

**POLICE AND CRIME COMMISSIONER FOR HUMBERSIDE / HUMBERSIDE POLICE**

**JOINT INDEPENDENT AUDIT COMMITTEE**

**9 December 2019**

**PRESENT:-**

Mr D Chapman, in the Chair, Mr J Doyle, Mr. M. Allingham, Ms P Jackson, Mr A Smith, Ms M Thomlinson and Mr C Vertigans.

**Officers: -**

John Bates, Deputy Chief Executive and Treasurer, Nancie Shackleton, Assistant Chief Officer (Resources), Jim Wright, Head of Finance and Business Support, Neil Rickwood, Det. Superintendent Matt Baldwin, Head of Professional Standards Department, Gavin Baker, Mazars, Kevin Wilson and Martyn Ransom, Humberside Fire and Rescue Service.

The Committee met at the Courtland Road Training Centre, Hull.

Mr. Smith declared an interest in connection with his involvement with the Alcohol and Drug Service discussed at minute 377.

**369** **APOLOGIES** – There were no apologies

**370** **MINUTES** – The minutes of the meeting held on 23 September 2019 were submitted.

**Agreed** - That the minutes of the meeting be agreed as a true and correct record.

**371** **ACTION SCHEDULE** – A copy of the schedule of actions outstanding from previous meetings was submitted.

In response to a question, the Assistant Chief Officer (Resources) confirmed that the report in respect of the Joint Estates Collaboration was with the Chief Officer Teams and would be submitted to this Committee in due course.

The Deputy Chief Executive and Treasurer confirmed that arrangements would be made to hold future meetings of the Committee at different sites around the Force.

It was noted that the comments relating to Release Under Investigation (RUI) had been raised at the HMIC Governance Board and that HMICFRS representatives had been present at the Board when the issue of looking at outcomes as well as process was raised.

**Agreed** – That the action schedule and updates be noted.

**372** **TERMS OF REFERENCE** – In accordance with minute 185 the Committee reviewed the terms of reference.

**Agreed** – That the terms of reference be noted.

**373** **PRESENTATION – PROFESSIONAL STANDARDS DEPARTMENT**- Detective Superintendent, Matt Baldwin, Head of the Professional Standards Department gave a comprehensive briefing and report on the work of his Department.

Members noted the references to the changes in regulations in connection with complaints due to be implemented in February 2020 and it was suggested that the Committee should receive a briefing on this at a future meeting.

**Agreed** – It was agreed that (a) the report be noted, (b) Detective Superintendent Baldwin be thanked for his presentation and (c) a briefing on the revised arrangements for dealing with complaints should be provided to a future meeting.

**374** **MAZARS – AUDIT PROGRESS REPORT**– Gavin Barker introduced Mazars’ Audit Progress Report, copies of which had been circulated. The report set out details of the proposals to bring the plan for the 2019/20 audit to the next meeting of the Committee. He commented on the national issue in relation to the 2018/19 audits where 40% had not been completed within the timescale as opposed to 13% in the previous year and the Chairman referred to the underlying problems that had been discussed at a recent PSAA event.

Mr. Barker referred to the reviews underway in relation to audit, including the Redmond review. He also indicated that there was a consultation on changes to the Code of Audit Practice. This was required every five years. It appeared likely that there would be changes in connection with the value for money opinion with the possibility of providing more narrative as opposed to the binary decision at present. This would provide the scope for a focus on outcomes and performance.

The Deputy Chief Executive and Treasurer indicated that he would provide information to members on the Redmond Review and the NAO consultation.

**Agreed** – It was agreed that (a) the Progress Report be noted and (b) that the Deputy Chief Executive and Treasurer should provide more information on the Redmond Review and NAO consultation.

**375** **INTERNAL AUDIT PROGRESS REPORT** – The Head of Audit commented on the work that was being undertaken in connection with the 2019/20 Audit Plan. He referred to work in support of HMICFRS inspections and also on proposals to examine financial systems with the new Head of Finance and Business Support.

Members expressed concern at the inadequate assurance report discussed later at minute 389. The Head of Audit reported that he would keep members informed of progress in completing the plan following discussions on issues relating to financial systems and digital forensics given the need to work with South Yorkshire Police. Members expressed the view that approach in respect of financial systems would benefit from fresh eyes with the Head of Finance and Business Support coming in from outside the organisation. The Head of Audit confirmed that Mr. Wright was aware of areas of concern from discussions with Julie Wraithmell-Giggall.

