

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

**JOINT INDEPENDENT AUDIT COMMITTEE**

**MONDAY, 10 DECEMBER 2020**

**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 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, Paul Wainwright - Assurance Manager and Kevin Wilson - Chief Finance Officer

Auditors

Neil Rickwood (Internal Audit)

Gavin Barker (External Audit)

Committee Manager

Gareth Naidoo

**35/20 MINUTES OF 28 SEPTEMBER 2020 - Agreed** - That the minutes of the meeting held on 28 September 2020 be confirmed as a correct record.

**36/20 JIAC ACTION SCHEDULE - Agreed** - That the Action Scheduled be received and Action Minute 27/20 be marked as pending until the Committee receives an update report in March 2021.

**37/20 UPDATE ON JIAC ACTION (MINUTE 11/20)** - The Committee received an update on progress against action Minute 11/20.

**Agreed** - That the update be received and the action be marked as complete.

**38/20 JIAC ANNUAL REPORT 2019/20** - The Committee received its annual report 2019/20. This was the third annual report of the Committee and covered the period from September 2019 to September 2020.

**Agreed** - That the report be approved for publication on the website.

**39/20 TIMETABLE OF MEETINGS 2021/22 - Agreed** - That the timetable of meetings for the 2021/22 financial year be approved.

**40/20 REVISION TO MEMBERSHIP OF JIAC** - The Committee received a report that revised the membership of the Committee from 1 April 2021.

The arrangement existed that the size and membership of the Joint Independent Audit Committee (JIAC) mirrored that of Humberside Fire Authority's Governance, Audit and Scrutiny (GAS) Committee.

As a result of the upcoming end of two members' terms of offices on 31 March 2021, both organisations had agreed that the membership of the respective Committees (GAS Committee for HFA and JIAC for the Police and Crime Commissioner and the Chief Constable) would reduce from seven to five members.

To implement this change the JIAC membership would, 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

**Agreed** - That the revisions to the JIAC Membership from 1 April 2021 be noted.

**41/20 UPDATED CORPORATE GOVERNANCE FRAMEWORK** - The Committee received the updated Corporate Government Framework of the PCC and Chief Constable following a fundamental review of the framework.

The framework within which the PCC and Chief Constable governed, both jointly and separately, consisted of:

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

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

With regard to suspected fraud the Monitoring Officer (Chief Executive of the OPCC) would assess any claims made against the Chief Constable, who could utilise a number of avenues, such as calling upon an independent person outside of Force (such as a member of the JIAC).

Members queried the Conflict of Interests approval process (under Appendix 2 Summary of PCC/Force Approval Levels and other Financial Limits) whereby approval should be made by equal or more senior approvers. It was suggested that all staff across the Force and OPCC should be reminded of this process.

Members felt that with regards to whistle blowing the Chair of the JIAC should be included as an additional route for reporting whistle blowing.

With regard to Money Laundering it was felt that the Framework should be explicit regarding crypto currency.

It was queried which officer would assume command should the Chief Constable and Deputy Chief Constable be absent at the same time. The Head of Finance and Business Services/S.151 Officer (HP) agreed to clarify this for Members in due course.

**Agreed -**

- (a) That the updated Corporate Governance Framework be received;
- (b) That guidance be issued to all Force and OPCC staff reminding them of the sign-off procedure for Conflict of Interest matters;
- (c) That under 'Money Laundering' the Framework be explicit regarding crypto currency;
- (d) That the Chair of JIAC be added as a route for reporting whistle blowing;
- (e) That the Head of Finance and Business Services/S.151 Officer (HP) confirm the command procedures should the Chief Constable and Deputy Chief Constable both be absent at the same time.

**42/20 RISK MANAGEMENT UPDATE** - The Committee received verbal update on the Force's strategic risk register.

There were no new risks recorded since the last update and all risks were considered static or improving. There was one risk which had been sent to Chief Officers for their authority to archive at the strategic level: 05/16 Management Data.

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

**43/20 TREASURY MANAGEMENT MID-YEAR UPDATE 2020/21** - The Committee received a mid-year treasury management update that provided the PCC with a review of the treasury management activity and Prudential Indicators for the first six months of 2020/21.

