the Humberside Police area, including victims of crime.
- Any report or recommendation made by the Police and Crime Panel in respect of the Police and Crime Plan, the proposed annual precept, and the Annual Report for the previous financial year.
- Police and Crime Plan and guidance issued by the Secretary of State, including Strategic Policing Requirement.

PCC may arrange for any person (but not a police officer) to exercise any functions, with the following exceptions:

- Determining the policing and crime objectives in the Police and Crime Plan.
- Issuing the Police and Crime Plan.
- Calculation of the budget requirement.
- Appointing or suspending the Chief Constable or calling upon the Chief Constable to retire or resign.
- Attendance at the Police and Crime Panel in compliance with a requirement by the Panel to do so.
- Attendance at, and presenting the Annual Report to, the Police and Crime Panel.

The Police and Crime Panel exercise checks and balances on the PCC through reviewing and/or scrutinising their decisions and actions, but not those of the Chief Constable.

The PCC is responsible for handling complaints and conduct matters about the Chief Constable, monitoring their handling and investigation of complaints against police officers, staff and the wider service, and complying with Independent Office for Police Conduct (IOPC) requirements. From 01/02/20, the Policing and Crime Act 2017 made the PCC responsible for reviews of recorded complaints handled under Schedule 3 of the Police Reform Act 2002.

ROLE OF THE PCC'S CHIEF EXECUTIVE

The PCC must appoint a person (referred to as the 'Chief Executive') to act as the Head of the body's paid service under Section 4 of the Local Government and Housing Act 1989. The Chief Executive is Head of the PCC's staff, and also Monitoring Officer for the PCC. Formal delegations from the PCC to the Chief Executive are listed in Appendix 1.

ROLE OF THE PCC'S CHIEF FINANCE OFFICER (PCCCFO)

The PCC must appoint a person to be responsible for proper administration of their financial affairs, in accordance with the Financial Management Code of Practice. As Chief Finance Officer to the PCC (PCCCFO), they have statutory responsibility to manage the PCC's financial affairs in accordance with sections 112 and 114 of the Local Government Finance Act 1988, and Accounts and Audit Regulations 2003 (as amended). Detailed financial management responsibilities of the PCCCFO, including delegated powers, are set out in Financial Regulations. Formal delegations from the PCC to the PCCCFO are listed elsewhere in this document.

ROLE OF THE CHIEF CONSTABLE

The Chief Constable is responsible for maintaining the Queen's peace and direction and control of the Force. The Chief Constable is accountable to the law for exercise of police powers, and to the PCC for delivery of efficient and effective policing, management of resources and expenditure by the Force.

Delegations from the Chief Constable to key Force Personnel are contained elsewhere in this document and the Chief Constable shall appoint suitably qualified and experienced Chief Officers and Heads of Department.

ROLE OF HEAD OF FINANCE AND BUSINESS SERVICES (CCCFO)

The Chief Constable must appoint a person to be responsible for proper administration of the Force's financial affairs, in accordance with the Financial Management Code of Practice, as issued by the Home Office.

As Chief Finance Officer (CCCFO) appointed by the Chief Constable, there is a statutory responsibility for the post-holder to manage the Force's financial affairs, in accordance with sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended). Detailed financial management responsibilities of the CCCFO, which includes delegated powers, are set out in Financial Regulations elsewhere.

URGENCY PROVISIONS

(1) Police and Crime Commissioner

If any urgent matter normally referred to the PCC (or Deputy PCC) for decision arises and cannot be delayed, in the absence of the PCC or Deputy PCC, it may be decided by an appropriate chief officer:

- Chief Executive (all issues other than operational matters).
- PCC's Chief Finance Officer (financial and related issues).
- Chief Constable (operational and financial issues affecting the police service).

Urgent decisions taken must be reported to the PCC as soon as practicably possible.

(2) Humberside Police

If any urgent matter normally referred to the Chief Constable (or Deputy Chief Constable) for decision arises and cannot be delayed, in the absence of the Chief Constable or Deputy Chief Constable, it may be decided by an appropriate member of the Chief Officer Group. Urgent decisions taken must be reported to the Chief Constable as soon as practicably possible.

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This section sets out Financial Regulations that apply to the PCC, OPCC staff, the Chief Constable and police officers and staff, having due regard to the overall regulatory framework of their approach to financial management. Public sector accounting is covered by government legislation and accounting standards designed to ensure proper accountability for public funds. The Home Office also issue a Financial Management Code of Practice under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996, which permit the Secretary of State to issue codes of practice to all PCCs and Chief Constables.

To conduct business effectively, sound financial management policies are essential, and must be strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These have been drawn up in such a way as to ensure the financial affairs of the PCC and Chief Constable are conducted properly and comply with all necessary requirements. They seek to reinforce the standards of conduct in public life required by the PCC, Chief Constable, police officers, police staff and staff in the OPCC and in particular the need for openness, accountability and integrity. They apply to all officers and staff of the PCC and Force, and anyone acting on their behalf.

The Regulations are designed to establish financial responsibilities, to confer duties, rights and powers upon the PCC, Chief Constable and their officers and staff, and provide clarity about the financial accountabilities of groups or individuals and anyone acting on their behalf. The PCC and the Chief Constable are established in law as corporations sole in the Police Reform and Social Responsibility Act 2011. Both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with impartial direction and control of all constables and staff within their force. Staff of the PCC are accountable to the directly elected holder of that office.

The public accountability for delivery and performance of the police service rests with the PCC on behalf of the electorate. They have an electoral mandate to set the strategic direction of the Force in consultation with the Chief Constable. The Chief Constable is accountable to the PCC and the Police and Crime Panel provides the check and balance by holding the PCC to account. The PCC may also appoint a Deputy PCC who may exercise the functions of the PCC set out in the Scheme of Governance.

The PCC is the recipient of all funding, including government grants, precept and other sources of income related to policing and crime reduction. All funding for the Force must come via the PCC. The PCC is responsible for allocating this funding in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations. The PCC is required to appoint a Chief Executive and Monitoring Officer and they and the Chief Constable are both required to appoint a Chief Finance Officer (CFO).

Both organisations should be committed to innovation, within the regulatory framework, provided the necessary funding, risk assessment and approval safeguards are in place.

STATUS

These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and Corporate Governance Framework including the Policing Protocol, Codes of Conduct, Scheme of Governance, within which levels of delegation and Standing Orders Relating to Contracts sit.

The PCC, Chief Constable and all officers/staff have a general duty to take reasonable action to provide for the security of assets under their control and ensuring the use of these resources is legal, properly authorised, provides value for money and achieves best value.

Financial Regulations explain the working financial relationship between the PCC and Chief Constable and their Chief Finance Officers, and the role played by the PCC's Chief Executive and Monitoring Officer.

The Home Office's Revised Financial Management Code of Practice (July 2018) summarises the relationship between the PCC and Chief Constable and their respective Chief Finance Officers below:

"The Policing Protocol 2011... sets out the high level financial responsibilities of the PCC and the Chief Constable, making clear that the former is ultimately accountable to the public for the management of the Police Fund while the latter has day to day responsibility for managing their allocated budgets after these have been approved by the PCC.

An effective, cooperative and constructive working relationship between the two Chief Finance Officers is fundamental and is more likely to be achieved where communication and clarity of understanding are at their highest. Mutual understanding of and respect for each party's statutory functions will serve to enhance policing for local communities. It is expected that the principles of goodwill, professionalism, openness and trust will underpin the relationship and that all parties will do their utmost to make the relationship work. It is also acknowledged that good relationships between the Chief Finance Officers and the Chief Executive are fundamentally important and need to be underpinned by the same principles"

Both Chief Finance Officers will follow the Home Office's Code of Practice and abide by these principles at all times.

The overriding aim is to ensure effective working relationship, and strategic and financial planning, working to timetables approved by the PCC to enable accurate and timely review and reporting of all financial matters and to demonstrate value for money for the public.

The PCC and Chief Constable are jointly responsible for approving or amending Financial Regulations. The PCCCFO and the CCCFO are jointly responsible for maintaining and reviewing Financial Regulations and submitting any additions or amendments to the PCC and Chief Constable, after consulting with the CCCFO and the Chief Executive. Copies will be available on the PCC's and Force websites and on the Force Intranet.

A delegation in these Financial Regulations to a Chief Officer who is not a constable shall permit further delegation to other officers provided that the terms of the delegation are clearly documented.

The Act and Protocol establish the principles within which the two CFOs will operate. The PCCCFOs principal aim is to translate the PCCs plans and priorities into a viable Medium Term Financial Strategy, ensure funding is available from grants, precepts and reserves, and establish an appropriate framework for financial accountability. The CCCFOs principal aim is to manage implementation and monitoring of the budget allocated to the Force and maintain oversight of their efficiency.

CIPFA's Statement on the Role of the Chief Financial Officers in Policing states the PCCCFO should support the CCCFO, working to ensure the PCC's plans and priorities are translated into a funded Medium Term Financial Strategy which provides the Force with a basis to manage its budgets. The CCCFO will work with the PCCCFO to design appropriate information and monitoring arrangements, to provide the PCC with necessary information to monitor overall spending levels and performance.

More detailed Financial Instructions to supplement these Regulations, may be issued by the Chief Constable after consultation with the CCCFO.

Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases must be reported to the PCCCFO and CCCFO, who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the PCC and/or Chief Constable. Further guidance is set out in Section H later on. The PCC and all officers/staff have a duty to abide by the highest standards of probity in dealing with financial issues.

The Financial Regulations shall only be suspended by a formal decision of the PCC.

FINANCIAL REGULATIONS

The Financial Regulations are divided into a number of sections. References are made in individual sections to delegated limits of authority, with the actual values set out in Section G.

SECTION A:	FINANCIAL MANAGEMENT FRAMEWORK
SECTION B:	FINANCIAL PLANNING AND CONTROL
SECTION C:	MANAGEMENT OF RISK AND RESOURCES
SECTION D:	SYSTEMS AND PROCEDURES
SECTION E:	EXTERNAL ARRANGEMENTS
SECTION F:	CONTRACT STANDING ORDERS
SECTION G:	DELEGATED LIMITS
SECTION H:	GUIDANCE NOTES ON BREACHES OF STANDING ORDERS AND FINANCIAL REGULATIONS
SECTION I:	ANTI-FRAUD AND CORRUPTION STRATEGY AND FRAUD RESPONSE PLAN

Regulations may be supplemented by more detailed Financial Instructions issued by the Chief Constable after consultation with the CCCFO. Financial Instructions should be made available on the Force Intranet.

DEFINITIONS WITHIN THE REGULATIONS

These Regulations refer to: (i) PCC for Humberside and OPCC, (ii) Chief Constable of Humberside Police, (iii) Statutory Officers: PCCs Chief Finance Officer (PCCCFO), Chief Constables Chief Finance Officer (CCCFO), and Chief Executive (who also fulfils the role of Monitoring Officer), and (iv) Force.

Definitions:

- OPCC refers to the PCC, Deputy PCC (if appointed) and members of staff employed by the PCC providing core democratic support commissioning, community engagement and other services.
- Force refers to the Chief Constable, police officers, police staff, Police Community Support Officers (PCSOs), special constabulary, volunteers and other members of the wider police family under their direction and control.
- Chief Officers when referred to generically means Chief Constable, Chief Executive, PCCCFO, CCCFO, Assistant Chief Officer (Resources) and all other members of the Chief Officer Group.
- 'Employees' when referred to generically means police officers/staff and other members of the wider police family.
- 'Authorised Officer' refers to employees authorised by a Chief Officer.
- 'Contract' refers to any commitment (Purchase Orders/MOUs/SLAs/Leases) to acquire/purchase/sell goods, services or building works on behalf of the PCC, Force or affiliated bodies.
- 'Value for money' refers to most cost-effective means of meeting needs and takes account of whole life costs.
- Chief Constable, Chief Executive, PCCCFO and CCCFO includes any member of staff, contractors or agents to whom particular responsibilities may be delegated. Levels of delegated responsibility must be evidenced clearly, made to an appropriate level, with sufficient authority, training and resources given to undertake the duty.
- Medium Term Resource Strategy (MTRS) is a five-year strategic financial planning summary containing forecasted annual income and expenditure budget estimates. It is approved by the PCC.

Within these Regulations, most references have been made to responsibilities of the Chief Constable since most day to day financial management is vested with that post. Where resources are under the control of the Chief Executive or PCCCFO, the duties, rights and powers as detailed for the Chief Constable shall apply equally to them.

Police and Crime Commissioner (PCC)

- Ensures, through a statutory duty and electoral mandate, an efficient and effective police service and holds the Chief Constable to account on behalf of the public. The PCC is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. Statutory Officers of the Chief Constable and PCC will provide professional advice and recommendations.

- Appoints a Chief Financial Officer (PCCCFO) to be responsible for proper administration of the Commissioner's financial affairs. The PCC appoints a Chief Executive (who acts as Monitoring Officer and Head of Paid Service).
- Approves the policy framework and budget, monitors financial outcomes and approval of Medium Term Resource Plans in consultation with the Chief Constable. They are responsible for approving the overall framework of accountability and control, and monitoring compliance, including:
 - Police and Crime Plan.
 - Medium Term Resource Strategy (including medium-term financial forecasts).
 - Annual Revenue Budget.
 - Capital Programme.
 - Treasury management strategy, annual investment strategy, minimum revenue provision (MRP) policy.
 - Estate Strategy, IT/IS and other key strategies and asset management plans.
 - Risk Management strategy.
 - Governance policies.
- Approves procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
- Approves procedures for agreeing variations to approved budgets, plans and strategies in the policy framework.
- Provides the PCCCFO with staff, accommodation and other resources in their opinion sufficient to allow their duties under this section to be performed.
- Appoints a Deputy PCC (if required) and arranges carrying out of appropriate functions delegated to them.

Deputy Police and Crime Commissioner (DPCC) (if appointed)

- Exercises the functions conferred on him/her by the PCC as detailed in the Scheme of Governance.

Chief Constable

- Maintains the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the PCC.
- Accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the public.
- Helps to ensure effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of all constables and to employ staff within the force, the Chief Constable should have day to day responsibility for financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.
- Must ensure financial management of their allocated budget remains consistent with the objectives and conditions set by the PCC.
- When the Chief Constable intends to make significant policy change or seeks to move significant sums of their budget in line with the Scheme of Delegation, PCC approval should be sought. The PCC will provide guidance on what to regard as a significant change.
- Appoints a Chief Finance Officer (CCCFO) to lead the Force on financial management and be responsible for proper administration of the Chief Constable's financial affairs.
- Responsible for day to day financial management of the Force within the framework of the budget, rules of virement and reporting arrangements. In operating day to day financial management, the Chief Constable shall comply with approved policies and framework of accountability.
- May prepare Financial Instructions to supplement the Financial Regulations and provide detailed advice on the operation of specific financial processes delegated to them. They shall ensure all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure the Regulations can be complied with.

Joint Independent Audit Committee

Home Office Financial Management Code of Practice states the PCC and Chief Constable should establish a Joint Independent Audit Committee (JIAC), a combined body which considers internal and external audit reports of both

the PCC and Chief Constable. In establishing the JIAC, the PCC and the Chief Constable shall have regard to CIPFA Guidance on Audit Committees and good practice principles set out in the HM Treasury Audit Committee Handbook.

- Advise the PCC and the Chief Constable according to good Governance principles and will ensure that appropriate risk management arrangements in accordance with proper practices are in place and operating.
- Comprises between five and seven members who are independent of the PCC and the Force.
- Establish terms of reference, covering its core functions (formally adopted and reviewed at least annually).
- PCC and Chief Constable shall be represented at all JIAC meetings.

ROLE OF THE STATUTORY AND KEY OFFICERS

Police and Crime Commissioner's Chief Finance Officer (PCCCFO)

The PCCCFO is responsible for administration of the financial affairs of the PCC and has a personal fiduciary responsibility to the local council taxpayer. Their statutory responsibilities are set out in:

- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011.
- Section 114 Local Government Finance Act 1988 (powers to safeguard lawfulness and propriety in expenditure).
- Accounts and Audit Regulations as amended from time to time.
- Home Office Financial Management Code of Practice.
- Section 151 Local Government Act 1972.

The PCCCFO is the PCCs professional adviser on financial matters and shall:

- Ensure the financial affairs of the PCC are properly administered and Financial Regulations are observed and kept up to date.
- Ensure regularity, propriety and Value for Money (VfM) in the use of public funds.
- Ensure the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges.
- Report to the PCC, Police and Crime Panel and external auditor:
 - any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC.
 - when it appears any expenditure is likely to exceed resources available to it to meet that expenditure.
- Advise the PCC on the robustness of estimates and adequacy of financial reserves.
- Prepare and publish the PCC's annual statement of accounts in accordance with appropriate accounting codes of practice and reporting standards, including an Annual Governance Statement.
- Ensure the statement of accounts for the PCC and PCC Group are produced and published in accordance with the appropriate codes of practice and reporting standards.
- Ensure provision of an effective internal audit service, in conjunction with the CCCFO.
- Secure the treasury management function, including loans and investments.
- Advise in consultation with the Chief Executive on the safeguarding of assets, including risk management and insurance.
- Arrange for determination and issue of the precept.
- Liaise with the external auditor.
- Advise the PCC on the application of value for money principles by the Force to support the PCC in holding the Chief Constable to account for efficient and effective financial management.
- Nominate a person to deputise should they be unable to perform their duties (Deputy s151 officer).

The PCCCFO, in consultation with the Chief Executive, CCCFO and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take necessary action to safeguard the finances of the OPCC and Force. They have certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the PCC on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the PCC's accounts, including group accounts.

To fulfil these duties and ensure the PCC is provided with adequate financial advice, the PCCCFO must:

- Be a key member of the PCC Leadership Team, work closely with the Chief Executive, help the team develop and implement strategy, resource/deliver the PCCs strategic objectives sustainably and act in the public interest.
- Be actively involved in, and bring influence to bear on, all strategic business decisions of the PCC, and ensure the financial aspects of immediate and longer-term implications, opportunities and risks are fully considered and aligned with the PCCs financial strategy.
- Lead promotion and delivery by the PCC of good financial management, so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- Ensure the finance function is resourced and is fit for purpose.

Financial Regulations cannot foresee every eventuality. The PCCCFO, in consultation with the CCCFO, is responsible for reviewing, maintaining and interpreting these Regulations to ensure efficient and effective operation of services.

Chief Constable's Chief Finance Officer (CCCFO)

The CCCFO is responsible for proper financial administration and has personal fiduciary responsibility to local council tax payers. They are also responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.

CCCFO's responsibilities are set out in:

- Paragraph 4 of Schedule 2/paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011.
- Section 114 Local Government Finance Act 1988 (powers to safeguard lawfulness and propriety in expenditure).
- Accounts and Audit Regulations as amended from time to time.
- Section 151 Local Government Act 1972.

The CCCFO shall:

- Ensure the financial affairs of the Force are properly administered and that Financial Regulations are observed and kept up to date.
- Prepare revenue and capital budgets and medium-term resource forecasts for the Chief Constable.
- Report to the Chief Constable, PCC, PCCCFO and to the external auditor: (i) any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable, or (ii) when it appears any expenditure of the Chief Constable is likely to exceed the resources available to it to meet that expenditure.
- Advise the Chief Constable on value for money in relation to all aspects of the Force's expenditure.
- Advise the Chief Constable and PCC on the soundness of the budget in relation to the Force.
- Prepare and ensure a statement of accounts of the Chief Constable is produced/published, and prepare PCC and PCC Group accounts in conjunction with the PCCCFO.
- Prepare and publish the Chief Constable's Annual Governance Statement.
- Ensure an effective internal audit service in conjunction with the PCCCFO.
- Liaise with the external auditor.
- Nominate a deputy should they be unable to perform their duties (Deputy s151 officer).