**Agreed** – That the report be noted.

**376** **FORCE UPDATE ON CURRENT POLICING ISSUES** – The Assistant Chief Officer (Resources) introduced Jim Wright, the Head of Finance and Business Support and the Committee welcomed him to his first meeting.

She commented on the work that she was involved with nationally in relation to Operation Uplift, the Government's commitment to an additional 20,000 police officers and on the local impact.

She also commented on recent activity including the Wellbeing Conference and the recent outstanding results in the Police Morale Survey. Members congratulated the Force on the survey results which reflected the feel good factor that they were seeing. They also complimented the Assistant Chief Officer (Support) on the excellent Wellbeing Conference.

**Agreed** – That the report be noted.

**377** **MID-YEAR FINANCIAL REVIEW** – A report was submitted by the Assistant Chief Officer Resources and the Head of Finance and Business Support setting out the findings from the mid-year financial review. They commented on the fact that savings planned for 2019/20 had largely been achieved. Whilst spending was in line with the original budget there were additional pressures arising from pay awards being agreed at 2.5%, 0.5% above the amount included in the budget for the year. There was an added pressure with a shortfall between the costs of the additional officers as part of Operation Uplift locally at £485k, compared with the grant of £464K from Government.

In response to comments from members, the Assistant Chief Officer (Resources) reported that whilst PCSO numbers were reduced in the financial projections for the year, this had been achieved without compulsory redundancies.

She also referred to the savings plans including changing in the rank structure and on the decoupling of the joint Human Resources function with South Yorkshire. On the latter she indicated that this, by its nature, was inevitably be likely to involve

some compulsory redundancies. The implementation would be overseen by the Resources Governance Group which she chairs.

**Agreed** – That the report be noted.

- 378 CODE OF CORPORATE GOVERNANCE. INCLUDING STANDING ORDERS AND FINANCIAL REGULATIONS** - The Deputy Chief Executive and Treasurer commented in the proposed revisions to the Corporate Governance Framework, copies of which had been circulated. He indicated that this had updated the Statement of Corporate Governance to reflect the changing circumstances, including the setting up of the Accountability Board to replace the Corporate Governance Group. In addition it included amendments to the Code of Corporate Governance to update the principles which followed those detailed in in the latest guidance on good governance.

He reported that the Standing Orders and Financial Regulations had also been updated to reflect best practice and followed a detailed comparison with the arrangements operating in South Yorkshire which could affect joint projects. It was noted that the limits in Section G would need to be continuously reviewed.

**Agreed** – That the updated Code of Corporate Governance be agreed and recommended to the PCC for approval.

- 379 TREASURY MANAGEMENT – MID-TERM REVIEW 2019/20** - The Deputy Chief Executive and Treasurer submitted a report that detailed the Treasury Management activity undertaken during the period 1 April to 30 September 2019. In view of the impact of political issues and also action by the Government to raise PWLB rates by 1%, the report provided a commentary on those matters and gave details of the revisions to interest rate forecasts in the period post September 2019.

The Deputy Chief Executive and Treasurer also commented on proposals set out in the report to change the policy in relation to the calculation of the Minimum Revenue Provision (MRP). This followed discussions and a review of the arrangements operating in other forces and local authorities where there have been changes to move to the annuity method of calculation and this was now proposed for the PCC. The change would be effective from 1 April 2019.

Gavin Barker confirmed that the approach to change the policy and the method of calculation of MRP had been adopted in other local authority areas.

**Agreed** – It was agreed that (a) the Review of the Treasury Management activity undertaken during 1 April to 30 September 2019 be noted (b) the proposals to change the MRP policy to change to the annuity method of calculation be agreed and (c) that the report, including the change in policy be recommended to the PCC for approval.

- 380 TREASURY MANAGEMENT PRACTICES STATEMENT** - The Deputy Chief Executive and Treasurer commented on Treasury Management Practices Statement, copies of which had been circulated. He referred to the requirement to add a further statement – Management Practices for Non – Treasury Investments in line with updated guidance. This reflected changes principally in

the local authority sector where there was increasing investment in property assets which were outside the normal treasury management arrangements. Whilst the PCC was not affected at this stage the proposed Statement would mean that the arrangements would be regulated should the PCC wish to make such investments in the future.

**Agreed** – It was agreed that (a) the report be noted (b) the updated Treasury Management Practices Statement be agreed and (c) the Statement be recommended to the PCC for approval.