The report showed full compliance with the Commissioner's Prudential Indicators for the first six months of 2020/21. The Commissioner's temporary investments totalled £11.6m as at 30 September 2020.

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

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.

The Commissioner sought to minimise the use of short-term borrowing to fund temporary cash shortfalls. The Commissioner made use of short-term borrowing during the course of the year.

Long-term loans were taken out either to replace existing loans which had matured or to fund capital expenditure. Under the Prudential Regime there were no longer centrally imposed limits on borrowing, but individual Commissioners were required to determine themselves what was a sustainable and affordable level of borrowing as an integral part of their Medium-Term Financial Planning processes.

The Commissioner's level of borrowing was £63.3m at 30 September 2020, on which £1.6m of interest was expected to be paid.

Appendix 1 of the report detailed the agreed Prudential Indicators for 2020/21 and the actual figures as at 30 September 2020/21. During the financial year the Commissioner had operated wholly within the limits approved.

The Chief Finance Officer/S.151 Officer considered 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.

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 would 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.

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

**44/20 MID-YEAR REVIEW 2020/21** - The Committee received a report detailing 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 14 September and 9 October 2020.

The resulting forecast outturn was £198.601m, an underspend of £509k, as shown below:

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

In-year pressures of £1.675m had been identified. Police officer, PCSO and staff pay budgets were forecast to underspend by £239k. The Uplift staff pay budget was £1.186m.

The savings target for the year is £2.100m and £1.711m had been delivered as shown below:

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
<b>TOTAL</b>	<b>2,100</b>	<b>1,711</b>	<b>389</b>

Further savings of £389k were required to achieve the full year target of £2.100m. The current budget assumed £3.305m use of earmarked reserves to fund in-year spend. It was currently estimated that £956k would be used for in-year requirements.

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

**45/20 EXTERNAL AUDIT - UPDATE/CONCLUSION OF PENDING MATTER - AUDIT COMPLETION REPORT 2019/20** - The Committee received an update on those matters that were marked as outstanding within the Audit Completion Report dated 15 September 2020.

The Audit was now complete and had been signed off on 26 November 2020. Auditors extended their thanks to finance teams for all their work as part of the audit process.

Gavin Barker (External Audit) provided an update on the Redmond review (following Action Minute 374 of 20 December 2019) that considered external audit and financial arrangements, pulling together all responsibilities across the regulations into a new regulation. With regard to external financial reporting on local authorities, the Review was quite critical of audit firms who audited public sector organisations (Mazars being one of those). The Review set out the requirement of external auditors to undertake greater work in future on property, plant equipment and pensions. Mazars took the findings of the Review seriously and had sought to address the issues raised through 2019/20 audit work.

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

**46/20 INTERNAL AUDIT - PROGRESS REPORTS** - The Committee received a progress report that 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 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
<b>TOTAL</b>	<b>11</b>

Since the last meeting of the Committee in September, continued progress had been made against the 2020/21 audit plan and in total there had 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 was currently awaiting a management response (and would be made available on the JIAC secure portal in due course).

It was noted that the audit on IS was taking some time to complete; the Committee would be kept updated on its progress.

It was queried whether the circumstances of Covid-19 had slowed the audit work. Whilst some pieces of work had not concluded in the timeframe expected but this was largely due to the scale and complexity of those audits.

The implementation/timeframe for completing the audit on ‘Repeat Victims: Tasking & Problem Solving’ was questioned. Neil Rickwood (Internal Audit) agreed to confirm the implementation/competition period in due course.

**Agreed** - That the implementation/timeframe for completing the audit on ‘Repeat Victims: Tasking & Problem Solving’ be confirmed in due course.

**47/20 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:

- October meeting - very impressed with information received and approach taken by all involved. Use of modern technology, digital apps to be progressed. Oracle system (ERP) would be launched in 2021.
- November meeting - organisational assessment board - received a presentation on workforce development. Service user assessment board - my community alert - great take up - but also a tool to inform how to respond and react with individuals.

**Agreed** - That notes of the above meetings and future meetings made by JIAC members be shared with Jim Wright - Head of Finance and Business Services/S.151 Officer.(HP), Paul Wainwright - Assurance Manager (OPCC) and Kevin Wilson - Chief Finance Officer (OPCC).

**48/20 ANY OTHER BUSINESS** - None.