

HUMBERSIDE POLICE/OFFICE OF THE POLICE & CRIME COMMISSIONER

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY, 28 SEPTEMBER 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 (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 be confirmed as a correct record.

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:

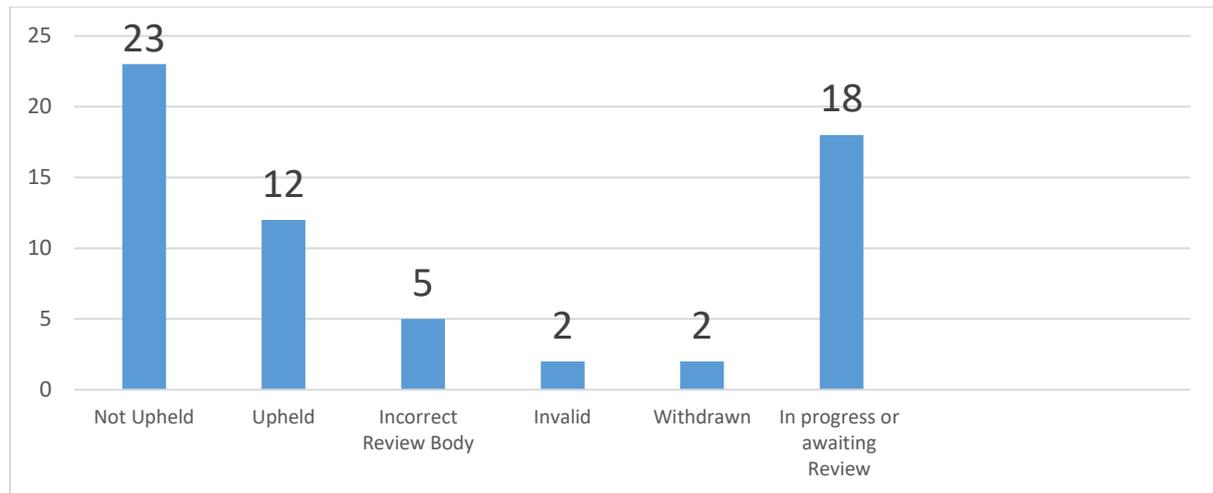
- focused on resolving issues and learning rather than looking for officers to blame.
- a more transparent and independent complaints system with effective local oversight.
- a system that enabled the PCC and Chief Constable to identify patterns of dissatisfaction and address systemic issues.

- 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.