The CCCFO has certain statutory duties which cannot be delegated, namely reporting potentially unlawful decisions by the Force on expenditure, and preparing each year (in accordance with proper practices in relation to accounts) a statement of the Chief Constable's accounts. The CCCFO will need to observe the locally agreed timetable for compilation of the Group accounts by the PCCCFO. To enable them to fulfil these duties they must:

- Be a key member of the Chief Constable's Management Team, helping develop and implement strategy and resource to deliver the PCC's and Chief Constable's strategic objectives sustainably and in the public interest.
- Be actively involved in, and able to bring influence to bear on, all strategic business decisions of the Chief Constable to ensure immediate and longer-term implications, opportunities and risks are fully considered.
- Lead promotion and delivery by the Chief Constable of good financial management so public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- Ensure the finance function is resourced to be fit for purpose.

Financial Regulations cannot foresee every eventuality. The CCCFO, in consultation with the PCCCFO, shall be responsible for interpreting these Regulations so as to ensure efficient and effective operation of services.

Chief Executive and Monitoring Officer

Chief Executive is responsible for leadership and general administration of the PCC's office. They are also the designated Monitoring Officer, appointed under section 5(1) of the Local Government and Housing Act 1989, to:

- Ensuring legality of the actions of the PCC and their officers.
- Ensuring procedures for recording and reporting key decisions are operating effectively.
- Advising the PCC and officers about who has authority to take a particular decision.
- Advising the PCC about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- Advising the PCC on matters relating to standards of conduct.

SECTION A: FINANCIAL MANAGEMENT FRAMEWORK

A1 FINANCIAL MANAGEMENT STANDARDS

The PCC, Chief Constable and all employees have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls in place to ensure these standards are met.

The PCC shall receive updates on financial performance of the Force and OPCC through regular budget monitoring and outturn reports from the PCCCFO and CCCFO, and the Annual Audit Letter provided by the external auditor.

Joint Responsibilities of the PCCCFO and CCCFO

- Ensure proper administration of the financial affairs of the OPCC and Force.
- Ensure proper practices are adhered to.
- Key controls are in place to secure sound financial management.
- Ensure financial information is available to enable accurate and timely monitoring and reporting.
- Ensure all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- Ensure staff are properly managed/developed/trained/supported to carry out their financial duties effectively.
- Ensure appropriate accounting policies are in place and applied consistently.

Responsibilities of the Chief Constable

- Ensure specific duties/responsibilities in financial matters are clear to individual officers and properly recorded.

A2 ACCOUNTING SYSTEMS, RECORDS AND RETURNS

Maintaining proper accounting records is one way the PCC and Chief Constable discharge their responsibility for stewardship of public resources. The PCC and Chief Constable have a statutory responsibility to prepare the annual accounts to present a true and fair view of their operations during the year. These are subject to external audit. This audit provides assurance that separate sets of accounts have been prepared properly, proper accounting practices have been followed and adequate arrangements made for securing economy, efficiency and effectiveness in the use of resources.

Joint Responsibilities of the PCCCFO and CCCFO

- Determine accounting policies and procedures to be adopted, in accordance with recognised accounting practices, and approve strategic accounting systems and procedures employed by the Chief Constable. All employees shall operate within required accounting policies and published timetables.

- Make proper arrangements for audit of the PCC, Force and the Group accounts in accordance with the Accounts and Audit Regulations as amended from time to time.
- Ensure all claims for funds including grants are made on a timely and accurate basis.
- Ensure all statutory returns and relevant statistical returns are accurate and returned by the due date.
- Ensure bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.
- Prepare and publish audited accounts in accordance with the statutory timetable.
- Observe agreed principles for segregation of duties in allocation of accounting duties in order to provide adequate control arrangements.
- Ensure all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- Maintain adequate records to provide a management trail leading from source of income and expenditure through to accounting statements.
- Ensure financial records are retained and disposed of in accordance with agreed policies and procedures.

Responsibilities of the CCCFO

- Obtain approval of the PCCCFO before making any fundamental changes to accounting records and procedures or accounting systems.

A3 ANNUAL STATEMENT OF ACCOUNTS

The PCC and the Chief Constable have a statutory responsibility to prepare their own accounts to present a true and fair view of their operations during the year. They must be prepared in accordance with proper practices as per the Code of Practice on Local Authority Accounting in the United Kingdom. The accounts will comprise separate statements for the PCC, Chief Constable and Group accounts covering both entities. The PCC and the Chief Constable are responsible for approving their own annual accounts. The accounts are subject to detailed independent review by the external auditor. This provides assurance that the accounts are prepared correctly, proper accounting practices have been followed and adequate arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

Joint Responsibilities of the PCCCFO and the CCCFO

- Draw up the timetable for final accounts preparation, in consultation with the CCCFO and external auditor.
- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Comply with the Code of Practice on Local Authority Accounting.
- Prepare, sign and date the separate statements of accounts, including the Group accounts, stating they present a true and fair view of the financial position of the PCC, Force and Group at the accounting date and their income and expenditure for the financial year just ended.
- Publish the approved and audited accounts each year, in accordance with the statutory timetable.

Joint Responsibilities of the PCC and the Chief Constable

Consider and approve their annual accounts in accordance with the statutory timetable.

SECTION B: FINANCIAL PLANNING AND CONTROL

B1 FINANCIAL PLANNING

The Police Reform and Social Responsibility Act 2011 gives the PCC responsibility for the totality of Policing in their Force area and requires them to hold the Chief Constable to account for operational delivery of policing. The PCC sets the strategy and provides the financial resources against and within which spending by the PCC and Chief Constable are managed. The PCC and Chief Constable need systems that enable resources to be allocated in accordance with priorities. Financial planning is essential for the Force and OPCC to function effectively. There must be clear links to the overarching governance framework.

Financial planning process should be directed by the approved policy framework, business planning process and the need to meet key objectives. Planning processes should be continuous, and the planning period should be five years. The process should include a more detailed annual plan and budget covering the forthcoming financial year. This allows the PCC and Force to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term. The annual budget format determines the level of detail to which financial control and management will be exercised and shape how virement rules operate. The annual budget will be supported by detailed objective analysis of spend at Command/Branch level together with associated workforce plans. It is recognised that the impact of financial planning in the police service will be constrained by the quality and timing of information made available by Government on resource allocation.

Medium Term Resource Strategy (MTRS)

The PCC and Chief Constable share responsibility to provide effective financial/budget planning for the short/medium/long term, through preparation of a MTRS including financial projections for five years together with a capital programme covering the same period. This explains how the PCC and Chief Constable will structure and manage their finances to support delivery of the outcomes set out in the Police and Crime Plan and ensure there is sound financial management and good stewardship of public money.

Responsibilities of the PCC

To identify and agree, in consultation with the Chief Constable and other relevant partners and stakeholders, a MTRS which includes funding and spending plans for both revenue and capital. The strategy should take into account multiple years, the inter-dependencies of revenue budgets and capital investment, the role of reserves and consideration of risks. It should have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in Local authorities. The strategy must be aligned with the Police and Crime Plan.

Joint Responsibilities of the PCCCFO and CCCFO

- Determine the format and timing of the MTRS to be presented to the PCC and Chief Constable. The format should comply with all legal requirements and latest CIPFA guidance.
- Prepare a medium term forecast of proposed income and expenditure for submission initially to the Chief Constable and Chief Officer Team and then the PCC.
- When preparing the forecast, the Chief Constable shall have regard to:
 - Police and Crime Plan.
 - Policy requirements approved by the PCC as part of the policy framework.
 - Detailed workforce plans.
 - Strategic Policing Requirement.
 - Unavoidable future commitments, including legislative requirements.
 - Initiatives already underway.
 - Revenue implications of the capital programme.
 - Proposed service developments and plans which reflect public consultation.
 - Need to deliver efficiency and/or productivity savings.
 - Government grant allocations.
 - Potential implications for local taxpayers.
 - CCCFO to provide details of known risks for consideration by the PCCCFO.
- Ensure medium-term resources forecast includes options for use of general balances, reserves, provisions, and assumptions about future government funding levels and demonstrates potential local taxation implications.
- Requirements should be prioritised by the Chief Constable to enable the PCC to make informed judgements as to future funding levels and planning the use of resources.

Annual Revenue Budget Preparation

- Revenue budget provides estimates of annual income/expenditure requirements for the police and crime/community safety and sets out financial implications of the PCC's strategic policies. It provides authority to Chief Officers to incur expenditure and a basis to monitor financial performance of the PCC and Force.
- PCC should consult the public, Chief Constable and other relevant partners and stakeholders in planning the overall annual budget, including a separate force budget. This will take into consideration funding from Government and other sources, balancing the expenditure needs of the policing service, community safety and the PCC against the level of local taxation. This should meet statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe.
- Impact of the annual budget on priorities and funding of future years as set out in the Police and Crime Plan and Medium Term Resource Strategy should be clearly identified.

Responsibilities of the PCC

- Agree planning timetable with the Chief Constable.
- Obtain views of the local community on proposed spending plans for the financial year to which the proposed expenditure relates.
- Present proposed budget and precept recommendations to the Police and Crime Panel for consideration in accordance with legislative requirements and agreed timetable.
- Approve budget for the Force and other services and set precept after taking in to account views expressed by the Police and Crime Panel in accordance with legislative requirements and agreed timetable.

Responsibilities of the PCCFO

- Determine the format of the revenue budget to be presented to the PCC in consultation with the Chief Constable, to comply with all legal requirements and latest CIPFA guidance.
- Obtain timely and accurate information from billing authorities on the council tax base and latest surplus/deficit position on collection funds to inform budget deliberations.
- Advise the PCC on appropriations from/to and or appropriate level of general balances, earmarked reserves or provisions to be held.
- Submit a report to the PCC on robustness of estimates and adequacy of reserves.
- Submit a report on the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the PCC.
- Upon approval of the annual budget, to submit the council tax requirement return to Central Government and precept requests to appropriate bodies in accordance with the legal requirement.
- Produce and issue information required by the billing authorities to explain how the precept will be used to pay for the cost of policing, in accordance with statutory requirements.

Responsibilities of the CCCFO

- Prepare detailed budget estimates and medium-term resource plans for the forthcoming financial year and the next four years in accordance with the timetable agreed with the PCCFO which will include resources sufficient to finance the foreseeable operational needs without having to request additional approvals.
- Submit draft budget proposals to the Chief Constable and Chief Officer Team for approval by the Chief Constable.
- Submit estimates in the agreed format to the PCC for approval.
- Identify all proposed individual major revenue projects (a major revenue project shall be defined as one in excess of the value shown in Section G).

B2 BUDGETARY CONTROL

Budget management ensures once the PCC has approved the budget, resources allocated are used for their intended purpose and properly accounted for. Budgetary control is a continuous process, enabling the Chief Constable and

PCC to review and adjust their budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget. There are key controls in place for managing and controlling the revenue budget.

Management of budgets must not be seen in isolation and should be measured in conjunction with service outputs and performance measures. PCCCFO and CCCFO shall jointly ensure there is an appropriate framework for budget management and control within their respective organisations.

Revenue Budget Monitoring

By continuously identifying and explaining variances against budgetary targets, the PCC and Chief Constable can identify changes in trends and resource requirements at the earliest opportunity. The PCC and Chief Constable both operate within an annual expenditure limit, approved when setting the annual budget. To ensure the budget is not overspent in total, the Chief Constable and CCCFO, Chief Executive and PCCCFO are required to manage expenditure within their budget allocations, subject to the rules of virement and as reported through to the Accountability Board.

Responsibilities of the CCCFO

- Provide appropriate financial information to enable budgets to be monitored effectively.
- Ensure each income/expenditure element has a nominated budget manager to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision-making process that commits expenditure.
- Ensure total spending for operational policing remains within overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources, the PCCCFO and PCC shall be alerted immediately and proposals for remedy should be put forward as part of regular reporting to the PCC.
- Submit a monthly budget monitoring report to the Chief Constable's Chief Officer Team and the PCC on a regular basis throughout the year, containing recently available financial information. The reports shall be in a format agreed with the PCC and PCCCFO.
- Refer major revenue projects back to the PCC for further approval where, when negotiating contract details, amendments to the nature of the scheme are sought or costs exceed the limits set out in Section G.

Responsibility of the CCCFO

- Submit a monthly budget monitoring report, containing the most recently available financial information to the PCC and Chief Officer Group showing spending to date and comparisons of projected outturn with the latest approved budget at times to be agreed.

Responsibility of the PCCCFO

- Submit monthly budget monitoring reports to the Chief Executive throughout the year containing the most recently available financial information for the OPCC.

Joint Responsibilities of the Chief Executive and PCCCFO

- Manage the budget allocated for the PCC's Office.
- Ensure total spending for the OPCC remains within the overall allocation of resources and take corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds total allocation of resources due to circumstances beyond the control of the Chief Executive, the PCC shall be alerted immediately along with proposals to remedy the situation as part of regular reporting to the PCC.

Revenue Virement

A virement is a planned reallocation of resources between approved budgets or heads of expenditure. A budget head is a line in the approved budget report. The PCC's consents in respect of the scheme of virement is intended to

enable Chief Officers to manage budgets with a degree of flexibility within the overall policy framework determined by the PCC and provide the opportunity to optimise the use of resources to emerging needs.

Chief Constable and the CCCFO are expected to exercise discretion in managing budgets responsibly and prudently and should only be required to refer back to the PCC when virement would incur substantive changes in the policy of the PCC or where a virement might create a future year or continuing commitment.

Chief Constable shall still be held to account by the PCC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require detailed reports on significant changes.

Key controls for the scheme of virement are:

- Administered by Chief Officers in accordance with limits set out in Financial Regulations. Any variation from this scheme requires the approval of the PCC.
- Overall budget is agreed by the PCC. Chief Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget.
- Virement does not create additional overall budget liability.
- Each Chief Officer with delegated powers shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring.

Responsibilities

- The PCC shall approve a scheme of virement and note and approve reports on virement submitted by the Chief Constable and their officers and staff.
- The PCC has consented to allow virements between budget headings provided that they operate within the limits defined in Section G.

Exceptions to the above framework are:

- Virement is not permitted in relation to financing items such as asset charges or where a proposal would adversely affect long term revenue commitments of the Force and the PCC.
- When the virement is between an income budget and expenditure budget line which is directly related, approval is sought from the PCCCFO and/or CCCFO and the income and expenditure budgets will be increased for budget monitoring purposes.

Budget lines will be cash limited and defined each year as part of the budget approval. All requests for virement must be made in the format prescribed by the PCCCFO and/or CCCFO and information on the virements within the limits set out in Section G will be available to support budget monitoring report information. Approval of the PCC shall be required if the virement involves:

- Substantial change in policy.
- Significant addition to commitments in future years.

Treatment of Year End Balances

Carry forward of underspent budgets is permitted only within delegation limits set out in the carry forward scheme.

Carry forwards are to be subject of a report to the PCC as part of the year end outturn report. Budget Managers will be required to satisfy the Chief Constable and CCCFO that expenditure proposed against carry forward underspending is in accordance Police and Crime Plan priorities and non-recurrent in nature.

Responsibilities of the CCCFO

- Ensure Budget Managers report any overspend on their budgets in any financial year.
- Consider reducing budgets for the following financial year where overspending has/is expected to occur.

- Consider requests from Budget managers who identify planned underspends in any financial year for budget provision to be carried forward to the following financial year, subject to limits indicated in Section G.
- Refer all carry forwards that fall outside of parameters stipulated in these Regulations to the PCC and Chief Officer Group for approval.

Responsibilities of the PCC

- Consider whether arrangements for carrying forward underspends are appropriate/affordable when considering levels of reserves and balances as part of development of a sustainable Medium Term Resource Strategy.

B3 CAPITAL PROGRAMME

Capital expenditure involves acquiring or enhancing fixed assets with a long-term value, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.

Capital investment can be undertaken providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out the framework under which the Force and PCC will consider their spending plans.

The capital programme is linked to the Estates Strategy, IS, Fleet and other key strategies involving proposals for significant investment in capital assets that must be included within the approved MTRS.

General

Responsibilities of the Chief Constable

- Develop an Estate Strategy, IT, Fleet and other key strategies and implement management plans.

Responsibilities of the PCC

- Approve the Estate, IT and Fleet Strategies and asset management plans together with other key strategies involving proposals for significant investment in capital assets.
- Approve a fully funded medium-term capital programme.

Responsibilities of the CCCFO

- Prepare five-year rolling programme of proposed capital expenditure in accordance with agreed finance strategy for initial consideration by the Chief Constable's Chief Officer Group and presentation to/approval by the PCC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
- Prepare project appraisals for all schemes to be included in the capital programme for submission to the PCCCFO and PCC for consideration and scheme approval. This will include all additional revenue and capital costs.
- Ensure each capital project has a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.
- Identify, in consultation with the PCCCFO, available sources of funding the capital programme, including identification of potential capital receipts from disposal of property or other assets.
- Prioritise requirements so that if a gap is identified between available resources and required capital investment the Chief Constable can advise the PCC so that they can make informed judgements as to which schemes should be included in the capital programme, minimum levels of funding required for each scheme and potential phasing of capital expenditure.
- Not to incur capital expenditure unless the scheme is part of the Capital Programme approved by the PCC apart from professional fees.

Responsibilities of the PCCCFO

Make recommendations to the PCC on the most appropriate level of revenue support and appropriate levels of borrowing, under the Prudential Code, to support the capital programme.

Annual Capital Programme

Responsibilities of the PCC

- Agree the annual capital programme, and how it is to be financed.

Joint Responsibilities of the Chief Constable and CCCFO

- Ensure that incurred expenditure, providing the project appraisal has been approved in the capital programme and provided cost variations, does not exceed the sum contained in the approved programme.
- Ensure property leases, finance leases or other credit arrangements with the value or term above the limits set out in Section G are not entered into without prior approval of the PCCCFO.

Monitoring of Capital Expenditure

Responsibilities of the Chief Constable

- Ensure adequate records are maintained for all capital contracts.

Responsibilities of the CCCFO

- Monitor progress of capital programme and expenditure throughout the year against the approved programme.
- Submit capital monitoring reports to both the Chief Constable's Chief Office Team and PCC on a monthly basis throughout the year. These reports are to be based on most recently available financial information. Monitoring reports will show spending to date and compare projected income and expenditure with the approved budget. Reports shall be in a format agreed by the PCCCFO.
- Prepare a business case for all new capital schemes (after the annual programme has been agreed) for submission to the PCC for consultation and approval.
- Demonstrate how any amendments to the programme increasing overall costs are to be funded.

Joint Responsibilities of the PCCCFO and the CCCFO

- Report on outturn of capital expenditure as part of the annual report on the statutory accounts.

B4 MAINTENANCE OF BALANCES AND RESERVES

The PCC must decide the level of general reserves they wish to retain before they can decide the level of council tax precept. Reserves are maintained as a matter of prudence. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves for specific purposes may also be maintained where it is likely that a spending requirement will occur in the future.

Responsibilities of the PCC

- Approve a policy on reserves and balances, including minimum acceptable level of general balances, set out within a reserves strategy prepared and updated annually by the PCCCFO and published on the OPCC website.
- Approve creation of each earmarked reserve. Purpose, usage and basis of transactions should be clearly identified for each reserve established and detailed in the reserves strategy.
- Approve allocation of monies to/from general and earmarked reserves, as part of annual budget setting process.

Responsibilities of the PCCCFO

- Advise the PCC on reasonable levels of balances and reserves.
- Prepare a reserves strategy for approval by the PCC and review it on an annual basis.
- Report to the PCC on adequacy of reserves and balances before they approve the annual budget/precept.
- Approve appropriations to and from each earmarked reserve. These will be separately identified in the Annual Statement of Accounts.

Responsibilities of the CCCFO

- Ensure annual revenue budget is sufficient to finance all foreseeable needs.
- Present a business case to the PCCCFO and PCC for one-off expenditure items to be funded from earmarked and/or general reserves.

