

HUMBERSIDE POLICE/OFFICE OF THE POLICE & CRIME COMMISSIONER

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY, 27 JULY 2020

PRESENT

Members:

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

Officers

Humberside Police (HP)

Sabine Braddy - Closedown Accountant (HP), Martin Fox - Management Accounting Services Manager (HP), Martin Knapp - Head of Joint Estates Services (HP), Nancie Shackleton - Assistant Chief Officer (Resources) (HP) and James Tabor - Strategic Planning Manager (HP)

Office of Police and Crime Commissioner (OPCC)

Martyn Ransom - Deputy Chief Finance Officer (OPCC) and Kevin Wilson - Chief Finance Officer (OPCC)

Auditors

Nicola Hallas (External Audit) and Neil Rickwood (Internal Audit)

Committee Manager

Gareth Naidoo

15/20 APOLOGIES FOR ABSENCE - Apologies for absence were received from Gavin Barker (External Audit), Rachel Cook - Chief Executive (OPCC), Keith Hunter - Police and Crime Commissioner, Lee Freeman - Chief Constable, Donna Tranter - Head of Corporate Development (HP), Paul Wainwright - Assurance Manager (OPCC), Julie Wraithmell-Giggall (Internal Audit) and Jim Wright - Head of Finance and Business Services/S.151 Officer (HP)

16/20 MINUTES & ACTION SCHEDULE OF 8 JUNE 2020 - Agreed - That the minutes and action schedule of the meeting held on 8 June 2020 be confirmed as a correct record, subject to the following amendment:

Minute 4/20 - to add the following narrative to the minute:

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.

EXEMPT ITEM

17/20 RISK MANAGEMENT REGISTER UPDATE - The Committee received the Strategic Risk Register covering the period since June 2020 and reported by exception only from Nancie

Shackleton - Assistant Chief Officer (Resources) (HP) and James Tabor - Strategic Planning Manager (HP).

The Assistant Chief Officer provided an update on the Information Service (IS) position (URN 08/19), including background to the joint IT function with South Yorkshire Police. Over the next 18 months the Force would see some significant changes to its core IT platforms, with a new finance and payment system due in six months' time.

The Committee received assurance that the relevant checks and balances were now being put in place with regard to IS.

Other risk areas discussed were Driver Training (URN 06/18) and AIRWAVE (URN 07/18).

Updates on the Risk Register were only reported to the Committee by exception but the full detailed risk register continued to be made available to Members via the secure portal. The exceptions being defined as:

- New risks added or risks considered treated and due to be archived;
- Risks that had a status change (e.g. stable to worsening);
- Risks where the impact or likelihood assessment had changed;
- Risks that had not progressed in terms of the time sat on the register

In order that Members could monitor effectively any long running risks that had not changed status or progressed, it was agreed that these would be reviewed periodically (suggested on a six-monthly basis) and reported to the Committee accordingly.

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.

18/20 INTERNAL AUDIT PROGRESS REPORT - The Committee received a progress report against the 2020/21 Audit Plan from Neil Rickwood - Head of Audit (Internal).

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

Table 1: Summary of Progress against the Audit Plans for 2020/21

STATUS OF AUDITS	2020/21 (as at 17 July 20) APPENDIX A
Final Reports with Response Received	-
Final Reports – Response Awaited	2
Final Reports – No Response Required	1
Work Completed/ Advice/ briefings provided	-
Draft Reports Issued	1
In Progress	3
TOTAL	7

Since the last meeting in early June progress has been made against the 2020/21 audit plan. Two audits had been issued as final reports and were awaiting management responses, a further report had been issued in draft and another audit had been scoped and was due to commence in August/ September. Due to the relatively short time frame since the last JIAC there were no recent finalised reports to be presented to Members.

Following the move to remote/agile working in mid-March the Internal Audit 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, to date, the

main impact of the current COVID-19 working arrangements were that audit timescales were more prolonged and generally most client facing engagement had become more protracted. This was an experience nationally in the sector as highlighted through a recent agile Police Auditor Group (PAG) meeting to share experiences and best practice.

Agreed - That the report be received.