- 381** **POLICE AND CRIME COMMISSIONER'S ANNUAL REPORT** - The Deputy Chief Executive and Treasurer circulated copies of the PCC's Annual Report for 2018/19 which had been considered by the Police and Crime Panel on 28 November 2019 and subsequently published. Members welcomed the report which detailed the breadth of the activities being undertaken by the PCC and OPCC.

**Agreed** – The report be noted

- 382** **COMMITTEE SELF-ASSESSMENT OF EFFECTIVENESS AND ANNUAL REPORT** – The Deputy Chief Executive and Treasurer provided details of the action plan and the final draft of the Committee's Annual Report. Members submitted their observations.

**Agreed** – (a) That the Self-Assessment improvement action plan be noted and (b) that the Annual Report be approved for publication.

- 383** **CONFERENCES UPDATE** – Ms. Thomlinson and Mr. Allingham commented on the CIPFA events that they had attended indicating that they had been worthwhile and provided good networking opportunities with members from a wide range of organisations.

The Chairman referred to comments earlier in the meeting on the PSAA Forum that he had attended, confirming that the delays in the completion of audits for 2018/19 were causing considerable concern. He pointed to the suggested reasons for the delays, included staff shortages, staff changes, the quality of working papers and misunderstandings of what was involved when bidding. PSAA were aware of the impact on staff and the concerns over the fact that firms were claiming additional fees was a further issue which cast doubts on the adequacy of the tendering and contractual arrangements.

He referred to the fact that Mazars have come out quite well when compared with others and commended them and the Humberside officers for meeting the deadline.

It was clear that there were significant differences between local authority audit committees and what is happening in policing which should be dealt with differently. The Chairman confirmed that presentations from the PSAA Forum had been forwarded to the Committee.

The Deputy Chief Executive and Treasurer commented on a recent presentation from the NAO in connection with the oversight of external audit and to the quality

monitoring that was undertaken by PSAA and the Financial Reporting Council for larger organisations. The latter had apparently affected the approach adopted by some firms requiring last minute work in connection with asset valuations in particular. He reported that in Humberside, discussions had already commenced with Carter Jonas for the 2019/20 valuation exercise. This will be discussed with Mazars.

**Agreed** – The reports and comments be noted

- 384** **DATES AND TIMES OF MEETINGS IN 2020** - The Deputy Chief Executive and Treasurer outline proposals for the programme of meetings for 2020 suggesting, 23 March 2020, 8 June 2020, 27 July 2020, 28 September 2020 and 14 December 2020. He indicated that the PCC was available and scheduled to attend the meeting on 23 March.

**Agreed** – It was agreed that (a) the proposed dates and times for the meetings to be held on 2020 be agreed and (b) officers should make arrangements for them to be held at various sites across the Force estate.

- 385** **PROPOSED BUSINESS CYCLE** – The Deputy Chief Executive and Treasurer commented on the proposed business cycle for meeting to be held in 2020 which would form the basis of formulating agendas. Details had been circulated.

**Agreed** – That the proposed business cycle be agreed.

- 386** **ANY OTHER BUSINESS** – The Deputy Chief Executive and Treasurer circulated copies of the OPCC Delivery Plan for information. This had been published and was being considered by the Police and Crime Panel.

**Agreed** – The Delivery Plan be noted.

- 387** **MEETING ARRANGEMENTS** – The Chairman thanked Paula Scott for making the arrangements for the meeting at Courtland Road.

## **CONFIDENTIAL ITEMS**

- 388** **RISK MANAGEMENT UPDATE** – The Deputy Chief Executive and Treasurer gave details of the changes of the risk profile since the last meeting, including commenting on the financial uncertainty caused by the General Election. He gave details of risks archived and on the inclusion of IS on both registers as a new risk.

He also gave details on the succession planning in respect of his post following the confirmation hearing endorsing the proposal for Kevin Wilson to be appointed as the PCC's Chief Finance Officer with effect from January 2020. Martyn Ransom would act as Deputy S151 Officer. Mr. Wilson clarified that the arrangement was on the basis of them both working 2 days per week on police business.

**Agreed** – It was agreed that (a) the report be noted and (b) Members and officers thanked the Deputy Chief Executive and Treasurer for his considerable support and guidance to the Committee and passed on their best wishes for his retirement.

**389** **INTERNAL AUDIT REPORT – IS GOVERNANCE AND FINANCIAL MANAGEMENT** – The Assistant Chief Officer (Resources) commented on the confidential report and the actions being taken to address the issues raised.

**Agreed** - That the report be noted and an update be brought to the next meeting.