SECTION C: MANAGEMENT OF RISK AND RESOURCES

C1 RISK MANAGEMENT AND BUSINESS CONTINUITY

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks. This should include proactive participation of all those associated with planning and delivering services. All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event – it cannot be eliminated altogether. However, risk management is the planned and systematic approach to identification, evaluation and control of risk. Its objectives are to secure the assets of the PCC and Force, and ensure continued corporate and financial wellbeing of the PCC and Chief Constable. It is an integral part of good business practice and a core element of the PCC's Corporate Governance Framework.

Joint Responsibilities of the PCC and Chief Constable

Code of Corporate Governance highlights the importance of risk management being embedded throughout the Governance arrangements in both organisations, whether operating jointly or separately. The PCC and Chief Constable are jointly responsible for approving the risk management policy statement and strategy, and reviewing the effectiveness of risk management, defining risk appetite/tolerance and providing information and assurances to the Joint Independent Audit Committee.

Responsibilities of Chief Officers/Chief Executive

- Implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis
- Make all appropriate employees aware of their responsibilities for managing relevant risks.
- Ensure comprehensive risk registers for the PCC and Chief Constable are produced and updated regularly, and that corrective action is taken at the earliest possible opportunity to transfer, treat, tolerate or terminate identified risks.
- Ensure appropriate business continuity plans are developed, implemented and tested on a regular basis.

Joint Responsibilities of the PCCCFO and the CCCFO

- Advise the PCC and Chief Constable on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
- Arrange for regular reviews to be undertaken of self-insurance arrangements and, following these reviews, recommend to the Chief Constable and PCC a course of action to ensure, over the medium term, funds are available to meet all known liabilities.

- Ensure, in consultation with the PCCCFO, that appropriate insurance cover is provided, including where new risks are identified or circumstances affecting risks change.
- Ensure efficient administration of insurance matters including the settlement of liability claims.
- CCCFO to notify the PCCCFO of any significant claims.
- Notify the Chief Executive of any terms of indemnity that are requested.
- Ensure claims made against insurance policies are made promptly.
- Settle civil claims in accordance with arrangements set out in Section G (C1).

C2 INTERNAL CONTROLS

Internal control refers to systems of control devised by management to help ensure objectives of the PCC and Chief Constable are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded. Policing is complex and requires an internal control framework to manage and monitor progress towards strategic objectives. The PCC and Chief Constable have statutory obligations, and, therefore, systems of internal control are required to identify, meet and monitor compliance with these obligations.

The PCC and Chief Constable face a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten achievement of their objectives. Systems of internal control are necessary to manage these risks. These systems of internal control are established in order to provide achievement of:

- Efficient and effective operations.
- Reliable financial information and reporting.
- Compliance with laws and regulations.
- Risk management.

Responsibilities of Chief Officers

- Implement effective systems of internal control, in accordance with advice from the PCCCFO and CCCFO. These arrangements shall ensure compliance with applicable statutes/regulations and relevant statements of best practice, and that public resources are properly safeguarded and used economically, efficiently and effectively.
- Ensure effective key controls exist and are operating in managerial control systems, including defining policies, setting objectives/plans, monitoring financial/other performance information and taking appropriate anticipatory/remedial action where necessary. Key objective of these systems is to define roles/responsibilities.
- Ensure effective key controls are operating in financial/operational systems and procedures, including physical safeguard of assets, segregation of duties, authorisation/approval procedures and robust information systems.

Responsibilities of the Chief Executive and PCCCFO

- Ensure governance, risk and internal control systems of the OPCC are reviewed at least annually. All senior officers are required to complete annual assurance statements, setting out governance/internal control issues identified within their area of responsibility as evidence for the review.
- Ensure a review of governance and internal control (the Annual Governance Statement) is carried out for consideration by JIAC.
- Ensure the Annual Governance Statement is approved by the PCC in line with CIPFA/SOLACE code and published alongside the financial statement of accounts.

The PCCCFO will ensure a signed annual letter of representation is prepared and submitted to the external auditor.

Responsibilities of the Chief Constable and CCCFO

- Ensure governance and internal control systems of the Force are reviewed at least annually. All senior officers, as determined by the Chief Constable, are required to complete annual assurance statements, setting out governance/internal control issues identified within their area of responsibility as evidence for the review.
- Ensure a review of governance and internal control (the Annual Governance Statement) is carried out for consideration by JIAC.

- Ensure the Annual Governance Statement is approved by the Chief Constable in line with CIPFA/SOLACE code and published alongside the financial statement of accounts.

The CCCFO will ensure a signed annual letter of representation is prepared and submitted to the external auditor.

Joint Independent Audit Committee

Purpose of an audit committee is to provide those charged with Governance (i.e. PCC and Chief Constable) independent assurance on the adequacy of the risk framework, internal control environment and integrity of financial reporting and annual governance processes.

C3 AUDIT REQUIREMENTS

Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps organisations accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The PCC and Chief Constable are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations (as amended from time to time) which state a *"relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control"*. Guidance accompanying the legislation states that proper internal control practices for internal audit are those in the Public Sector Internal Audit Standards and other relevant guidance documents prevailing from time to time.

In fulfilling this requirement, the PCC and Chief Constable should have regard to the Code of Practice for Internal Audit in Local Government in the United Kingdom issued by CIPFA. The Statement on the Role of the Head of Internal Audit issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and Governance arrangements.

In addition to enabling the PCC and Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, internal audit is needed to satisfy the:

- PCC and Chief Constable that effective internal control systems are in place.
- External auditor in coming to their conclusion regarding the reliability of the internal controls within the key are effective and that the Police Fund is managed so as to secure value for money.

Responsibilities of the Joint Independent Audit Committee

- Approve Terms of Reference within which internal audit operates. These include:
 - Advise the PCC and Chief Constable on appropriate arrangements for internal audit and approve the Internal Audit Strategy.
 - Approve (but not direct) the annual internal audit plan.
 - Oversee and give assurance to the PCC and Chief Constable on provision of an adequate and effective internal audit service, receive progress reports on the internal audit work plan and ensure appropriate action is taken in response to audit findings, particularly in areas of high risk.
 - Consider the Head of Internal Audit's Annual Report and opinion on the internal control environment for the PCC and Force, ensuring appropriate action is taken to address areas for improvement.
 - Review and monitor the effectiveness of policies on fraud, irregularity and corruption.
- Approve the Internal Audit Strategy, which sets out:
 - Internal Audit objectives and outcomes.
 - How the Head of Internal Audit will form and evidence their opinion on the control environment to support the Annual Governance Statements.

- How Internal Audit’s work will identify and address significant local and national issues and risks.
- How the service will be provided, i.e. internally, externally, or a mix of the two, and what resources and skills are required for the delivery of the strategy.
- Resources and skills required to deliver the strategy.

Responsibilities of the PCCFO and CCCFO

- Ensure commissioning of an adequate/effective internal audit service via a Service Level Agreement.

Joint Responsibilities of the PCC, Chief Constable, PCCFO and CCCFO

- Ensure internal auditors, having been security cleared, have the authority to:
 - Access Force and OPCC premises at reasonable times.
 - Access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance.
 - Receive any information/explanation considered necessary concerning any matter under consideration.
 - Require any employee to account for cash, stores or any other police and PCC assets under their control.
 - Access records belonging to contractors, as required, by including appropriate clauses in all contracts.
- Ensure Internal Audit has direct access to all Chief Officers and employees, where necessary.

Responsibilities of the Head of Internal Audit

- Prepare, in consultation with the PCC, Chief Constable, PCCFO and CCCFO, annual audit plans that conform to the Public Sector Internal Auditing Standards for consideration by JIAC.
- Attend or be represented at meetings of the JIAC and present to each meeting a report on progress in delivering the annual plan, matters arising from completed audits, and extent to which agreed actions in response to issues raised in the audit reports have been delivered.
- Present an annual report to JIAC, including an opinion on the reliance that can be placed on the internal control, risk and governance framework, summarising the work completed during the year in support of this opinion.

Responsibilities of Chief Officers

- Consider/respond promptly to control weaknesses, issues and recommendations in audit reports and ensure all critical or significant agreed actions are carried out in accordance with the agreed action plan in each report.

Responsibilities of the CCCFO

- Ensure new significant systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the PCCFO and Internal Audit prior to implementation.
- Notify the PCCFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of police property or resources. Pending investigation and reporting, the Chief Constable should take necessary steps to prevent further loss and secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall normally be carried out by the Professional Standards Department, who shall consult with the Head of Internal Audit as appropriate and keep them informed of progress. At conclusion of the investigation, the Head of Internal Audit shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and make recommendations to ensure the risk of recurrence is minimised. Operation of this Regulation shall be in accordance with the agreed protocol between the Chief Constable’s Head of Professional Standards, PCCFO, CCCFO and Head of Internal Audit referred to in Section H and in the Anti-Fraud and Corruption Strategy and Fraud Response Plan set out in Section I.

External Audit

Public Sector Audit Appointments Ltd. is responsible for appointing external auditors to the PCC and Chief Constable. The external auditor has rights of access to all documents and information necessary for audit purposes.

Basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, Audit Commission Act 1998 and Local Government Act 1999. Section 4 of the 1998 Act requires the National Audit Office to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice sets out the auditor's objectives to review and report upon:

- Financial aspects of the audited body's Corporate Governance arrangements.
- Audited body's financial statements.
- Aspects of the audited body's arrangements to secure Value for Money.

In auditing annual accounts, external auditors must satisfy themselves, in accordance with s5 of the 1998 Act, that:

- Accounts are prepared in accordance with the relevant regulations.
- Accounts comply with requirements of all other statutory provisions applicable to the accounts.
- Proper practices have been observed in the compilation of the accounts.
- Bodies whose accounts are being audited make proper arrangements for securing economy, efficiency and effectiveness.

The 1998 Act also sets out other specific responsibilities of the auditor.

Responsibilities of the Joint Independent Audit Committee

- Advise the PCC and Chief Constable on appointment of external auditors.
- Approve on behalf of the PCC and Chief Constable the external audit programme of work and associated fees.
- Review the external auditor's report to those charged with governance and any other reports, reporting to the PCC and Chief Constable as appropriate and include progress on implementation of agreed recommendations.
- Receive and consider the Auditor's Annual Audit Letter.

Joint Responsibilities of the PCCCFO and CCCFO

- Liaise with the external auditor and advise the PCC and Chief Constable on their responsibilities in relation to external audit. Ensure effective liaison between external and internal audit.
- Provide the Home Office with a copy of the Annual Audit Letter.
- Ensure that for the purposes of their work, external auditors are given access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
- Respond to draft action plans and ensure that agreed recommendations are implemented in a timely manner.

Other Inspection Bodies

The Force and OPCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMICFRS (Force) and HM Revenue and Customs, who have statutory rights of access.

Joint Responsibilities of the PCC and the Chief Constable

- Receive and respond to reports from other inspection bodies.

C4 PREVENTING FRAUD AND CORRUPTION

The PCC and Chief Constable will not tolerate fraud or corruption in administration of its responsibilities, whether from inside or outside their organisations. PCCs and Chief Constables expectations of propriety and accountability are that they and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The PCC and Chief Constable expect all individuals and organisations (including suppliers, contractors and service providers) with whom it comes into contact, will act with honesty and integrity and without thought or actions involving fraud or corruption. Suppliers must be mindful of legislation in relation to the Bribery Act and money laundering.

Joint Responsibilities of the PCC and Chief Constable

- Foster a culture that will not tolerate fraud and corruption.
- Approve and maintain an effective Anti-Fraud and Corruption Strategy and Fraud Response Plan (Section I).
- Ensure adequate and effective internal control arrangements are in place including a clear internal control framework setting out the approved financial systems to be followed by all employees.
- Adopt and maintain a policy on registering of business interests and receipt of gifts, gratuities and hospitality and maintain a register of business interests and a register of gifts, gratuities and hospitality.
- Adopt and maintain a whistle-blowing policy to enable employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure allegations are investigated robustly as to their validity, they are not malicious, and that appropriate action is taken to address any concerns identified. The PCC and Chief Constable shall ensure that all employees are aware of any approved whistle blowing policy.
- Participate in the National Fraud Initiative (NFI).
- Notify the PCCCFO and CCCFO immediately of any suspected fraud, theft, irregularity or improper use or misappropriation of Force or PCC property or resources.

Joint Responsibilities of the PCC, Chief Constable, PCCCFO and CCCFO

- Prepare an effective Anti-Fraud and Corruption Strategy and Fraud Response Plan for approval by the PCC and Chief Constable.
- Adhere to appropriate legislation.
- Arrange for suspected incidents of fraud or corruption to be reported in line with the protocol agreed between the Chief Constable's Head of Professional Standards, PCCCFO, CCCFO and Head of Audit and for these to be unrestricted in line with the agreed Anti-Fraud and Corruption Strategy and Fraud Response Plan.

C5 ASSETS

Assets are held in the form of land, property, vehicles, equipment, furniture and other items, together worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management which provides information about assets so that they are: (i) accurately recorded and classified, (ii) safeguarded against loss, (iii) Used efficiently and effectively, (iv) adequately maintained, and (v) valued in accordance with statutory and management requirements.

The PCC will own and fund all assets regardless of use by the PCC, Force or both bodies. The Chief Constable is responsible for direction and control of the Force and has day to day management of assets used by the Force. The Chief Constable should formally consult the PCC in planning the budget and developing the Medium Term Resource Strategy. These processes should involve a full assessment of assets required to meet operational requirements, including human resources, infrastructure, land, property and equipment.

Joint Responsibilities of the PCC and Chief Constable

- Ensure:
 - Estate Strategy/IS Strategy and Fleet Management Strategies are provided and presented to the PCC for consideration and approval.
 - Assets are only used for the purposes of the Force, OPCC and partners where appropriate and are available for use when required and are properly accounted for.
 - Asset register is maintained that provides information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements.
 - Assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

- Lessees and other prospective occupiers of land owned by the PCC are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate.
- Title deeds to PCC property are held securely.
- No asset is subject to personal use by an employee without proper authority.
- Valuable and portable items (e.g. computers, cameras, etc.) are identified with security markings as belonging to the Force or OPCC or recorded on inventories.
- All employees are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation.
- Assets no longer required are disposed of in accordance with the policies of the PCC and CC.
- All employees are aware of their responsibilities with regard to safeguarding the security of computer systems, including maintaining restricted access to information held on them and compliance with information and security policies.

Responsibility of the PCC

- Consider and approve an Estates Strategy, IT, Fleet and other key strategies, including all property disposals.

Valuation

Responsibilities of the PCCCFO

- Ensure an asset register is maintained for all fixed assets with a value in excess of the limits shown, in accordance with agreed policies.
- Assets are to be recorded when they are acquired and shall remain on the asset register until disposal. Assets are to be valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and the requirements specified by the PCCCFO.

Inventories

Responsibilities of the PCC and Chief Constable

- Ensure inventories are maintained for the Force in a format approved by the CCCFO that record an adequate descriptions of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if deemed both desirable and portable (e.g. laptops).
- Ensure inventories are maintained for the OPCC office in a format approved by the PCCCFO that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if deemed both desirable and portable (e.g. laptops).
- The PCC and Chief Constable must ensure disposals and write offs of all stock or inventory items are actioned in accordance with financial instructions and limits set out in Section G. Any write off above this level must be referred to the PCC for approval.

Stocks and Stores

Responsibilities of the CC and CCCFO

- Make arrangements for the care, custody and control of the stocks and stores and maintain detailed stores accounts in a form approved by the CCCFO.
- Undertake a complete stock check at least once per year either by means of continuous or annual stocktake. The stocktake shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure shall be followed, and a complete stock check undertaken whenever stock keeping duties change.
- Write-off discrepancies between the actual level of stock and the book value of stock up to the limits shown on Section G. Amounts for write off above these values must be referred to the PCCCFO for approval.
- Write-off obsolete stock, up to the limits shown in Section G. Amounts for write off above these values must be referred to the PCCCFO for approval supported by a written report.

Responsibilities of the PCCCFO

- Consider and approve applications for write offs in excess of the limits set out in Section G.

Intellectual Property

Intellectual property is a generic term that includes inventions and writing. If any Intellectual Property is created by an employee during the course of employment, then, as a general rule, this will belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Force, by the PCC and within the OPCC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property. In the event that the Force or PCC decides to become involved in the commercial exploitation of inventions, the matter should be brought to the attention of the Chief Executive.

Responsibilities of the Chief Constable

- Ensure employees are aware of these procedures.
- Prepare guidance on intellectual property procedures and ensure employees are aware of these procedures.

Joint Responsibilities of the Chief Constable and PCC

- Approve the intellectual property policy.

Asset Disposal

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and these Financial Regulations.

Assets shall be disposed of when in the best interests of the Force and PCC and at the most advantageous price subject to the limits set out in Section G. Where this is not the highest offer, a report must be prepared by the CCCFO for the PCC outlining the reasons.

Consents from the PCC

The PCC has given consents to the Chief Constable to dispose of assets other than land/buildings subject to the financial limits set out in Section G. Disposal of any interest in land/buildings will be subject to approval of the PCC.

Responsibility of the PCC

- Approve disposal of any interests in property.

Responsibility of the PCCCFO

- Approve disposal of vehicles, IT, stocks and shares with values in excess of the limits set out in Section G.

Joint Responsibilities of the Chief Constable and CCCFO

- Dispose of surplus vehicles and items of equipment up to the estimated value shown in Section G.
- Dispose of items above the value in Section G by public auction or sealed bids after advertisement.
- Record all asset disposals in the asset register or inventory as appropriate.

Joint Responsibilities of the PCCCFO and CCCFO

- Ensure income received from disposal of an asset is properly banked and accounted for.

- Ensure appropriate accounting entries are made to remove the value of disposed assets from asset records and include sale proceeds if appropriate.

C6 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

Treasury Management

It is important that monies held by the PCC and Force are managed properly, in a way that balances risk with return, but with prime consideration being given to security of the capital sums involved.

The PCC has adopted the CIPFA Code of Practice on Treasury Management. Primary requirements of the Code are:

- Treasury management strategy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- Approved Treasury Management Practices (TMPs) setting out the manner in which the PCC will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.
- Approval of the annual Treasury Management Strategy Statement (TMSS), including the annual investment strategies and Minimum Revenue Provision (MRP) policy, an annual report and (as a minimum) a mid-term review report covering Treasury Management activities.

Responsibilities of the PCC

- Direct responsibility for loans, investments and borrowing money as holder of the Police Fund.
- Adopt key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.
- Approve the annual TMSS including annual investment strategy and MRP policy.
- Receive and approve annual report on treasury management activity and (as a minimum) a mid-term review report.

Responsibilities of the PCCFO

- Implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance
- Prepare reports on PCCs treasury management policies, practices and activities, including, as a minimum, an annual TMSS, including annual investment strategy and MRP policy, and mid-term review report and annual report together with other performance monitoring information.
- Ensure that treasury management is executed and administered in accordance with the CIPFA Code and the PCC's policy.
- Arrange borrowing and investments, in compliance with the CIPFA Code.
- Ensure all investments and borrowings are made in the name of the PCC for Humberside.

Banking Arrangements

The PCC is statutorily accountable to the public for management of the Police Fund. The PCC is recipient of all funding relating to policing and crime reduction, including government grant and precept and other sources of income.

Banking activities are controlled by a single contract which aims to provide a wide range of complex and specialist banking services to departments, establishments and staff. A consistent and secure approach to banking services is essential in order to achieve optimum performance from our bankers and the best possible value for money. To minimise administration and costs, the PCC and Chief Constable share bank accounts.

Responsibilities of the PCCFO

- Overall responsibility for banking arrangements for the PCC.

- Authorise opening and closing of all PCC bank accounts in consultation with CCCFO and approve relevant operating procedures. No other employee shall open a bank account unless they are performing a statutory function in their own right.
- Ensure that bank reconciliations are undertaken on a timely and accurate basis.
- Determine signatories on all PCC bank accounts and ensure maintenance of appropriate lists of approved signatories.

Petty Cash

Cash advances may be made to an individual in a department/establishment in order that relatively small incidental payments may be made quickly. Record of disbursements from the account should be maintained to control the account and so that the expenditure may be substantiated, accurately reflected in the PCC's accounts and correctly reimbursed to the account holder.