19/20 DRAFT UNAUDITED STATEMENT OF ACCOUNTS 2019/20 - The Committee received the draft Financial Statements 2019/20 of both the Police and Crime Commissioner and the Chief Constable from the Chief Finance Officer (OPCC).

The Statement of Accounts summarised the financial performance of the Police and Crime Commissioner and the Chief Constable for the year ended 31 March 2020. These accounts 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).

The draft Statement of Accounts were published on 2 July and were available for public inspection until 14 August 2020. Initial feedback from Audit had been positive. The Accounts would be submitted to the Extraordinary Meeting of the JIAC on 4 September 2020 for approval.

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

2019/20 Financial Year

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, 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% from 2018/2019 with police staff overtime decreasing by 13% to £600k.

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 has published a Medium-Term Resource Strategy for 2020/21 to 2024/25 which set out the overall shape of the PCC's budget. The current level of borrowing is £65.966m. The operational boundary is £150m and the authorised limit was £180m (as part of the PCC's

prudential indicators 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% pay award and the creation of a digital innovation team. The level of reserves used, primarily on partnerships, was 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 3 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% reduction in officer overtime in the previous year. In 2019/20 there was a further 9% reduction in overtime expenditure to £3.430m. Police staff and PCSO overtime dropped by 13% (following on from the 45% reduction in 2018/19) to £600k.

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. retain general reserves at 3% but utilise 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).

With regard to Officers' Emoluments (Section 11 of the Police and Crime Commissioner's Financial Statement) it was noted that there appeared to be a gap in Remuneration Bands between £129,999 and the next band starting at £150,000. It was confirmed that there was no gap in bands and that a gap in figures had appeared due to rounding down of figures in the table.

The Committee praised the work of officers in preparing the draft Accounts.

Agreed - That the draft financial statements 2019/20 be received.

20/20 EXTERNAL AUDIT PROGRESS UPDATE - The Committee received a verbal progress update on the 2020/21 External Audit Plan from Nicola Hallas (Mazars).

The Audit started in early July and was progressing well with no significant findings or concerns to date. There were, however two areas that would require reporting on in the final report which Members were already aware of: IT audit (auditors had initially struggled to receive the necessary responses but all responses had now been received) and Value for Money (which might be reported as an exceptional opinion in relation to financial management and control systems).

It was noted that Mazars had an internal Value for Money panel in place to ensure all Value for Money assessment conclusions were fair and reflective.

Officers would feedback to Mazars once the wording on the Value for Money opinion had been shared.

Agreed - That the update be received.

21/20 MELTON 2 PROJECT UPDATE - The Committee received a verbal update on the Melton 2 Project the Assistant Chief Officer (Resources) and the Head of Joint Estates Services.

The new operational support building would centralise a number of corporate policing functions (namely control and specialist crime assets) and create a single site at the centre of the Force area. The project was part of the Estates Strategy for modernisation and rationalisation and was initiated in March 2018.

Work on the £20m construction project commenced in July 2020 with a phased completion date between October 2021 and early 2022.

Access and egress routes were discussed and it was noted that there were alternative emergency access and exit routes to the site.

Agreed -

- (a) That the update be received, and
- (b) That the plans/presentation slides be placed on the secure portal for Members to access.

22/20 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:

- Martin Allingham missed the previous week's remote meeting due to technical difficulties.
- The Force was encouraging the public to report crime through official channels and not via social media.
- The Force was one of only a few to continue attending in person to communicate with residents.

- Modern day slavery appeared to be increasing across the Force area. Further investigations into this were ongoing.
- In depth report on stop and search was discussed which showed the Force as having one of the lowest numbers of stop and search amongst the Black, Asian and Minority Ethnic (BAME) communities.
- There appeared to be a reluctance amongst some officers in the Force to wear Body Worn Video (BWV) (small, visible devices worn attached to the officers' uniform) which was disappointing as they were an important piece of equipment used to capture both video and audio evidence when officers were attending incidents. Investigations were underway to ensure BWVs were worn by all officers across the Force when attending incidents.

Agreed - That the updates be received.

23/20 ANY OTHER BUSINESS - None.