Joint Responsibilities of the Chief Constable and CCCFO

- Ensure appropriate employees are provided with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of the Force and OPCC. CCCFO shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review arrangements for safe custody and control of these advances.
- Determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- Prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the PCCCFO, and these shall be issued to all appropriate employees.

Responsibilities of the PCCCFO

- Provide appropriate employees with cash or credit cards to meet minor expenditure on behalf of the PCC.
- Determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

Money Laundering

The Force and OPCC are alert to the possibility they may become subject of an attempt to involve it in transactions involving the laundering of money. Suspicious cash deposits in any currency in excess of £5,000 (or equivalent) should be reported to the National Crime Agency (NCA). Under no circumstances should cash payments of more than £5,000 be accepted for any transaction, whether carried out in a single operation or in several operations which appear to be linked. Internal control procedures will be monitored to ensure they are reliable and robust.

Responsibilities of the PCCCFO

- Nominated Money Laundering Reporting Officer (MLRO) for the PCC and Chief Constable respectively.
- Consider, in light of all information, whether a disclosure gives rise to such knowledge or suspicion.
- Disclose relevant information to the National Crime Agency (NCA).

Responsibilities of Chief Officers

- Undertake appropriate checks to ensure all new suppliers and counterparties are bona fide.

Responsibilities of employees

- Notify the PCCCFO or CCCFO as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime.
- Cash banking from a single source over £5,000 should be reported to the PCCCFO. This instruction does not apply to seizures and subsequent banking's under the Proceeds of Crime Act.

COVERT ACCOUNTS

In order to maintain strictest confidentiality and prevent any link to the Force, it is necessary to purchase company identities and to set up bank accounts that mirror those identities in order to support covert operations.

Responsibilities of the CCCFO

- Agree detailed Force operating procedures.
- Authorise opening and closing of covert accounts.
- Delegate authorisation for covert accounts and their maintenance, including creation of a register of covert accounts, to the CCCFO initially in order to preserve covert identity of that account.

C7 STAFFING

Staffing costs form the largest element of the annual policing budget. An appropriate Workforce strategy should exist, in which staffing requirements and budget allocations are matched. The Chief Constable is responsible for approving the overall Workforce strategy in consultation with the PCC.

Joint Responsibilities of the Chief Constable and Assistant Chief Officer (Resources)

- Ensure employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements, personnel policies and budgets and strategies agreed by the PCC and that there is a proper use of evaluation or other agreed systems for delivering remuneration of a job.
- Advise the PCC on the budget necessary in any given year to cover estimated staffing levels.
- Adjust staffing numbers to meet the approved budget provision and varying provision as necessary within policy constraints in order to meet changing operational needs.
- Have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
- Approve, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

Responsibilities of the Chief Executive

- Have the same responsibilities as above for staff employed by the PCC and working within their office.

C8 POLICE PROPERTY ACT

The Police (Property) Act 1897 and the Police (Property) Act 1997 is a fund whereby allocations are received from the sale of recovered stolen goods or property that has been found. If the owners of the property are not traceable then the goods are sold at auction. Monies from the sale of goods are redistributed by way of grants or donations to local charitable bodies that support and complement local policing and crime reduction priorities.

The PCC will determine an appropriate approach for distributing monies to charitable bodies in accordance with the Police (Property) Act 1897 as amended by the Police (Property) Act 1997.

Responsibilities of the PCC

- Make donations to charitable bodies within the Force area in accordance with the requirements of the Police (Property) Act 1897 and Police (Property) Act 1997.

Responsibilities of the CCCFO

- Determine items of crime property which may be retained for police purposes subject to consulting the PCCCFO.

- Prepare a quarterly schedule of items to demonstrate income generated and expenses incurred by the Force in the disposal of property.

Responsibilities of the Chief Constable

- Determine procedures for safekeeping of the private property of a person, other than a member of staff, under their guardianship or supervision. These procedures shall be made available to all appropriate employees.
- Determine procedures for safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and make specific reference to the need for insurance of valuable items.

Responsibilities of all employees

- Notify the Chief Constable immediately in case of loss or diminution in value of such private property.

C9 TRUST FUNDS

Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure they are conversant with the requirements of the Trust Deed and the law and comply fully with them. In respect of trust funds, these financial regulations should be viewed as best practice which ought to be followed whenever practicable. No employee shall open a trust fund without the specific approval of the PCCCFO.

Responsibilities of Trustees

- All employees shall ensure they have received suitable training to support their role and personal legal obligations and should satisfy themselves they are covered by appropriate insurance. All employees acting as trustees by virtue of their official position shall ensure that accounts are audited as required by law and submitted annually to the appropriate body. The PCCCFO shall be entitled to verify this has been done.

PROCEEDS OF CRIME ACT (POCA)

Responsibilities of the Chief Constable

- Determine an approach for dealing with cash including seized cash under the POCA in consultation with the PCC.
- Six-monthly report to the Accountability Board on income received and impact of spend.

C10 EVIDENTIAL AND NON-EVIDENTIAL PROPERTY

The Chief Constable is required to exercise a duty of care and safeguard evidential or non-evidential property pending decisions on its ownership, or private property of an individual.

Joint Responsibilities of the Chief Constable and CCCFO

- Determine procedures for safekeeping of the private property of a person, other than a member of staff, under his guardianship or supervision. These procedures shall be made available to all appropriate employees. More detailed information will be provided in Financial Instructions/Practice Directions.
- Determine procedures for safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and make specific reference to the need for insurance of valuable items.
- Provide Financial Instructions/Practice Directions for dealing with cash, including cash seized under POCA.

Responsibilities of all employees

- Notify the Chief Constable immediately in the case of loss or diminution in value of such private property.

C11 GIFTS, LOANS AND SPONSORSHIP (Note: does not include receipt of hospitality and gifts)

In accordance with the Police Act 1996, the PCC may decide to accept gifts of money and gifts or loans of other property or services if they enable the police to enhance or extend the service they would normally be expected to provide. The terms on which gifts/loans are accepted may allow commercial sponsorship of some Force activities.

Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work, and victim support schemes. Gifts, loans and sponsorship can be accepted from any source which has genuine and well-intentioned reasons for wishing to support specific projects. In return, the provider may expect some publicity or other acknowledgement. It is acceptable to allow the provider to display the organisation's name or logo on publicity material, provided this does not dominate or detract from the purpose of the supported project. The total value of gifts, loans and sponsorship accepted, should not exceed limits set out in Section G.

Responsibilities of the PCC

- Approve the approach to gifts, loans and sponsorship.

Joint Responsibilities of the Chief Constable and Chief Executive

- Accept gifts, loans or sponsorship within agreed guidelines.
- Refer all gifts, loans and sponsorship above the limits in Section G to the PCC for approval before acceptance.

Responsibilities of the CCCFO

- Present an annual report to the JIAC and PCC listing all gifts, loans and sponsorship.
- Maintain a central electronic register of all sponsorship, loans and gifts to the Force and the OPCC, including their value, and review by the CCCFO quarterly.
- Bank cash from sponsorship activity in accordance with normal income procedures.

SECTION D: SYSTEMS AND PROCEDURES

D1 GENERAL

There are many systems and procedures relating to control of PCC and Force assets, including purchasing, costing and management systems. The Force and OPCC are reliant on computers for financial management information. This information must be accurate and systems and procedures sound and well administered. They should contain controls to ensure transactions are properly processed and errors detected promptly.

The PCCCFO and CCCFO both have statutory responsibility to ensure financial systems are sound and should be notified of any proposed new developments or changes.

The PCC and Chief Constable share common financial systems where appropriate.

Joint Responsibilities of the PCCCFO and CCCFO

- Plan for proper administration of financial affairs, including:
 - Issue advice, guidance and procedures for officers, staff and others acting on behalf of the PCC and Chief Constable.
 - Determine the accounting systems, form of accounts and supporting financial records.
 - Establish arrangements for the audit of the PCCs and Chief Constables financial affairs.
 - Approve any new financial systems to be introduced.
 - Approve any changes to existing financial systems.
- Ensure, in respect of systems and processes:

- Systems are secure, adequate internal control exist and accounting records (e.g. invoices, income documentation) are properly maintained and held securely and that duties are appropriately segregated to minimise the risk of error, fraud or other malpractice.
- Appropriate controls exist so that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously.
- Complete audit trail is maintained, allowing financial transactions to be traced from accounting records to the original document and vice versa.
- Systems are documented, and staff trained in operations.
- Ensure a documented and tested business continuity plan that allows key system processing to resume quickly in event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.
- Establish separate schemes of delegation from the PCC and Chief Constable to their own staff, identifying staff authorised to act on their behalf in respect of income collection, placing orders, making payments and employing staff.

D2 INCOME

Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly. The PCC and Chief Constable will agree charging policies when applying charges under section 25 of the Police Act 1996.

The PCC and Chief Constable should ensure there are arrangements in place so that expected charges are clearly identified in their budgets and costs are accurately attributed and charged. When considering budget levels, the PCC and Chief Constable should ensure that ongoing resource requirements are not dependant on a significant number of uncertain or volatile income sources and should have due regard to sustainable and future year service delivery.

When specifying resource requirements, the Chief Constable will identify the expected income from charging. The Chief Constable should adopt NPCC charging policies in respect of mutual aid unless the Chief Constable and PCC agree a different scheme of charges.

Joint Responsibilities of the Chief Constable and PCC

- Adopt NPCC national charging policies and national guidance when applying charges under Section 25 of the Police Act 1996 unless the Chief Constable and PCC agree a different scheme of charges and to keep scales of fees and charges under review with such reviews being carried out at least annually.

Joint Responsibilities of the CCCFO and PCCCFO

- Plan for collection of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT.
- Agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review regularly in line with corporate policies. All charges should be at full cost recovery and consistent with NPCC guidelines, except where regulations require otherwise or with express approval of the PCC.
- Ensure all income is paid fully and promptly into the appropriate bank account. Appropriate details should be recorded on paying-in slips to provide an audit trail and money collected/deposited reconciled monthly.
- Ensure income is not used to cash personal cheques or make other payments.
- Order and supply to appropriate employees all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.
- Operate effective debt collection procedures.
- Initiate, in consultation with the Chief Executive, appropriate debt recovery procedures, including legal action where necessary.
- Approve write-off of cash discrepancies and bad debts in accordance with limits set out in Section G. Authorising officers shall maintain a permanent record of amounts written off, which should be available for inspection by the PCC if required. Any write off greater than this must be referred to the PCC for approval.

D3 INCURRING EXPENDITURE, ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Public money should be spent in accordance with the PCC's policies. The PCC and Chief Constable have a statutory duty to ensure financial probity and best value. Procedures should assist in ensuring value for money is obtained by purchasing arrangements within the OPCC and Force, which should be in accordance with the procurement strategy and Contract Standing Orders. All expenditure should be incurred in accordance with the limits set out in Section G.

Joint Responsibilities of the PCCCFO and CCCFO

- Maintain a procurement policy covering the principles to be followed for purchase of goods and services and that all payments are made in accordance with this policy.
- Ensure official orders are issued for all work, goods or services except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PCCCFO. Orders must be in a form approved by the PCCCFO.
- Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the Force and PCC contracts.
- Goods and services ordered must be appropriate and with adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these regulations and contract standing orders.
- Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order.
- Ensure payments are made to the correct person, for the correct amount, on time and are recorded properly, regardless of the method of payment.
- Ensure VAT is recovered where appropriate.
- Ensure all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- Ensure all purchases through e-procurement follow the rules, regulations and procedures detailed in Section F.
- Ensure control systems are in place for payment of accounts in accordance with the Late Payments of Commercial Debts (Interest) Act 1998.
- Prepare detailed Financial Instructions for dealing with ordering and payment of goods and services, and issue these to all appropriate employees.

Responsibilities of the PCC Chief Executive, Senior Staff from the OPCC and Chief Officers

- Ensure every employee declares any links or personal interests they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the PCC or Chief Constable and that such persons take no part in the selection of a supplier or contract with which they are connected.

D4 PAYMENTS TO EMPLOYEES

Employee costs are the largest item of expenditure for the Force. It is important there are controls in place to ensure accurate, timely and valid payments made in accordance with individuals' conditions of employment.

Responsibilities of the CCCFO

- Ensure, in consultation with the PCCCFO, secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.
- Ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.
- Pay all valid travel and subsistence claims or financial loss allowance.
- Pay salaries, wages, pensions and reimbursements by the most economical means.
- Ensure payroll transactions are processed only through the payroll system. Payments to individuals employed on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue and Customs (HMRC) requirements. HMRC applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.

- Ensure full records are maintained of payments in kind and properly accounted for in any returns to HMRC.
- Prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the PCCCFO, and issue to all appropriate employees.

D5 TAXATION

Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe.

Joint Responsibilities of the PCCCFO and CCCFO

- Ensure arrangements are in place for timely completion and submission of all HM Revenue and Customs (HMRC) returns regarding PAYE and that due payments are made in accordance with statutory requirements.
- Ensure arrangements are in place for timely completion and submission of VAT claims, inputs and outputs to HMRC.
- Ensure the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.
- Provide details to HMRC regarding the construction industry tax deduction scheme.
- Ensure all trading activities are carried out in the name of the PCC.
- Ensure appropriate technical staff have access to up to date guidance notes and professional advice.

D6 CORPORATE CREDIT CARDS

Credit cards provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties.

Joint Responsibilities of the PCCCFO and CCCFO

- Provide full operating instructions to all cardholders.
- Authorise and maintain control over the issue and cancellation of cards.

Responsibilities of credit card holders

- Ensure purchases are in accordance with approved policies.
- Provide receipted details of all payments made by corporate credit card each month, including nil returns, to ensure all expenditure is correctly reflected in the accounts and that VAT is recovered.

D7 PURCHASING CARDS

Purchasing cards are an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. This should generate an efficiency saving from lower transaction costs as well as reducing the number of petty cash transactions.

Responsibilities of the CCCFO

- Provide detailed operating procedures to card holders.
- Authorise and maintain control over the issue and cancellation of cards.
- Reconcile the purchase card account to the ledger on a monthly basis.

Responsibilities of Purchasing Card Holders

- Ordering and paying for goods and services in accordance with the procurement policy and contract standing orders and all procedures laid down by the CCCFO.

CASH CARDS

Cash cards allow authorised officers in agreed circumstances to obtain cash from ATMs up to a maximum limit per day.

Responsibilities of the CCCFO

- Authorise and maintain control over the issue and cancellation of cards.
- Provide full operating procedures to card holders.
- Provide detailed procedures for management of the process for uploading of funds, reconciliation of transactions and payments to the system provider.

Responsibilities of Cash Card holders

- Withdrawal of and discharge of funds in line with Force procedures and the requirements set out within RIPA.

D8 EX GRATIA PAYMENTS

An ex gratia payment is a payment made where no legal obligation has been established, for example to recompense a police officer for damage to personal property in the execution of duty or a member of public for providing assistance to a police officer in the execution of duty.

Joint Responsibilities of the Chief Constable and CCCFO

- Make ex gratia payments, on a timely basis, to members of the public in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PCC and Force up to the limits set in Section G.
- Make ex gratia payments by way of reimbursement or contribution towards the costs of remedying criminal damage to property owned or occupied by a police officer or other employee.
- Maintain details of ex gratia payments in a register and report back to the Accountability Board annually.

SECTION E: EXTERNAL ARRANGEMENTS

E1 EXTERNAL FUNDING

External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure they are compatible with the aims and objectives of the PCC and Chief Constable. Funds from external agencies provide additional resources to enable policing objectives to be delivered. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Police and Crime Plan.

The main sources of such funding tend to be specific Government grants, additional contributions from local authorities and donations from third parties (e.g. towards capital expenditure).

The Policing Protocol Order 2011 Section 16 states the PCC is the recipient of all funding including government grant and precept and other sources of income relating to policing and crime reduction. All funding for the Chief Constable must come via the PCC. How funding is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms.

Responsibility of the PCC

- Approve an approach towards inward investment.

Responsibilities of Chief Officers

- Pursue actively any opportunities for additional funding where considered to be in the interests of the Force and PCC and in line with the Chief Constables policing priorities and PCCs Police and Crime Plan.

Joint Responsibilities of the Chief Constable and the PCC

- Ensure match-funding requirements and exit strategies are considered prior to entering into agreements and that future medium-term financial forecasts reflect these requirements.

Joint Responsibilities of the PCCCFO and CCCFO

- Ensure all funding notified by external bodies is received and properly accounted for, and that all claims for funds are made by the due date and any audit requirements specified in the funding agreement are met.

Responsibilities of the Chief Constable

- Ensure funds are acquired only to meet policing needs and objectives.
- Ensure key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.

Responsibilities of the Chief Constable and CCCFO

- All grant funding for the Force must come via the PCC. Grant funding should only be considered when it clearly meets policing objectives and priorities in line with the Police and Crime Plan.
- The CCCFO may accept, or bid for, grant of up to the limits in Section G. Any grant bids or grant acceptance above this level must be referred to the PCC or PCCCFO for approval.
- The CCCFO must ensure any key conditions of funding and statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood. Any conditions placed on the PCC in relation to external funding must be in accordance with approved policies of the PCC. If there is a conflict, this needs to be taken to the PCC for resolution.
- Central register of external funding must be maintained including information on expected outcomes, risks, staffing implications as per the agreed inward investment policy.
- Annual report should be submitted to the PCC on achievements of the external funding, demonstrating the effect on PCC objectives and priorities in line with the Police and Crime Plan.
- The CCCFO must ensure all grant income received by the Force is notified to the PCCCFO, all claims for funds are made by the due date and properly authorised and any audit requirements are met.

Responsibilities of the CCCFO

- Ensure all funding notified by external bodies is received and properly accounted for, all claims for funds are made by the due date and properly authorised and any audit requirements specified in the funding agreement are met.

E2 WORKING FOR THIRD PARTIES

The Force provides services to other bodies outside of its normal obligations, for which charges are made, e.g. training, special services. Arrangements should be in place to ensure any risks associated with this work are minimised and that such work is not ultra vires.

Responsibilities of the Chief Constable

- Ensure proposals for assistance are costed, that no contract is subsidised by the Force or OPCC and that, where possible, payment is received in advance of delivery of the service so that the Force and OPCC are not put at risk from any liabilities such as bad debts.

- Ensure appropriate insurance arrangements are in place.
- Ensure all contracts are properly documented.
- Ensure such contracts do not impact adversely on services provided by the PCC.

E3 JOINT WORKING ARRANGEMENTS

Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private providers. Joint working arrangements can take a number of different forms, each with its own Governance arrangements. These can be grouped as follows: Partnerships, Consortia, Regional Working, and Collaboration.

Partners engaged in joint working arrangements have common responsibilities:

- Act in good faith at all times and in the best interests of the partnership's aims and objectives.
- Willing to take on a role in the broader programme, appropriate to the skills/resources of the contributing organisation.
- Open about any conflicts that might arise.
- Encourage joint working and promote the sharing of information, resources and skills.
- Keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature.
- Promote the project.

In all joint working arrangements, the following key principles must apply:

- Before entering into the agreement, a risk assessment has been prepared.
- Such agreements do not impact adversely upon the services provided by the Force and OPCC.
- Project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise.
- All arrangements are properly documented.
- Regular communication is held with other partners throughout the project to achieve successful outcomes.
- Audit and control requirements are satisfied.
- Accounting and taxation requirements, particularly VAT, are understood fully and complied with.
- Appropriate exit strategy has been produced.

Force and OPCC element of all joint working arrangements must comply with these Financial Regulations.

Partnerships

The term partnership refers to groups where members work together as equal partners with a shared vision for a geographic or themed policy area and agree a strategy in which each contributes towards its delivery. A useful working definition of such a partnership is where the partners: (i) are otherwise independent bodies, (ii) agree to co-operate to achieve a common goal, and (iii) achieve it to create an organisational structure or process and agreed programme, and share information, risks and rewards. Partnerships are usually statutory based, strategic or ad hoc.

The number of partnerships, both locally and nationally, is expanding in response to Government requirements and local initiatives. This is in recognition that partnership working has the potential to:

- Comply with statutory requirements.
- Deliver strategic objectives in new and better ways.
- Improve service quality and cost effectiveness.
- Ensure best use of scarce resources; and access new resources.
- Deal with issues that cut across agency and geographic boundaries and where mainstream programmes alone cannot address the need.
- Forge new relationships.
- Find new ways to share risk.

Statutory based: Governed by statute, for example, Community Safety Partnerships (CSPs).

Strategic: Set up to deliver core policing objectives. They can either be force-wide or local.

Ad-hoc: Typically locally based informal arrangements agreed by Divisional Commanders.

As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the PCC, in exercising their functions, must have regard to relevant priorities of each responsible authority. Subject to constraints that may be placed on individual funding streams, PCCs are free to pool funding as they and their local partners see fit. PCCs can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies.

When the PCC acts as commissioner of services, they need to agree shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The PCC is able to make crime and disorder grants in support of local priorities. Inclusion of detailed grant conditions directing local authorities how to spend funding need not be the default option. The power to make Crime and Disorder Grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.

Responsibilities of the PCC

- Have regard to relevant priorities of local partners when considering and setting the five-year Police and Crime Plan And annual Delivery Plan.
- Make appropriate arrangements to commission services from either the Force or external providers.
- Make Crime and Disorder Grants.

Responsibilities of Chief Officers

- Follow Financial Instructions for local partnerships, as published on the Force intranet.
- Consult, as early as possible, the CCCFO and PCCCFO to ensure the correct treatment of taxation and other accounting arrangements.
- Produce a Memorandum of Understanding (MOU) or collaboration agreement setting out appropriate Governance arrangements for the project. This document should be signed by the OPCC Chief Executive.

Consortium Arrangements

A consortium is a long-term joint working arrangement with other bodies, operating with a formal legal structure approved by the PCC.

Responsibilities of Chief Officers

- Contact the Chief Executive before entering into a consortium agreement, to establish correct legal framework.
- Consult, as early as possible, the CCCFO and PCCCFO to ensure correct treatment of taxation and other accounting arrangements.
- Produce a business case to show the full economic benefits to be obtained from participation in the consortium.
- Produce a Memorandum of Understanding (MOU) setting out appropriate Governance arrangements for the project. This document should be signed by the Chief Executive.

Responsibilities of the PCC

- Approve Force and OPCC participation in the consortium arrangement.

Regional Working

Humberside Police's contribution towards working with other Forces in the Yorkshire and Humber and with other forces in the North East Region is contained in the annual budget and medium term financial strategies. The Programme Director will be required to provide regular financial and performance monitoring information for Regional Working. Humberside Police will have the right to audit all expenditure in relation to all regional projects.

Joint Responsibilities of the PCC and the Chief Constable

- Approve Force participation in Regional Working.

Joint Responsibilities of the PCCCFO and the CCCFO

- Monitor financial contributions to/from regional partners to ensure they are in accordance with agreed procedures.

Collaboration and National Working

Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, Chief Constables and PCCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or PCCs. Any collaboration which relates to the functions of a police force must first be agreed with the Chief Constable of the force concerned.

The PCCs shall jointly hold their Chief Constables to account for any collaboration in which their force is involved and must consider doing so in cooperation with the other PCCs concerned. Any such proposal must be discussed with the PCCCFO and CCCFO in the first instance.

SECTION F: CONTRACT STANDING ORDERS

The Force and PCC work to the Regional Contract Standing Orders. The current Contract Standing Orders are at Appendix 3.

SECTION G: DELEGATED LIMITS

References to Sections refer to the relevant part of these regulations where a delegated limit is to apply.

B1 Financial Planning

The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown: *£250,000*

B2 Budgetary Control

Major revenue projects need not be referred back to the PCC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown: *Cost of project varies from approved estimate by £250,000.*

Virements

The levels of authorisation for virements are:

Virement to be approved

B2 Revenue Budget

Virement defined as a movement of budget between Commands e.g. a movement between North Bank and Community Safety. Commands are defined as follows:

DCC Portfolio	ACC Operations	ACC Communities	ACO Resources
CDB	SOU	Local Policing	HR and Training
PSD	FCR	North Bank	Estates
Legal Services	Specialist	South Bank	IS
Corporate Comms	PVP	Community Safety	Fleet
	Regional	CJU	Finance
		Safer Roads Humber	

An individual virement limit of £250K.

Chief Constable to consult with and agree any proposed virements with the CCCFO.

All virements actioned to be reported through the monthly Management Accounts for transparency.

B2 Carry Forwards (Requests at the end of the financial year)

Requests can be made for carry forwards from the previous year's CC's underspend up to a total aggregate limit of £500K.

Projected outcomes are to be laid out clearly for each requested Carry Forward.

Carry Forward requests must meet one or more of the following criteria:

Revenue costs associated with the delivery of a capital scheme that has been rephased into the following financial year.

Funding of temporary revenue costs e.g. project related, and time bound.

B3 Capital Programme

A virement is defined as movement between approved capital schemes.

An individual virement limit of £250K.

All virements actioned to be reported through the monthly Management Accounts for transparency.

B4 Police and Crime Commissioner Initiatives

From time-to-time the PCC will wish to focus resources in a particular area, if this is agreed with the release of additional funding from reserves then clear objectives and outcomes should be defined at initiation for the Force to deliver against and the initiative should be time-bound. An example of this would be the approval of a Voluntary Early Release (VER) scheme.

C1 Risk Management

CCCFO following consultation with the Chief Constable shall be authorised to settle civil claims up to the value shown: *£20,000 excluding legal cost*

Claims in excess of this amount must be approved by the PCC.

Compromise agreements can be approved by the CCCFO in conjunction with the Chief Constable up to the value shown: *£95,000 excluding legal costs*

C5 Assets

Valuation

The Chief Constable shall maintain an asset register for all fixed assets with a value in excess of the limits

shown below:

<i>Land and Buildings</i>	-	<i>All values</i>
<i>Vehicles</i>	-	<i>All values</i>
<i>Computers</i>	-	<i>All values</i>
<i>Plant and Equipment</i>	-	<i>£10,000</i>

Stock

Chief Constable and Chief Executive shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown: *£500*

Discrepancies between the actual level of stock and the book value of stock may be written off by the CCCFO up to the level shown below. Amounts for write off above this value must be referred to the PCCCFO for approval.

Individual items £25,000

Obsolete stock, or equipment and materials surplus to requirements may be written off by the CCCFO up to the level shown below. Amounts for write off above this value must be referred to the PCCCFO for approval.

Individual items £25,000

Vehicles

CCCFO following consultation with Chief Constable may dispose of surplus vehicles and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the PCC for prior approval.

Equipment £25,000
Vehicles £25,000

Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement.

Equipment £15,000

D2 Income

Individual amounts may be written off by the CCCFO or PCCCFO up to the level shown below. Amounts for write off above this value must be referred to the PCCCFO for approval.

£25,000

All cases where write off action results from theft or fraud shall be referred to the PCCCFO and the CCCFO for approval up to a maximum of £10,000 and to the PCC for approval of amounts in excess of that sum.

D3 Incurring Expenditure, Ordering and Paying for Work, Goods and Services

Quotations shall be obtained, or tenders invited from suppliers or contractors in accordance with the requirements set out in Standing Orders Relating to Contracts. Subject to approved delegation limits set out in Appendix 2.

D8 Ex Gratia Payments

CCCFO following consultation with Chief Constable may make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the Force. Any amounts greater than those specified must be referred to the PCC/PCCCFO for approval. The circumstances of the proposed payment must not have the effect of circumventing other pay and allowances, policies, rates and rules. Any ex gratia payment above this limit will require the approval of the PCC/PCCCFO.

Up to £10,000

E1 External Funding

Income and expenditure budgets to be created and any in value over £250K to be included in the Monthly Management Accounts for information.

E2 External Funding

Chief Constable will report to the PCC where the Force has identified and pursued external funding in excess of the amount: *£250,000*

CCCFO following consultation with Chief Constable may enter into arrangements under which the PCC receives sponsorship up to the level shown: *£15,000 (sponsorship arrangements above this value are to be reported to the PCCCFO for prior approval)*

Gifts and hospitality: *Individual £25, Annual Force Limit of £25,000*

Gifts and hospitality above the annual limit are to be reported to the PCCCFO.

SECTION H: GUIDANCE NOTES ON BREACH OF STANDING ORDERS OR FINANCIAL REGULATIONS

1. These guidance notes are supplemental to the PCC and Chief Constable's Anti-Fraud and Corruption Strategy and Fraud Response Plan and should be read in conjunction with those documents (see Section I below).
2. PCCCFO and the CCCFO both have responsibilities under section 114 of the Local Government Finance Act 1998 to make a report if it appears to either of them that any person holding any office or employee or member of any collaborative body on which the PCC or the Force is represented:
 - (a) Has made, or is about to make a decision which involved or would involve the PCC or the Chief Constable incurring expenditure which is unlawful.
 - (b) Has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the PCC or the Chief Constable.
 - (c) Is about to enter an item on account, the entry of which is unlawful.
3. It is also the duty of the Chief Executive and Monitoring Officer to prepare a report for the PCC with respect to any proposal, decision or mission by any person holding any office or employment which may contravene any enactment, rule of law or code of practice or any maladministration or injustice as defined. In doing so it is the Monitoring Officer's duty so far as is practicable to consult with the PCCCFO and the CCCFO.
4. A copy of such a report shall be sent to the external auditor.
5. Provide for effective action to deal with any fraud and corruption and to assist the PCCCFO and the CCCFO in the performance of their duties to ensure the financial affairs of the Force and the OPCC are properly

conducted, the following procedures will be adhered to in the circumstances of any suspected or actual breach of financial regulations or standing orders.

SECTION I: ANTI FRAUD AND CORRUPTION STRATEGY

The PCC and the Chief Constable have in place clear networks of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation. To this end, a continuous overview of such arrangements, in particular, by the PCCCFO and CCCFO, through the Head of Audit and External Auditor and in Force via the Finance Unit and Professional Standards.

The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response. In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the OPCC and/or the Force or from within, the PCC and Chief Constable are committed to an effective Anti-Fraud and Corruption Strategy designed to encourage prevention, promote detection and identify a clear pathway for investigation.

The expectations regarding propriety and accountability is that the PCC, the Chief Constable and staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices are above reproach. The PCC and the Chief Constable also demand that individuals and organisations that they come into contact with will act towards them with integrity and without thought or actions involving fraud or corruption.

This strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover: (i) culture, (ii) prevention, (iii) detection and investigation, and (iv) training.

The PCC and Chief Constable are also aware of the high degree of external scrutiny by a variety of bodies including:

- Her Majesty's Inspector of Constabulary and Fire and Rescue Services (HMICFRS).
- Internal and External Audit.
- HM Revenue and Customs.
- General Public.
- National Audit Office.

CULTURE

The PCC and Chief Constable are determined that the culture and tone of these organisations are ones of honesty and opposition to fraud and corruption. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Force and the OPCC will act with integrity, and that the PCC, Chief Constable and staff at all levels will lead by example in these matters.

The PCC, Chief Constable and their staff are important in the stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the activities of the Force and the OPCC. Concerns may be about something that: (i) is unlawful, (ii) is against the PCC's Standing Orders, Financial Regulations or policies, (iii) falls below established standards or practices, (iv) results in waste or loss to the PCC, or (iv) amounts to improper conduct.

Staff can do this in the knowledge that concerns will be treated in confidence, properly investigated and without fear of reprisal and victimisation. If necessary, a route other than their normal line manager may be used to raise such issues. Examples of such routes are:

- Chief Constable's Direct Line (01482 578204).
- CCCFO (Head of Finance and Business Services) (07557 255078).
- PCCCFO (07894 511154).
- Head of Audit (01924 294066).

- Bad Apple Messenger on the Force Intranet.
- PCC (01482 220787) or pcc@humberside.pnn.police.uk
- Head of Professional Standards (01482 578345).
- Public Concern at Work – Independent charity offering free advice on fraud/malpractice (020 7404 6609).

The Public Interest Disclosure Act 1988 protects employees, who report suspected fraud or corruption activities, from any reprisals as long as they meet the rules set out in the Act. In simple terms the rules for making a protected disclosure are:

- Information disclosed is made in good faith.
- Person making the disclosure must believe it to be substantially true.
- Person making the disclosure must not act maliciously or make false allegations.
- Person making the allegation must not be seeking any personal gain.

(The designated officer required under the Act to receive disclosures is the PCCCFO).

Members of the public are also encouraged to report concerns through any of the above avenues. Allegations/concerns can be made anonymously. However, it should be noted that such cases can be more difficult to investigate. The likelihood of action will depend on: (i) seriousness of issues raised, (ii) credibility of the concern, or (iii) likelihood of confirming the allegation from attributable sources.

Senior management are responsible for following up allegations of fraud and corruption received by:

- Dealing promptly with the matter.
- Recording all evidence received.
- Ensuring that evidence is sound and adequately supported.
- Ensuring security of all evidence collected.
- Notifying the PCCCFO, and for CCCFO and implementing disciplinary procedures where appropriate.

The PCC and Chief Constable can be expected to deal swiftly and thoroughly with any member of staff who attempts to defraud the Force or the OPCC or who are corrupt. The PCC and the Chief Constable should be considered as robust in dealing with financial malpractice.

PREVENTION

The PCC and Chief Constable recognise that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down by the Chief Executive and Chief Constable and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.

All employees are expected to follow any Code of Conduct related to their personal professional qualifications and also to abide by the published Rules of Conduct. This code and the role that appropriate staff are expected to play in the Corporate Governance Framework and systems of internal control will be featured in staff induction procedures.

The PCC (and DPCC where in place) are required to adhere to the Code of Conduct relating to the declarations of interests. Staff are also required to declare pecuniary interests.

PCC, Chief Constable and all staff are required to declare in a public register any offers of gifts or hospitality which are in any way related to the performance of their duties.

Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the Force and OPCC's financial systems is independently monitored by both Internal Audit and External Audit. Senior management place great weight on being responsive to audit recommendations.

The Joint Independent Audit Committee (JIAC) provides an independent and objective view of internal control by receiving and considering audit plans, reports and management letters and reports as appropriate to the PCC.

As part of the prevention approach, the PCC and Chief Constable will participate in National Fraud Initiative. The National Audit Office and External Audit will also assist in prevention with the issue of warning bulletins and outcomes from surveys on fraud and corruption.

DETECTION AND INVESTIGATION

The array of preventative systems, particularly internal control systems in the Force/OPCC, are designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud. It is often the alertness of staff and public to such indicators that enables detection to occur and appropriate action to take place when there is evidence that fraud or corruption may be in progress.

Despite the best efforts of financial managers and auditors, many frauds are discovered by chance or 'tip off', and arrangements are in place to enable such information to be properly dealt with. Depending on the nature and anticipated extent of allegations, the Internal Audit will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.

Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviours.

The PCC and Chief Constable will normally ask the police to prepare a case for CPS regarding the prosecution of offenders where financial impropriety is discovered.

TRAINING

The PCC and Chief Constable recognise the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation. To facilitate this, the PCC and Chief Constable support the concept of induction and training particularly for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

The possibility of disciplinary action against staff who ignore such training and guidance is clear.

FRAUD RESPONSE PLAN

All instances of fraud and corruption will be investigated in accordance with this plan. Fraud and corruption may be reported through a range of channels including direct to a line manager, by another manager, through the Chief Constable's Direct Line, with "Bad Apple" or by means of external reports. The means of reporting fraud will be publicised within the Force and OPCC, and made known to partners and those individuals and organisations that we come into contact with.

Arrangements for detection and investigation are set out in the Anti-Fraud and Corruption Strategy (above). A protocol between the PCCCFO, CCCFO, Head of Audit and Head of Professional Standards has been agreed to ensure that loss and potential fraud is fully investigated and dealt with correctly.

The protocol requires Professional Standards Branch to liaise with the Head of Audit, after the matter has been investigated. This will enable the Head of Audit to identify any weaknesses in internal control that allowed the irregularity to occur and to ensure that corrective action is taken in order to minimise the risk of any reoccurrence within the Force or the OPCC. Issues considered will be reported to the Professional Standards Board.

Disciplinary procedures are likely to be invoked where the outcome of any investigation indicates misconduct. Proven cases of gross misconduct may result in dismissal of the employee. Misconduct includes fraud committed by a member of staff against the organisation.

Where financial impropriety is discovered the presumption of the PCC and Chief Constable is that these arrangements will be made where appropriate for the prosecution of offenders by the CPS.

In instances where the misconduct takes another form such as misuse of systems and equipment that does not result in financial loss, the outcomes will be monitored by the PCC and Chief Constable through the processes in place to oversee Human Resources issues.

The PCC and Chief Constable will seek to ensure they learn lessons from any mistakes made that allowed any instances of fraud or corruptions to be perpetrated or to have gone unnoticed. This will be achieved by ensuring system weaknesses or other contributory factors are identified and addressed, normally achieved through an Internal Audit investigation, report and action plan to ensure audit recommendations are implemented.

The National Audit Office and the External Auditor also have powers to investigate fraud and corruption independently and the PCC and Chief Constable will make use of these services in appropriate cases.

The PCCCFO and CCCFO will determine if a matter needs to be brought to the attention of the Chief Executive, PCC and Chief Constable.

In the event that the PCC or Chief Constable is involved, the matter will be brought to the attention of the Monitoring Officer.

The PCCCFO, CCCFO and Head of Audit will maintain a link with the National Audit Office, CIPFA and other agencies in order to keep them apprised of developments in serious cases.

DELEGATIONS TO THE CHIEF EXECUTIVE

Key Functional, Management and Leadership Responsibilities

- To ensure provision of appropriate advice to the PCC.
- To lead the continued development and delivery of the OPCC activities and operations.
- To provide clear and visible leadership to the staff of the OPCC including overall responsibility for their ongoing development and training, and work directly to the PCC in relation to personal objectives and development.
- To ensure that the OPCC performs its duties and responsibilities for equalities and diversity according to relevant legislation, and to promote the commitment to equality and diversity in all that the OPCC does.
- In conjunction with the PCCCFO, to ensure propriety in the conduct of the PCC's business including making proper arrangements for tendering procedures and the letting of contracts.
- To carry out the duties of Chief Executive appointed under Police Reform & Social Responsibility Act 2011 so as to enable and assist the OPCC to fulfil all its functions effectively and efficiently.
- To carry out the statutory duties and responsibilities of the Head of the Paid Service and the Monitoring Officer.

Strategy and Resource Planning

- To think strategically and guide the OPCC in developing a clear and effective long-term vision and strategy, together with appropriate policies.
- In conjunction with the PCCCFO to lead the strategic development of the OPCC in the areas of strategic accounting, information management, the management of strategic risk, the human resource and learning and development strategies, ensuring that the OPCC is compliant with current employment legislation.
- To be the strategic lead in respect of partnership working.
- In conjunction with the PCCCFO, to oversee the financial planning, budgetary, resourcing and asset management aspects of the OPCC.
- To drive implementation of the OPCC corporate strategies, and of its day-to-day business, ensuring that effective governance arrangements are in place to enable the OPCC to monitor, review and improve its own performance.
- Support the OPCC in scrutinising Force performance, and supporting continuous improvement in the OPCC and in the Force.
- To prepare the OPCC for inspection by relevant audit bodies.
- In appropriate consultation with the PCC develop the short, medium and long-term planning process for the future of the OPCC.

Commissioning and Service Delivery

- To ensure the effective and efficient engagement with both internal and external partners and stakeholders in relation to commissioning and service delivery at local, regional and national level.
- To be accountable for the performance of the OPCC in all aspects of commissioning.
- To ensure effective engagement with the Chief Constable and all relevant Force personnel in planning and managing the OPCC business.
- To ensure that the OPCC contributes to the national consideration of issues concerning policing and reducing crime. To represent the OPCC at high level meetings with the Home Office, Her Majesty's Inspector of Constabulary and Fire and Rescue Services (HMICFRS), Association of Police and Crime Commissioners (APCC), Local Government Association (LGA) and other outside bodies at regional and national level.

Engagement and Information

- To deliver, review and improve performance against the Information strategy in the areas of communication, consultation and engagement.
- To ensure that effective strategic needs assessments are undertaken which demonstrate the understanding of the communities served, enabling effective budget alignment and prioritisation.

- To distil and disseminate relevant information and advice to the OPCC enabling it to challenge where appropriate the Force's strategic and financial performance.
- To support the OPCC in raising its profile and communicating its values, strategies, achievements and views.
- To represent and promote the interests of the OPCC by developing and maintaining effective strategic partnerships with relevant public and private sector/voluntary organisations in the local community and at national and regional associations.
- To develop and implement effective two-way community engagement with all sections of the community.

Scrutiny and Performance

- Contribute to the efficient and effective delivery of the Police and Crime Plan, together with any associated delivery plans.
- Develop and maintain a constructive working relationship with the Police and Crime Panel for the area.
- Ensure the effective and efficient operation of both the internal and external audit functions and any other aspects of internal control or external inspection.
- To oversee and ensure the effective and efficient management of complaints.

SUMMARY OF PCC/FORCE APPROVAL LEVELS AND OTHER FINANCIAL LIMITS

DESCRIPTION	LIMIT	COMMENTS
PCC/Force Approved Limits		
B1: Projects		
Major Revenue projects to be identified separately	Above £250,000	Ensures significant revenue projects are separately identified and monitored accordingly
Referral of Major project variances to the PCC	Cost of Project varies from approved estimate in excess of £250,000	Highlights significant overspends to PCC
B2: Virements		
Movements between Commands subject to approved level	£250,000	Virements up to limit approved by CC and CCCFO, reported through Management Accounts, above this approved by PCCCFO or PCC
B2: Carry Forwards		
Requests can be made up to the amount of the CC underspend	Maximum for all carry forwards £500,000	Revenue Costs associated with a capital scheme or funding of temporary revenue costs, subject to approval by PCC
B3: Capital Programme		
Movement between Capital Schemes	£250,000	Above this limit to be approved by PCCCFO or PCC
B4: PCC Initiatives		
Request from PCC	Up to level agreed by PCC	Funding from reserves must have clear objectives and outcomes and be timebound, to be approved by PCC
C1: Risk Management		
Civil claims	£20,000	Claims in excess of this to approved by PCCCFO or PCC
Compromise agreements	£95,000	Claims, excluding legal cost, to be approved by the CCCFO in conjunction with the Chief Constable up to the statutory limit of £95,000
C5: Assets		
Valuation – Asset Register	Land & Buildings (All values), Vehicles (All values), Computers (All Values), Plant and Equipment (£10,000 and above)	Asset Register to be maintained for these assets by the Force
Land and Building disposal	None	All disposals of Land and Buildings to be approved by PCC
Stock	£500	Inventories required for items with a value above the limit
Stock valuation write off	£25,000	CC/CCCFO up to this level and above this to PCCCFO or PCC
Obsolete Stock write off	£25,000	CC/CCCFO up to this level and above this to PCCCFO or PCC
Vehicles		
Disposal value (Equipment and Vehicles)	£25,000	CC/CCCFO up to this level and above this to PCCCFO or PCC
Equipment disposal	£15,000	Items above this must be disposed of by sealed bids or public auction
Leases		
All leases including property	£50,000	Annual value above this level to be reported to PCCCFO
D2: Income		

Debt write off	£25,000	CC/CCCFO up to this level and above this to PCCCFO, all cases involving the write off as a result of fraud/theft of over £10,000 reported to PCCCFO or PCC
D8: Ex Gratia Payments		
Amount up to	£10,000	CC/CCCFO to approve, above this limit to be approved by PCCCFO or PCC
E1: External Funding		
Identified and pursued funding	£250,000	Above limit reported to PCCCFO or PCC
Sponsorship	£15,000	Above limit reported to PCCCFO or PCC
Gifts and hospitality	£25,000	Annual value above this level to be reported to PCCCFO
OPCC Approved Expenditure Limits		
OPCC Approval limits	Up to £25,000	Statutory Operations Manager/Senior Assurance Officer/CJB Business Manager/Communications and Engagement Manager/Diverse Communities Manager/Contracts and Commissioning Manager
	Up to £50,000	Assurance Manager/Community and Engagement Manager/Deputy Chief Finance Officer (Deputy S151 Officer)
	Up to £100,000	CE or PCCCFO
	above £100,000	CE or PCCCFO in liaison with PCC
Chief Constable Approved Expenditure Limits		
	Up to £200	Inspector, Information Compliance Unit Manager, Change, CI and Digital Innovation, Strategic Planning, Performance and Demand, CDI, Leadership and Management Training
	Up to £500	Chief Inspector, Force Vetting Manager, Recruitment and Onboarding, Advice and Guidance, Employee Relations and change, Health and Wellbeing, People analytics and performance, Job design and workforce pipeline, People development and culture, SOSU/OPT/Driver Training/OST/H&S/Custody Training, Crime Training, IS/Blended Learning/QA Team/L&D Training Admin.
	Up to £1,000	Superintendent
	Up to £5,000	Chief Superintendent, Head of Legal, Legal Practice Manager, Senior Solicitor, Head of CDB, Head of PSD, Head of Corporate Communications, Communications Manager, Head of People Services, Head of HR Services, Head of Workforce Transformation, Head of L&D,
	Up to £100,000	Head of Finance (S151 Officer), Head of Business Services, Enablers Workstream Project Lead.
	Above £100,000	CC/DCC/ACC/ACO Note: expenditure on the maintenance, creation and supply of assets is delegated to the ACO within the approved budget.
Conflict of Interest		
Conflict of Interest e.g. where the approver can use significant influence or a Directorship is held in an area of collaboration	These limits apply unless a conflict of interest has been identified	Approval should be made by equal or more senior approvers.

REGIONAL CONTRACT STANDING ORDERS (as at October 2020)

These terms will have the following meanings in the Standing Orders.

YatH	Yorkshire and the Humber Region.
YatH OPCCs	Office of Police and Crime Commissioner for Humberside, Office of Police and Crime Commissioner for North Yorkshire, Office of Police and Crime Commissioner for South Yorkshire and Office of Police and Crime Commissioner for West Yorkshire.
Chief Executives	Chief Executives of the OPCCs in YatH.
YatH Forces	Humberside Police, North Yorkshire Police, South Yorkshire Police and West Yorkshire Police.
Chief Constables	Chief Constables of the YatH Forces.
Assistant Chief Officers responsible for Finance	Assistant Chief Officers responsible for Finance (CCCFOs) within each of the YatH Forces.
YatH Regional Procurement Team	Regional Procurement team operating on behalf of the YatH forces.
Regional Procurement Director	Officer responsible for the Regional Procurement Team.
Chief Officers	Officers who are members of the Command Team in each of the YatH Forces.
Divisional/Departmental Head	Most senior officer in any Division, Department or Branch in the YatH forces.
Officers	All Police officers and Police staff of the YatH Forces and OPCCs (to include officers working under a service level agreement).
PCCs	All the PCCs in the YatH Force areas.
Single Tender Action (STA)	Selection of a supplier to provide works, goods or services without competition.
Regional Collaboration Board (RCB)	Board comprising the PCCs and chief constables within the YatH Force areas responsible for developing and maintaining a shared vision for joint working and ensuring that resources are being applied efficiently and effectively.
Regional Procurement Policy and Procedures	All Procurement Policy, Procedures and Procedures published by the Regional Procurement Team.
Collaborative Contract	A contract for the provision of works, goods or services to more than one police force or public entity.
Framework Agreement	A contract set up by a public sector organisation for some or any public sector organisations to use. The Agreement sets out terms and conditions under which specific purchases can be made throughout the term of the Agreement. The Agreement will typically have been awarded under the EU Procurement rules.

F1 YORKSHIRE AND THE HUMBER REGIONAL CONTRACT STANDING ORDERS

In YatH, a Regional Procurement Team has been created to support police procurement activity. Contract Standing Orders are harmonised across the forces and OPCCs, supplemented by detailed guidance on policies and procedures.

COMPLIANCE

- All orders and contracts for works, goods or services made by or on behalf of the Yorkshire and the Humber Regional Police Forces and Offices of the Police and Crime Commissioners (OPCCs) shall be made in accordance with these Contract Standing Orders (Standing Orders).
- All contracts shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community, and relevant Government Guidance.
- Forces and OPCCs require all procurement activity to be undertaken in a transparent, fair and consistent manner, ensuring the highest standards of probity and accountability. All procurement undertaken on behalf of the forces and OPCCs will operate under robust principles and procedures to ensure best value. Detailed procedures will be published in Procurement Policy and Procedures.
- No exceptions shall be made to these Standing Orders otherwise than reasons stated in Section 5.
- Every Officer in any of the YatH Regional Police forces and every PCC or employee of the OPCCs shall comply with these Standing Orders. Any failure to do so may result in disciplinary action.

- Any dispute regarding the interpretation of these Contract Standing Orders will be referred to the Regional Collaboration Board (RCB) and its decision will be final.

COMPETITIVE PROCUREMENT

- Use of central contracts set up by the YatH Regional Procurement team or individual YatH Forces and OPCCs for certain works, goods and services is mandatory.
- For works, goods or services not available from an existing contract, acceptance of quotations and bids will be based on the principle of best overall value for money, i.e. the most economically advantageous offer. Criteria for the award of contracts shall be recorded in advance of the invitation and strictly observed by officer's evaluating the bids. Criteria may include cost and qualitative elements and shall take into account whole life costs. The evaluation process must be objective, systematic, thorough and fair.
- Evaluation models shall generally be weighted such that the overall percentage score allocated to cost is not less than 50%. In exceptional circumstances the Regional Procurement Director or their deputy may agree a different cost/quality ratio.
- Estimated value is deemed to be the aggregate cost, in any force and any OPCC or the Region that is reasonably anticipated over the lifetime of the provision. If the lifetime is unknown, then the aggregate cost should be based on 48 months.
- Requirements must not be disaggregated in force and OPCC or in the region in order to avoid competitive procurement under any circumstances.
- Authority levels shall apply to variations to contract, i.e. any additional costs resulting from the variation must be aggregated with the original contract value for the purposes of authorisation.
- Where a procurement is deemed novel, contentious or repercussive it should be notified to the PCC by the budget holder to ensure authority to proceed to full procurement.
- Divisional/Departmental Head has delegated Authority, subject to the above, to authorise Authority to proceed at stage one of the procurement process. This does not affect the authority levels detailed at Appendix 4.

FINANCIAL AND CONTRACTUAL DELEGATION

Chief Officer responsible for Finance in each force or Chief Executive will be responsible for determining authorised signatories in each OPCC/force. Those authorised signatories and sub-delegation rules will be described and documented in each force/OPCCs Financial Instructions. Authorised signatories will ensure the purchase is compliant with all financial instructions and sufficient resources are available within the revenue budget or capital programme.

EXCEPTIONS TO NORMAL PROCEDURES/SINGLE TENDER ACTION

Exceptions

All exceptions to normal procedures must be approved in accordance with the arrangements set out in the Regional Procurement Policy and Procedures for local and collaborative contracts.

Single Tender Action (STA)

STA should only be used in very exceptional circumstances. The Chief Constables and Chief Executives or their delegated authorities will consider requests for exceptions to normal procedures under the following circumstances:

- Where it can be evidenced that only one supplier is able to carry out the work or service or to supply goods for technical reasons or because of exclusive rights.
- Extensions to existing contracts where there is a genuinely justifiable case to use an existing contractor/supplier to maintain continuity of supply or site experience.
- Contract classified as secret by a Chief Officer making use of a particular contractor essential or a limited competition to a select list of contractors and avoidance of advertising requirements in the public domain.
- Contract is required so urgently that competition is impracticable. For example, a genuine unforeseeable operational need arises. However, failure to take action within appropriate timescales does not constitute grounds for an urgency exception.

- Any STA up to £50,000 shall be authorised by the Divisional/Departmental Head/Chief Executive. It is the responsibility of the Divisional/ Departmental Head/Chief Executive to satisfy themselves that the grounds in which the exception has been sought is justified and that all associated spend must be aggregated with the original contract value or future contract value for the purposes of authorisation. It should be noted that where grounds of urgency have been selected submissions will be subjected to further scrutiny to ensure compliance.
- Any STA over £50,000 shall be requested via the Regional Procurement Director and the appropriate Chief Officer/s or Chief Executive. All associated spend must be aggregated with the original contract value or future contract value for the purposes of authorisation. The formal procedure shall be described in the Regional Procurement Policy and Procedures.
- Where it becomes apparent before an order is placed and accepted by the supplier that the figures quoted and appropriately approved in an STA are understated by an amount that is more than 10% of the original STA value, then the STA will need to be returned (with an explanation for the increase) through the appropriate channels for consideration of further approval, based on the revised value of the STA.

COMPETITIVE PROCUREMENT USING TENDERS

Regional Procurement Director will have responsibility to ensure appropriate Procurement Policy and Procedures are in place covering matters such as:

- Procedures to be applied in respect of the whole tendering process i.e. initial tender, specifications and standards, and evaluation and appointment of contractors and consultants.
- Processes regarding the use of sub-contractors.
- Processes regarding variations to contract.
- Process to be undertaken in relation to declarations of interest in a contract.
- Procedures to be followed in relation to Collaborative Contracts.
- Adoption of Framework Agreements.

Procedures to be followed in applying for an exception to Standing Orders, including:

- Formal procedure to be adopted to evidence alternative provision is not available.
- Formal justification of emergency provision.
- Achievement of Value for Money, and the minimisation of risks to Forces and OPCCs.
- Procurement Policy and Procedures will set out arrangements for the recording and retention of information in relation to procurement activity.
- Procurement Policy and Procedures will also detail the arrangements for reporting procurement activity to meet the requirements of the RCB and of individual Forces and OPCCs together with addressing the need to publish information in accordance with Government requirements.
- Force and OPCC Chief Officers responsible for Finance will ensure appropriate Financial Instructions are provided for use by staff within their respective forces.

TENDER CUSTODY AND OPENING

Electronic Tendering

- RCB, Forces and OPCCs support the use of electronic means for the invitation and receipt of tenders through the selected e-tendering system in line with the system requirements.

Tender custody and opening if non-electronic means are utilised

- In the event of operating non-electronic procedure, tenders shall be stored in a secure and confidential manner as required by sealed bid procedure.

The opening of these tenders and recording of details shall be subject to the following regulations:

- They shall not be opened before the appointed time.

- They shall be opened at one time by not less than two persons approved by the Regional Procurement Director for the purpose.
- The appropriate tender details shall be recorded on the Tender Opening Certificate which shall be ruled off (to prevent the addition of further entries) and then signed by each member of the tender opening panel.

Once the tenders have been opened they must be circulated only to those directly involved in tender evaluation and contract letting activities prior to awarding the contract.

FORM OF CONTRACT

All contracts shall be in writing. If appropriate, legal advice should be sought in relation to contracts through the Regional Procurement team. The form of contract shall be in line with the ACPO Procurement Portfolio guidance and other best practice.

Regional Procurement team will advise on the appropriate use of Performance Guarantee Bonds or the provision of liquidated damages where necessary.

COLLABORATIVE CONTRACTS AND FRAMEWORK AGREEMENTS

- Where tenders are invited on behalf of the region or include other police forces or public-sector organisations, they will be invited on a Force/OPCC basis and comply with these Contract Standing Orders.

REVIEW

- These Contract Standing Orders will be reviewed on an annual basis by the Chief Executives.

PROCUREMENT COMPETITION PROCEDURES AND AUTHORITY LEVELS

Estimated Value £	Quotation/Tender Requirements	Levels of Delegated Authority and Contract Signature Thresholds
<£10,000	Local procurement procedure may use any reasonable means to select the supplier, preferably three quotations shall be obtained (this may include from catalogues or price lists). Procurement procedure and outcome must be recorded and retained locally.	Purchase orders and contracts to be approved locally by Officers with relevant authority in accordance with financial instructions.
£10,000 to £50,000	At least three formal written quotations or references to three supplier catalogues shall be obtained. At least one quotation should be sought, where possible, from a local SME.	Purchase orders, requisitions and contracts to be approved locally by Officers with relevant authority in accordance with financial instructions.
> £50,000	<p>All procurement to be managed by the Regional Procurement team.</p> <p>At least three Tenders shall be obtained, where the aggregated value of the contract is in excess of EU thresholds, tender procedures will be in accordance with EU Procurement Directives.</p>	<p>On conclusion of the procurement process an 'Authority to proceed to contract' will be issued to the Lead force by the Regional Procurement Team and will be signed locally by officers with relevant authority in accordance with Financial Instructions and returned to the Regional Procurement team.</p> <p>Contracts will be signed as follows: £50,000 - £75,000: Senior Category Manager, Category Manager/Contract Manager £75,000 - £150,000: Strategic Category Manager, Strategic Contract Manager £150,000 - £500,000: Head of Procurement and Category Management/Head of Contract Management & Performance £500,000 - £1,000,000: Director of Regional Procurement £1,000,000 - £5,000,000: Assistant Chief Officer relevant YatH Force >£5,000,000: relevant PCC/RCB</p>

TREASURY MANAGEMENT MID-YEAR REPORT 2020/21

SUMMARY

1. This report provides the Police and Crime Commissioner with a review of the treasury management activity and Prudential Indicators for the first six months of 2020/21.
2. The report shows full compliance with the Commissioner's Prudential Indicators for the first six months of 2020/21 and was also considered by the Joint Independent Audit Committee on 14/12/20.

RECOMMENDATIONS

3. That Commissioner takes assurance from the treasury management activities undertaken during the first half of 2020/21 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 first six months of the 2020/21 financial year in line with the requirements of the Code.

INVESTMENT ACTIVITY

7. The Commissioner's temporary investments totalled £11.6m as at 30 September 2020.

Table 1 – Investment income earned 2020/21

Interest Earned April to September 2020/21	Rate of return 2020/21	Benchmark return 2020/21*	Difference (+ favourable)
£13,598	0.26%	-0.06%	(0.32%)

* Benchmark set as 7 day compounded LIBID

8. Interest earned during the first half of 2020/21 was £29k lower than originally budgeted for in respect of investment activity for the year, due to lower interest rates than anticipated.

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 Commissioners level of borrowing was £63.3m at 30 September 2020, on which £1.6m of interest is expected to be paid.

PRUDENTIAL INDICATORS

12. Appendix 1 details the agreed Prudential Indicators for 2020/21 and the actual figures as at 30 September 2020/21.
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 its resources to key strategic priorities.

Treasury Management

15. Based on the Operational Boundary definition, external debt at 30 September 2020 was £85m below the agreed Operational Boundary for 2020/21 and the maturity structure for both borrowing and investments remain within the approved upper and lower limits. Subsequent borrowing or re-scheduling during 2020/21 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 2019/20 and Minimum Revenue Provision (MRP) for 2019/20'
CIPFA Code of Practice on Treasury Management 2009

RECOMMENDATION RESTATED

25. That the Commissioner takes assurance from the treasury management activities undertaken during the six months to 30 September 2020 and the Prudential Indicators as outlined in paragraphs 14 and 15 and detailed in Appendix 1.

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Prudential Indicators 2020/21a) 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:

	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
	Actual	Budget	Revised	Estimate	Estimate	Estimate
	£k	£k	£k	£k	£k	£k
Total Capital expenditure	8,747	20,463	17,220	22,622	5,028	4,646

The underspend against the revised 2020/21 budget reflects slippage across a number of capital schemes as reported to the Police and Crime Commissioner in the 2020/21 Monthly budget monitoring report.

Indicator 2 - Capital Financing Requirement

The capital financing requirement for 2020/21 and estimates for future years are as follows:

	Actual	Estimate	Estimate	Estimate	Estimate
	31/03/20	31/03/21	31/03/22	31/03/23	31/03/24
	£k	£k	£k	£k	£k
Capital Financing Requirement	86,954	104,174	126,796	131,824	136,470

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 2020/21 and future years are as follows:

	2020/21	2020/21	2021/22	2022/23	2023/24
	Original	Revised	Estimate	Estimate	Estimate
	£k	£k	£k	£k	£k
Total Core Funds	15,100	18,000	14,800	15,300	16,400
Expected Investments	(16,915)	(9,586)	(14,233)	(19,927)	(27,958)

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.). The expected lack of investments each month is mitigated due to the Pensions grant of which 80% was received in July 2020 which is drawn upon each month. The PCC is significantly under borrowed, long-term borrowing will be taken when the Public Works Loan Board consultation on rates is concluded. Temporary borrowing will be utilised if needed.

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.

	2020/21 Operational Boundary £k	Actual as at 30/09/20 £k	2021/22 Operational Boundary £k	2022/23 Operational Boundary £k	2023/24 Operational Boundary £k
Borrowing	150,000	63,266	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 2019/20 and subsequent three year period as approved by Members compared to the actual level of borrowing as at 31 March 2020.

	2020/21 Authorised Limit £k	Actual as at 30/09/20 £k	2021/22 Authorised Limit £k	2022/23 Authorised Limit £k	2023/24 Authorised Limit £k
Borrowing	180,000	63,266	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: -

	2019/20 Actual %	2020/21 Original %	2020/21 Revised %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
Ratio of Financial Costs to Net Revenue Stream	1.65	1.65	1.62	1.99	2.37	2.63

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 30/09/20	Upper Limit	Lower Limit
	%	%	%
Under 12 Months	2.06	15	0
12 months and within 24 months	5.34	15	0
24 months and within 5 years	16.00	30	0
5 years and within 10 years	27.16	60	0
10 years and above	49.44	80	0

The Chief Finance Officer/S.151 Officer confirms that the maturity structure of external debt as at 31 March 2020 is within the upper and lower limits approved by the Commissioner.

Mid-Year Review 2020/21

AGENDA ITEM:	6a
MEETING DATE:	12 November 2020
AUTHOR:	Jim Wright, Head of Finance and Business Services
CHIEF OFFICER LEAD:	ACO Resources (Shackleton)
DISCUSSION PAPER TITLE:	2020/21 Mid-Year Financial Review

AREA(S) FOR DISCUSSION

1. This report details the outcome of a detailed review of the Force’s budget and expenditure to date in 2020/21 which took place in collaboration with Commanders/Heads of Departments between 14th September and 9th October 2020. The resulting forecast outturn is £198.601m, an underspend of £509k, as shown in Table 1:

	£000
In-year savings	(1,747)
In-year pressures	1,675
Pay underspend	(239)
Allocation from uplift funding	(198)
Forecast Underspend	(509)

Table 1. Summary Forecast Outturn

2. ADDITIONAL DETAIL

Revenue

In-Year Savings

- 2.1 In year savings of £1.747m have been identified arising primarily from the following reductions:
 - £301k Travel, accommodation and conference costs
 - £94k external training (£100k retained in year for DFU additional training requirements)
 - £142k People Services non pay costs in year
 - £101k SOU reduction in taser cartridge requirement (unable to train March to July due to COVID restrictions)
 - £163k Specialist Crime telecommunications Centralised Cost Recovery scheme introduced by Home Office (reduced cost allocation)
 - £100k Rates charged for properties and rate rebates
 - £115k Reduced Humber Bridge toll costs
 - £135k Re-profiling of capital projects 2019/20, resulting in reduced capital financing

In-Year Pressures

- 2.2 In-year pressures of £1.675m have been identified arising primarily from:
 - £426k COVID-19 related non recoverable costs reported in the monthly Home Office return (primarily additional overtime incurred, IS and video enabled justice costs, estate cleaning and modification costs)
 - £160k Police Now recruitment project (Joining the Force January 2021)
 - £112k Fleet Insurance increase (notification after budget set)

- £198k Home Office IT increase (notification after budget set)
- £48k DFU server maintenance
- £79k Legal Counsel fees and costs incurred
- £150k Operation Ardlie overtime costs (support from PCC agreed)
- £70k Community Safety donation income received 2020/21 to fund events, expected to be carried forward to 2021/22, budget reconciliation required

Pay

2.3 Police officer, PCSO and staff pay budgets are forecast to underspend by £239k.

- Police Officer £619k underspend
- PCSO £427k underspend
- Police staff £807k overspend respectively.

Police officer strength has remained lower than expected partly due to intakes being deferred because of a planning error. PCSO numbers have remained below TOM as team members have left or started police officer training. The CDB review earlier in the year identified vacant funded staff posts which have been taken to the savings programme. These figures do not include unallocated uplift pay budget.

2.4 The Uplift staff pay budget is £1.186m. There are 12 authorised uplift funded posts of which 7 have been filled, leaving 5 posts to be recruited to. The Uplift staff pay budget has been budgeted separately from other staff budgets so that allocations can be monitored. There remains £1.068m budget to offset any further pressures arising within the year.

Force Savings Programme

2.5 The savings target for the year is £2.100m and £1.711m has been delivered as shown in Table 2.

Savings Area	Target 2020/21	Achieved to 30 September	Variance (over)/ under
	£000s	£000s	£000s
Officer supervision	165	165	0
PCSO shift/weekend allowances	150	150	0
Overtime	500	200	300
HR Decoupling	415	383	32
CDB reviews	300	767	(467)
Non Pay	570	46	524
TOTAL	2,100	1,711	389

Table 2. Force savings programme

2.6 Further savings of £389k are required to achieve the full year target of £2.100m.

- Non Pay - IS are currently reviewing the HP only projects and budgets to identify savings within maintenance and communication budgets.
- Non Pay -The savings derived from the sale of the Keyingham property will be added to the savings achieved in the October monitoring once verified (estimated £15k).
- Further analysis of the HR budgets after decoupling from SYP is expected to achieve the remaining £32k requirement.
- £300k of the overtime saving is currently held within the DCC overtime contingency fund and if achieved will be brought into the savings at the year end.

Reserves

- 2.7 The current budget assumed £3.305m use of earmarked reserves to fund in-year spend. It is currently estimated that £956k will be used for in-year requirements. CHIS settlements £900k and PCC partner support £745k will now be required next year. TOIL and HR exit costs were mainly provided for in the 2019/20 accounts and it is currently estimated that £46k will be required from reserves. TOIL flip will run in December and the estimated cost of £200k is provided for in the 2019/20 accounts. £100k for training will be transferred back into the reserve. It is estimated that £2.349m in total will be returned to reserves for use in future years as shown in Table 3.

Planned use of Earmarked Reserves	Planned £000s	Latest Forecast £000s	Variance £000s	Comment
Homes Agile Working	3	3	0	
Queue Buster	12	12	0	
Toil over 3 months old	250	0	(250)	Provision in 2019/20 accounts
External Training	400	300	(100)	
Exit Costs arising from HR restructure	400	46	(354)	Provision in 2019/20 accounts
Support for partners	1,240	495	(745)	Profiled to 2021/22
Legal settlement for CHIS handlers	1,000	100	(900)	Profiled to 2021/22
Use of Earmarked Reserves Total	3,305	956	(2,349)	
Contribution to reserves	(1,586)	(1,586)	0	
TOTAL	1,719	(630)	(2,349)	

Table 3. Use of Reserves

- 2.8 Dog Handler Essential Car User Allowance - following the court ruling in R v Sewell there is a potential cost to the Force of £125k for settlements relating to dog handlers using their own cars. It is requested that any such claims are met from reserves.

Capital Requirements

2.9 Capital requirements have been identified totalling £327k, consisting of –

- £198k Uplift students IT requirements, provision was made within the Uplift Centralised budget and requires allocating.
- £45k DFU server requirement
- £75k 4 driver training vehicles, additional requirement due to a backlog in courses and additional (Uplift) officers to train

Decisions Required

2.10 That the savings and cost pressures identified in the mid-year review are noted and budgets realigned.

2.11 That the reduced requirement for earmarked reserves previously approved by the PCC is noted.

2.12 That budget adjustments are made to reflect Op Ardlie funding as previously agreed.

2.13 That £125k to meet the potential dog handler essential car user claims is met from reserves.

2.14 That provision is made in capital budgets of £327k for the projects identified.

Mr K Hunter
Police and Crime Commissioner for Humberside

Mr L Freeman
Chief Constable for Humberside

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Humberside Police Headquarters
Priory Road
Hull
HU5 5SF

26 November 2020

Dear Sirs

Humberside Police - Police and Crime Commissioner for Humberside and Chief Constable for Humberside

Update/Conclusion of Pending Matters – Audit Completion Report 2019/20

As required by International Standards on Auditing (UK), I am writing to communicate an update on those matters that were marked as outstanding within our Audit Completion Report dated 15 September 2020.

The outstanding matters and the conclusions we reached are detailed below:

Matter	Update/Conclusion reached	Status
Pensions	<p>We have completed our work on this area.</p> <p>We have received our assurance letter from the East Riding of Yorkshire Pension Fund Auditor. This has provided us with the information we sought.</p> <p>We identified one non-material issue – the benefits paid to pensioners per the actuary report was £5,234k. The data held by East Riding of Yorkshire Pension Fund shows benefits paid of £2,775k. The difference is not material and thus no amendment has been made to the financial statements. We have confirmed the actuary uses an estimation technique for benefits paid, and not the data held by the pension fund. There is no net impact on the pension liability.</p>	Complete

Matter	Update/Conclusion reached	Status
	<p>As the pension fund information is more accurate, we recommend that you ask the East Riding of Yorkshire Pension Fund to provide this information to the actuary in future so that it can be used as the basis for estimating benefits paid in the actuary's report.</p> <p>Our work has identified, for the Local Government Pension Scheme, one actuary report is obtained, covering both the PCC and CC. An allocation is then made in the financial statements based on pension contributions.</p> <p>In future years, we recommend the PCC and CC obtain separate actuary reports to ensure the data is as accurate as possible. We have included an internal control recommendation in Appendix A.</p> <p>'Material valuation uncertainty' in relation to the PCC and CC's share of the pension fund unquoted investments and property valuations</p> <p>East Riding of Yorkshire Pension Fund has made a disclosure of 'material valuation uncertainty' in relation to certain types of assets in the notes to its financial statements. As the PCC and CC's accounts include a share of the Pension Fund assets, and the assets subject to the disclosure are above our materiality level, Note 32 of the PCC's financial statements and Note 21 of the CC's financial statements, has been updated to disclose the impact of this on the PCC's and CC's financial statements. The additional note is explained further in Appendix B, and the text has been highlighted in red for ease of reference.</p> <p>In line with normal practice, we will include reference to this disclosure as an 'emphasis of matter' in our audit report. The purpose of this paragraph is to draw attention to this disclosure, it is not a qualification and does not modify our proposed unqualified opinion on the financial statements.</p> <p>Our draft Auditor's Report at Appendix C includes a draft emphasis of matter paragraph.</p>	
Property, Plant and Equipment	We have completed our work on this area and have no further matters we need to report to you.	Complete
Payroll testing	<p>We have completed our work on this area and have no further matters in relation to the financial statements we need to report to you.</p> <p>We have identified one internal control recommendation, which has been included at Appendix A.</p>	Complete
Exit Packages	We have completed our work on this area and have no further matters we need to report to you.	Complete

Matter	Update/Conclusion reached	Status
Senior Officer Remuneration	<p>We have completed our work on this area.</p> <p>The salary for the Chief Finance Officer (PCC) in Note 12 has been amended from £10k to £16k and the pensions contributions have been amended from £2k to £3k to reflect the PCC's apportionment of the cost.</p>	Complete
Cash and Cash Equivalents	We have completed our work on this area and have no further matters we need to report to you.	Complete
Loans and Borrowings	We have completed our work on this area and have no further matters we need to report to you.	Complete
Police Pension Fund Account	We have completed our work on this area and have no further matters we need to report to you.	Complete
IT General Controls	<p>We have completed our work on this area and have no further matters in relation to the financial statements we need to report to you.</p> <p>We have identified three internal control recommendations, which has been included at Appendix A.</p>	Complete
WGA	We have received group instructions from the National Audit Office. There are no issues arising from our work and we have consequently been able to issue the audit certificate along with the audit opinion and VFM conclusion.	Complete
Closing Procedures	We have completed our work on this area and have no further matters we need to report to you.	Complete

Summary of misstatements

For completeness, I attach a final summary of misstatements as Appendix B to this letter. All changes between the Audit Completion Report and the final position are highlighted in red.

Materiality

We set materiality at the planning stage of the audit at £5.96m for the Group, £4.56m for the PCC and £5.80m for the CC using a benchmark of 2% of Gross Operating Expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £5.94m for the Group, £4.53m for the PCC and £5.73m for the CC, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the PCC and CC) at £178k for the Group, £136k for the PCC and £173k for the CC based on 3% of overall materiality.

Audit Report

I have included a final version of the audit reports as Appendix C to this letter.

If you wish to discuss these or any other points then please do not hesitate to contact me.

Yours faithfully

Gavin Barker

Gavin Barker
Director

Appendix A

Other deficiencies in internal control – Level 2

HR Documentation

Description of deficiency

During our work on testing payroll expenditure, we identified one instance where we were unable to obtain HR documentation for the employee as the records held in the HR system were corrupt. We obtained the evidence we required from alternative procedures.

Potential effects

The PCC and CC do not maintain adequate records.

Recommendation

Procedures should be implemented to ensure HR documentation is maintained and accessible for all employees.

Management Response

HR documentation records in question were held by South Yorkshire Police who were unable to retrieve. HR records since the decollaboration are held by Humberside Police and are maintained and accessible.

IT Controls – User Access Policy

Description of deficiency

During our review and testing of IT General Controls we noted there was no formalised User Access policy.

Potential effects

Inappropriate access to IT systems.

Recommendation

Management should consider implementing a User Access policy to consider policies for new starters, movers and leavers.

Management Response

A Policy is currently being written by the IT System Administration Team Leader who is working in conjunction with the ICU function. This will formally document the User Access Policy for the Force. The document will be reviewed in draft by the IT SLT and formal approval / signoff will be by the Head of IT. Expected date for a review of the draft Policy will be by 30th Nov 2020.

IT Controls – Back up Policy

Description of deficiency

During our review and testing of IT General Controls we noted there was no formalised Back Up policy.

Potential effects

Lack of understanding of the process, lack of responsibility and accountability as roles are not defined, loss of data.

Recommendation

Management should consider implementing a Back up policy.

Management Response

A Backup Policy draft document is already available but further input and detail is required in order to seek approval for official sign off. The task of completing the Policy documentation resides with the IT Server Manager and a formal review of the draft will be undertaken before the 30th Nov 2020. A formal sign off of the document will be achieved prior to the 31st Dec 2020.

IT Controls – Privileged Access Accounts

Description of deficiency

During our review and testing of IT General Controls we noted one shared account is used by all users with privileged access.

Potential effects

Inappropriate access to the system could be obtained and lack of audit trail.

Recommendation

Management should consider a different approach to providing privileged users with access to the systems.

Management Response

The IT SLT agree that this is not an appropriate approach when dealing with elevated user privilege levels. User privileges should be associated to a single user account only and a formal communication statement will be issued by the Head of IT in order to address this matter.

Pensions – benefits paid

Description of deficiency

During our work, we identified a difference between the benefits paid to pensioners per the actuary report and the data held by East Riding of Yorkshire Pension Fund. The difference was not material and thus no amendment has been made to the financial statements. We have confirmed the actuary uses an estimation technique for benefits paid, and not the data held by the pension fund.

Potential effects

Inaccurate information is used by the actuary.

Recommendation

As the pension fund information is more accurate, we recommend that you ask the East Riding of Yorkshire Pension Fund to provide this information to the actuary in future so that it can be used as the basis for estimating benefits paid in the actuary's report.

Management Response

We will request that the ERPF provide the actual benefits paid to Pensioners as part of the 20/21 Annual Accounts process.

Pensions – actuary report for PCC and CC

Description of deficiency

Our work has identified, for the Local Government Pension Scheme, one actuary report is obtained, covering both the PCC and CC. An allocation is then made in the financial statements based on pension contributions.

Potential effects

The allocation between PCC and CC is not accurate.

Recommendation

The PCC and CC obtain separate actuary reports to ensure the data is as accurate as possible.

Management Response

The OPCC and Humberside Police will request individual actuarial reports from the actuary as part of the 20/21 Accounts process.

Appendix B – Summary of misstatements

The issues arising between the issue of the Audit Completion Report on 17 July 2020 and the issue of this update letter are highlighted in red.

We set out on below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £193k for the Group, £151k for the PCC and £188k for the CC.

The first section outlines the misstatements that were identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

The second section outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2019/20

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Property, Plant and Equipment Cr: Revaluation Reserve			283	283
Being the difference between the carrying value of assets and the valuer's report relating to assets that were not formally revalued in the year.					
Total unadjusted misstatements		-	-	283	283

Our work in respect of pensions identified the benefits paid to pensioners per the actuary report was £5,234k. The data held by East Riding of Yorkshire Pension Fund shows benefits paid of £2,775k. The difference is not material and thus no amendment has been made to the financial statements.

Adjusted misstatements 2019/20

		Comprehensive Income and Expenditure Statement MIRS		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Creditors Cr: Debtors			1,368	1,368
Being the reversal of the 2018/19 year end adjustment in relation to the pension fund account. This amendment was identified by officers following submission of the draft financial statements.					
2	Dr: Pension liability Cr: Pension reserve Dr: Movement in Reserves Statement Cr: Expenditure – Past Service Cost Cr: Expenditure – Current Service Cost Cr: Financing and Investment income Cr: Other Comprehensive Income		24,920	24,920	24,920
Following consultation on the proposed remedy relating to the McCloud judgement, a revised report was obtained from GAD in relation to the Police Pension Scheme and Hymans Robertson for the Local Government Pension Scheme. The adjustments above have been made to reflect the revised position. On the LGPS, this includes a £311k adjustment in relation to assets as well as the impact of the McCloud remedy.					
3	Dr: Taxation and Non Specific Grant Income Cr: Expenditure – Cost of Services	1,729	1,729		
Being the adjustment for the amount of Police Pensions Top up Grant funded by the PCC.					
Total adjusted misstatements		26,649	26,649	26,288	26,288

Disclosure amendments

During the course of the audit we identified a number of presentational and disclosure issues. These were generally relatively minor and have been adjusted for in the final version of the financial statements. We have summarised below the main disclosure amendments that have been made.

Note 32 – PCC:

Material Valuation Uncertainty – Pension Fund unquoted investments and property valuations

In March 2020 the World Health Organisation declared the outbreak of COVID-19 as a global pandemic which led initially to a material negative impact in publicly quoted markets. This caused additional uncertainty in the valuation of unquoted investments which are challenging to value even in normal market conditions. With regard to property valuations undertaken at 31 March 2020, valuers noted that they considered less weight could be attached to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that external valuers were faced with an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations

than would normally be the case, and the Pension Fund valuers reported their valuations on the basis of 'material valuation uncertainty'.

Note 21 – CC:

Material Valuation Uncertainty – Pension Fund unquoted investments and property valuations

In March 2020 the World Health Organisation declared the outbreak of COVID-19 as a global pandemic which led initially to a material negative impact in publicly quoted markets. This caused additional uncertainty in the valuation of unquoted investments which are challenging to value even in normal market conditions. With regard to property valuations undertaken at 31 March 2020, valuers noted that they considered less weight could be attached to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that external valuers were faced with an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case, and the Pension Fund valuers reported their valuations on the basis of 'material valuation uncertainty'.

- **PCC – Note 40 – Adjustment for Non cash movements** - Other non cash movements has been amended from £3,412k to £2,628k to ensure consistency with supporting working papers and the total as per the cash flow statement.
- **PCC - Property, Plant and Equipment (Valuations)** – Note 19 has been enhanced to include further details of the valuer and the valuation rolling programme. In addition, this note sets out the 'material valuation uncertainty' disclosure made by the valuer arising from the impact of the covid-19 pandemic.
- **PCC and CC – Expenditure and Funding Analysis** – an amendment has been made to the signage to ensure the arithmetical accuracy of the note.
- **PCC – Expenditure and Funding Analysis** – Adjustments between funding and accounting basis - the Pension adjustment column omits 'Other income and Expenditure of £24m and therefore does not cast. This has been amended for 2019/20 and 2018/19 comparators.
- **PCC – Note 13 - Related Party Transactions** – There was no prior year comparator for transactions with Agencia Ltd. The note has been updated.
- **PCC - Note 45 - Financial Instruments** – The debt ageing table in the liquidity risk section has been replaced with a reference to Long Term Borrowing. A table has now been included in detail short and long term borrowing as at 31 March 2020.
- **PCC – Note 45 – Financial Instruments – Financial Liabilities** – the trade creditors have been amended from £15,954k to £12,058k to remove non contractual creditors such as PAYE and National Insurance contributions which were incorrectly included. Financial Assets – the trade debtors have been amended from £15,941k to £14,244k to remove the VAT debtor that was incorrectly included as a financial instrument. The 2018/19 figures have also been restated.
- **PCC – Note 28 – Long Term Borrowing** – the 2018/19 comparators for debt due to be repaid in 1-2 years, and the total debt outstanding did not agree to the audited accounts. The amounts have now been amended, with 1-2 years being amended from £3,131k to £3,324k and the total amended from £61,719k to £61,967k.
- **PCC – Note 30 – Useable Reserves** – The revaluation of non current assets has been amended from £1,483k to (£1,483k) to reflect the downward movement in revaluations. The

'Transfer from the Capital Adjustment Account' of (£2,965k) has been removed as this was incorrectly included.

- **PCC – Note 12 – Senior Officers and Relevant Police Officers Remuneration** - The salary for the Chief Finance Officer (PCC) has been amended from £10k to £16k and the pensions contributions have been amended from £2k to £3k to reflect the PCC's apportionment of the cost.

Appendix C

Independent auditor's report to the Police and Crime Commissioner for Humberside and Group

Report on the financial statements

Opinion

We have audited the financial statements of the Police and Crime Commissioner for Humberside (PCC) and the Group for the year ended 31 March 2020, which comprise the PCC and Group Movement in Reserves Statement, the PCC and Group Comprehensive Income and Expenditure Statement, the PCC and Group Balance Sheet, the PCC and Group Cash Flow Statement, the Group Police Pension Fund Statement and Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Humberside and Group as at 31st March 2020 and of the Police and Crime Commissioner for Humberside and Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Police and Crime Commissioner for Humberside and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of land and buildings and the Police and Crime Commissioner's share of Pension Fund unquoted investments and property valuations

We draw attention to Notes 19 and 32 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the PCC's land and buildings and the valuation of the PCC's share of pension fund unquoted investments and property valuations. As disclosed in Notes 19 and 32 of the financial statements, the PCC's valuer and the Pension Fund's valuers included a 'material valuation uncertainty' declaration within their report as a result of the additional uncertainty caused by the Covid-19 pandemic. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police and Crime Commissioner for Humberside and Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Police and Crime Commissioner for Humberside and Group is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Police and Crime Commissioner for Humberside and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Authority's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on the Police and Crime Commissioner for Humberside's arrangements for securing economy, efficiency and effectiveness in the use of resources

Qualified conclusion – Except for

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, with the exception of the matters described in the 'Basis for qualified conclusion' paragraph below, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Humberside has put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether the Police and Crime Commissioner for Humberside had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Police and Crime

Commissioner for Humberside put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner for Humberside had put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

In considering the Police and Crime Commissioner for Humberside's arrangements for securing economy, efficiency and effectiveness in its use of resources, we identified the following matter:

- Inadequate corporate governance and financial management arrangements in relation to information services.

Information services are provided through a collaborative arrangement between Humberside Police and a neighbouring Force, where the neighbouring Force are the lead organisation for the provision of Information Systems and Information Technology services, which incorporates financial governance, procurement and the employment of all staff. Internal Audit carried out a review of IS (Information Services) Corporate Governance and Financial Management. The conclusion of the Internal Audit review was that there was Inadequate Assurance over the corporate governance and financial management of this collaborative arrangement. The Police and Crime Commissioner has identified this as a significant governance issue in the Annual Governance Statement.

Following the internal audit review, Humberside Police's Assistant Chief Officer was given the lead role in addressing the issues arising. The Assistant Chief Officer identified further significant issues and has led the implementation of changes to improve the arrangements in place, which were ongoing during the year ended 31 March 2020.

These findings are relevant to our consideration of the arrangements to achieve economy, efficiency and effectiveness of the Chief Constable for Humberside. However, as it is a key role of the Police and Crime Commissioner for Humberside to oversee the work of the Chief Constable for Humberside and hold the Chief Constable to account for the performance of Humberside Police, these matters are equally applicable to our conclusion in relation to the Police and Crime Commissioner for Humberside.

This matter is evidence of weaknesses in proper arrangements during 2019/20 for sound corporate governance and financial management and for working with third parties effectively to deliver strategic priorities in the area of information services.

Responsibilities of the Police and Crime Commissioner for Humberside

The Police and Crime Commissioner for Humberside is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner for Humberside has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to

consider, nor have we considered, whether all aspects of the Police and Crime Commissioner for Humberside's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

Use of the audit report

This report is made solely to the Police and Crime Commissioner for Humberside and Group, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Humberside and Group, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of the Police and Crime Commissioner for Humberside and Group in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

[Signature]

Gavin Barker
Director

For and on behalf of Mazars LLP
Salvus House
Aykley Heads
Durham DH1 5TS

November 2020

Independent auditor's report to the Chief Constable for Humberside

Report on the financial statements

Opinion

We have audited the financial statements of the Chief Constable for Humberside (CC) for the year ended 31 March 2020, which comprise the CC Movement in Reserves Statement, the CC Comprehensive Income and Expenditure Statement, the CC Balance Sheet, the CC Cash Flow Statement, the Police Pension Fund Statement and Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable for Humberside as at 31st March 2020 and of the Chief Constable for Humberside's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Chief Constable for Humberside in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 Pandemic on the Chief Constable's share of Pension Fund unquoted investments and property valuations

We draw attention to Note 21 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Chief Constable's share of Pension Fund unquoted investments and property valuations. As disclosed in Note 21 of the financial statements, the Pension Fund's valuers included a 'material valuation uncertainty' declaration within their report as a result of the additional uncertainty caused by the Covid-19 pandemic. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable for Humberside's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Chief Constable for Humberside is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Chief Constable for Humberside to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Authority's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on the Chief Constable for Humberside's arrangements for securing economy, efficiency and effectiveness in the use of resources

Qualified conclusion – Except for

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, with the exception of the matters described in the 'Basis for qualified conclusion' paragraph below, we are satisfied that, in all significant respects, the Chief Constable for Humberside has put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether the Chief Constable for Humberside had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Chief Constable for Humberside put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable for Humberside had put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

In considering the Chief Constable for Humberside's arrangements for securing economy, efficiency and effectiveness in its use of resources, we identified the following matter:

- Inadequate corporate governance and financial management arrangements in relation to information services.

Information services are provided through a collaborative arrangement between Humberside Police and a neighbouring Force, where the neighbouring Force are the lead organisation for the provision of Information Systems and Information Technology services, which incorporates financial governance, procurement and the employment of all staff. Internal Audit carried out a review of IS (Information Services) Corporate Governance and Financial Management. The conclusion of the Internal Audit review was that there was Inadequate Assurance over the corporate governance and financial management of this collaborative arrangement. The Chief Constable has identified this as a significant governance issue in the Annual Governance Statement.

Following the internal audit review, Humberside Police's Assistant Chief Officer was given the lead role in addressing the issues arising. The Assistant Chief Officer identified further significant issues and has led the implementation of changes to improve the arrangements in place, which were ongoing during the year ended 31 March 2020.

This matter is evidence of weaknesses in proper arrangements during 2019/20 for sound corporate governance and financial management and for working with third parties effectively to deliver strategic priorities in the area of information services.

Responsibilities of the Chief Constable for Humberside

The Chief Constable for Humberside is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable for Humberside has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable for Humberside's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

Use of the audit report

This report is made solely to the Chief Constable for Humberside, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for Humberside, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of the Chief Constable for Humberside in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

[Signature]

Gavin Barker
Director

For and on behalf of Mazars LLP
Salvus House
Aykley Heads
Durham DH1 5TS

November 2020

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 2020/21 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 Plans for 2020/21

STATUS OF AUDITS	2020/21 (as at 04 December 20) APPENDIX A
Final Reports with Response Received	3
Final Reports – Response Awaited	1
Final Reports – No Response Required	1
Work Completed/ Advice/ briefings provided	-
Draft Reports Issued	-
In Progress	6
TOTAL	11

2.2 Since the last JIAC in September continued progress has been made against the 2020/21 audit plan and in total there has been audit activity across eleven audit assignments. One audit has been finalised with management responses (Repeat Victims: Tasking & Problem Solving). This provided LIMITED assurance but with a 'positive direction of travel' (Appendix B). A further audit report has been issued as a final report (FCR: Identification of vulnerability & audit of safeguarding measures) and is currently awaiting a management response. These audits have/will all be made available to the JIAC members on the member's portal.

2.3 In a repeat of previous commentary we have continued in an agile/ remote environment since mid-March as required the Internal Audit team have managed to make sufficient progress against the audit plan and progressed largely with business as usual in a risk based approach. It is however worth noting that the slippage in audit timescales and the more protracted nature of client facing engagement remain the most significant impacts of the current COVID working arrangements. As an Internal Audit Function we are starting to explore 'blended' working arrangements which are more sustainable in the

long term, meeting the necessity of some face-to-face audit team and client engagement. In the longer term this will be necessary for some of the operational based audits.

- 2.4 Members are reminded that they can have sight of all finalised reports issued upon request.

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 progress to date against the 2020/21 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

Tel: 01924 878329

Background documents:

Appendix A - Audit Plan 2020/21 (to date)

Appendix A – 2020/21 Internal Audit Plan and Progress (as at 4 December 2020)

<i>Audit Status</i>	<i>Audit Assurance Opinion</i>	<i>Audit Name</i>	<i>Scheduled</i>	<i>Type of Audit (days)</i>	<i>Description</i>
1 st Six Months					
FINAL	REASONABLE	GDPR	b/f 19/20	Assurance	10 Audit to evaluate how the Force and OPCC are progressing against and implementing the recommendations made by the ICO as a result of their inspection in 2018. Work originally delayed whilst HP recruited an Information Compliance Unit Manager to oversee the ICO action plan progress.
FINAL	REASONABLE	Use of Force Reporting	b/f 19/20	Risk	15 Risk based systems audit which will look at the reporting of the uses of force by HP. IPA hot debriefing raised issues regarding compliance with reporting and the detail and level of analysis of UoF currently performed. The work will also incorporate within the scope coverage of the risks associated with both the Uses of Body Worn Videos and TASER where applicable. Also identified as one of the national HMICFRS IPA themes to be reported. Update: Agreed to delay work until March 2020 to enable audit to fully reflect the new processes for recording all UoFs on the PRONTO app on handheld devices.
In Progress	-	IS Audit Universe work streams (2 audits): (1) Software asset management & licensing	Q1-4	Risk / Governance	30 IS Department will provide a self-assessment against an IS risk universe which will govern the direction of the shared audit programme of work. Work already planned and in progress: Software asset management & Licensing
c/f 2021/22	-	Digital Forensic Unit	Q2	Assurance	20 To provide assurance that the processes that have been recently implemented by the Digital Forensic Unit (including both referrals and triage) are working as expected and that work on ISO accreditation is progressing as necessary. C/f- Unit undergoing a significant amount of change so agreed to review and provide assurance on progress/ effectiveness of work in 2021/22.

<i>Audit Status</i>	<i>Audit Assurance Opinion</i>	<i>Audit Name</i>	<i>Scheduled</i>	<i>Type of Audit (days)</i>		<i>Description</i>
FINAL <i>(awaiting a management response)</i>	REASONABLE	Force Control Room (FCR): Identification of vulnerability and audit of safeguarding measures.	Q1-2	Risk	20	One of the key areas of concern for the HMIC is the appropriate identification of vulnerability at the point of contact. Audit to provide assurance that the FCR are appropriately and consistently identifying vulnerability and that the force is ensuring prompt safeguarding of victims and vulnerable people where appropriate.
In Progress	-	MISPERS	Q1-2	Risks	15	Focus on repeat MISPERS, particularly those children in care, including the adoption of Philomena & Herbert Protocols principles.
In Progress- <i>(Commence Dec 2020)</i>	-	Organised Crime Groups	Q1-2	Risk	20	Focus on scoring, range of crime types/ intelligence available and the tactical activity and disruption against the threat posed.
FINAL	NO OPINION	BAWP Governance Arrangements	Q1	Assurance	10	Support work provided out of the audit contingency budget ensuring underpinning financial governance arrangements are in place for the ACO's British Association for Women in Policing (BAWP) responsibilities.
FINAL	LIMITED <i>(with positive direction of travel)</i>	Repeat Victims: Tasking & problem solving.	Q2	Support/ Assurance	15	Work to establish if there is a consistent adoption of the SARA tasking model at Force, Divisional & Area levels in relation, particularly to repeat victims. A new process for Repeat Victims which has been rolled which includes better consideration of vulnerability and what if any interventions, support, signposting etc, can be undertaken, which will be supported by a robust performance framework. An interim piece of work has been agreed which would be a simple desktop review of their new process, implementation plan and progress on performance. A full evidence based review will then take place later in the year when the new process has embedded.
In Progress	-	Follow-Up : <i>IS Governance & Financial Management</i>	Q2	Follow-up	5	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.
2nd Six Months						

<i>Audit Status</i>	<i>Audit Assurance Opinion</i>	<i>Audit Name</i>	<i>Scheduled</i>	<i>Type of Audit (days)</i>		<i>Description</i>
In Progress	-	Review of DACTs.	Q2-3	Support/ Assurance	15	Review of the new DACT roles and the activities undertaken by these teams, The review will also consider the effectiveness of DVPN's & DASH risk assessments. Initial scoping underway & audit Brief to be drafted September 2020 to commence Q3.
-	-	Implementation of/ adherence to the Hampshire Model	Q3-4	Support/ Assurance	20	HP are to adopt Hampshire Model for implementing a Right Care Right Person policy. This signals a significant change in how HP will respond to calls for service in relation to Concerns for Safety, Mental Health and Missing Persons.
In Progress <i>(fieldwork to commence Q4)</i>	-	Financial Systems Assurance & Testing	Q3-4	Financial Systems	50	Contingency to include: <ul style="list-style-type: none"> • Transactional testing of key financial systems based on an assessment of risk (including the Fraud Risk Assessment) in order to provide necessary assurances on their control. • Emerging areas of financial systems assurances required by OPCC/ Force. Audit work to be agreed based on/ aligned to Oracle Fusion project progress & work to be co-ordinated with External Audit following planning discussions (early December).
-	-	Follow-Up Exercise 2	Q4	Follow-up	5	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.

Audit	Repeat Victims: Tasking & problem solving
Assurance Opinion	Limited Assurance (<i>Positive Direction of Travel</i>)
Overall Risk	Medium Risk

Introduction

Background

The College of Policing (CoP) Authorised Professional Practice (APP) in relation to Intelligence Management sets out the importance of analysis as a tool for policing. It is used to understand crime and disorder issues and provide insight, clarity and context to decision makers. Analysis helps to identify patterns and inconsistencies in information and enables the analyst to draw inferences from them so that operational decisions can be made on actions to take, particularly in this instance, in relation to problems solving in respect of repeat victims.

The APP outlines how the SARA model can be used to support problem solving:

- **Scanning:** identifying issues or problem areas using basic data
- **Analysis:** identifying the nature of the problem, including identifying trends and series of crimes and disorder, and problematic locations, and further, suggesting the potential causes
- **Response:** developing a solution for the problem, with partners and the community
- **Assessment:** reviewing the success of the solution and identifying learning

The audit was intended to provide assurance regarding the appropriateness and effectiveness of problem solving arrangements in place at Humberside Police in respect of repeat victims, and particularly in relation to the effective use of the SARA model.

A new repeat caller process has recently been implemented at Humberside Police and it was agreed that this interim review would consist of an assessment of the development and implementation of the new process, with a fuller evidence based audit to be undertaken later in the year once the new process has had the opportunity to embed and mature.

Main Findings

i) Governance

There are Gold and Silver groups which meet routinely to support the continuous development and improvement of Neighbourhood Policing. As part of these arrangements, recent Silver Group activity has included the development of a standardised consistent repeat caller process.

ii) Process

The auditor was advised that the force had recently implemented a new process in relation to repeat victims, providing information to all staff in relation to practices and structure with regards to repeat callers/names within the Humberside Police area. This process was designed to enable all staff to follow the same principles, ensure a more effective deployment of resources, have a standardised approach to working practices and to the management of any identified risks and vulnerabilities.

The overall aim is to ensure that staff are fully aware of all repeat callers or individuals who repeatedly come to the force's attention, where appropriate adopting a problem solving and place based approach with internal and external partners to deal with the needs of the caller, aiming to ethically reduce future demand on the organisation.

The new process which was initially rolled out in May 2020 reinforced the importance of supervision within each Neighbourhood Policing Team and the use of the names dashboard to highlight repeat individuals that had either contacted the police or been mentioned in an incident log. Supervision should then review top individuals for that month and ensure they have been correctly dealt with according to the SARA principles, that problem solving work is being appropriately conducted and where this is not the case it is supported by recorded rationales. A key requirement of the new process was to ensure consistent and appropriate recording on CONNECT, to make sure there is an auditable document which records the work completed in relation to engagement, problem solving and targeted activity.

iii) Implementation

The auditor was advised that the new process had been rolled out and discussed as part of the NPT governance groups and regular supervisor events.

A review of Problem Orientated Policing (POP), which also considered the use of SARA was undertaken and reported in May 2020. This report also fed into a review undertaken in June 2020 which was intended to provide an understanding around the force position in relation to the use of the SARA model in a neighbourhood policing context. Both reports include a number of

recommendations which are being taken forward to continue to improve and develop repeat caller/SARA arrangements within the force.

Humberside Police had embarked on a proactive Problem Orientated Policing training programme covering all officers and staff within Neighbourhood Policing and within senior leadership roles. However, this training has been paused as a result of the COVID-19 pandemic with the intention to resume the training in Autumn 2020.

iv) Supervision & Dip-sampling

The force has implemented sergeant/inspector supervision and dip-sampling arrangements. Though these arrangements were still maturing at the time of this interim review, the auditor was advised that the findings from the dip-sample tests will be discussed and considered at the Gold and Silver Neighbourhood Policing Groups. Examples of results provided to the auditor identify that significant improvement is required across all key assessment areas of the SARA model

It is acknowledged that the new arrangements/process in relation to SARA and repeat victims had only recently been implemented across the force and as such they continue to embed and mature. There is still progress to be made to provide assurance that problem solving arrangements in respect of repeat victims are appropriate and effective and that there is consistent and effective use of the SARA model.

Internal Audit is planning to undertake a fuller evidence based review of Repeat Victims: SARA later in the audit cycle.

Recommendations and Management Action

Three recommendations were made, all of which were significant, including:

- Arrangements should continue to identify, adopt and share best practice in relation to repeat victims/SARA.
- Where relevant, additional training and/or development should be provided to support understanding and compliance with the repeat caller/SARA process.
- The force should continue to undertake sergeant/inspector dip-samples. Results should be appropriately analysed and feed into local performance management arrangements as well as wider learning & development opportunities to demonstrate continuous improvement and provide added assurance regarding the appropriateness and effectiveness of problem solving arrangements in respect of repeat victims and use of the SARA model

A management response has been agreed for all recommendations made.