

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

JOINT INDEPENDENT AUDIT COMMITTEE

18 March 2019

PRESENT:-

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

Officers: -

John Bates, Deputy Chief Executive and
Treasurer, Scott Young, Temporary Assistant Chief
Constable, Donna Tranter, Head of Corporate
Development, Gavin Barker and Nicola Hallas,
Mazars, Neil Rickwood, Head of Audit and Louise
Cook, Governance and Administration Manager.

The Committee met at Humberside Police Headquarters.

312 APOLOGIES – Nancie Shackleton, Assistant Chief Officer (Resources)

313 MINUTES – The minutes of the meeting held on 10 December 2019 were submitted.

The Deputy Chief Executive and Treasurer reported that the Deloitte's report referred to at minute 295 was now on the website in the reference section and was available to members.

The Committee discussed the timing of the meeting originally scheduled for the end of May and it was agreed that this should be held on 7 June 2019.

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

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

Reference was made to minutes 286 and 296 regarding the attendance of members at the Force's HMIC Governance Group. Those members who had attended recent meetings commented that they were informative and provided a good opportunity to meet senior officers. The meetings were focused and staff were enthusiastic and committed and members were impressed with positive attitude of those attending. T/ACC Young agreed to feed these comments back to the next meeting of the Group.

In response to a request regarding the arrangement for the secondment of a senior member of staff from the Humberside Fire and Rescue Service to assist with the completion of the annual accounts referred at minute 298, the Deputy Chief Executive and Treasurer confirmed that the costs were being met from the OPCC budget.

Agreed – That the action schedule and updates be noted.

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

Agreed – That the terms of reference be noted.

- 316** **EXTERNAL AUDIT STRATEGY MEMORANDUM 2018/19** - A copy of the Audit Strategy Memorandum from Mazars was submitted. Mr Barker, commented on the document, copies of which had been previously circulated. He indicated that this was an important technical document setting out the audit approach. He gave details of the main areas of work in relation to the audit opinion and on the primary responsibilities of those charged with governance, the PCC, the Chief Constable and this Committee. Mr Barker referred to the timeline and the initial planning work that had been undertaken. Efforts were being made to do work earlier given the tight schedule and work was ongoing with the Finance Team to look at financial systems. This would involve transaction testing. There had been delays due to time pressures on staff. He referred to concerns regarding internal control given payroll issues in addition to the duplicate payment last year. It was likely that more testing on payroll would be required as a result. He reported that work would intensify in June and July as the deadline for sign off approaches. Mr. Barker commented the key judgement areas which represented risks in relation to the opinion. He referred to the risk of management override of controls which applied to all organisations and which would be addressed by audit testing, He also commented on the issue of revenue recognition which would be examined but which did not affect in public sector organisations in the same way as private sector businesses. On property, plant and equipment valuations and pensions, he highlighted that they were high value and volatile and involved significant judgements. There was therefore a need to challenge the work of the experts involved in these areas. He indicated that the progress on the production of the financial statements with the involvement of the seconded officer referred to earlier had been noted in respect of this identified risk. Mr. Barker explained that the value for money conclusion is a review the arrangements in place for securing efficiency and effectiveness which involved informed decision making, sustainability and working with partners. Understanding financial pressures was important and there were positives in view of the fact that the organisation was more stable with significant challenges being managed whereas others faced greater difficulties.

He referred to the fees which had reduced by 23% following the PSAA tender exercises. These were based on things running smoothly and he indicated that additional fees could accrue if the audit required significant extra work. He stressed Mazars' commitment to independence and explained the fact that the audit would be based on reasonable but not absolute assurance. He also commented on the approach to materiality and misstatements where Mazars will offer constructive challenge and exercise judgement depending on the nature of any issues identified during the audit.

The Chair commented on the need to avoid duplication between internal and external audit and Mr. Barker and Ms. Hallas referred to discussions with the Head of Internal Audit to agree arrangements for working together. He also referred to the comments regarding payroll and Ms. Halls indicated that testing would normally involve starters and leavers and changes. This work was underway and further work may be required depending on the results and work undertaken by Internal Audit.

Agreed – That the report be noted.

317 **EXTERNAL AUDIT PROGRESS REPORT**

Mr Barker and Ms Hallas advised that work was underway in line with the arrangements set out in the Audit Strategy Memorandum. IT audits were being carried out. They indicated that the work was currently on track.

The Deputy Chief Executive and Treasurer referred to the detailed timetable that had been drawn up and reported that this was being reviewed regularly. He also commented on the work involving the HMIC Governance Group and potential use of Force Management Statements in supporting the preparation of the Annual Governance Statements.

Agreed – That the report be noted.

318 **INTERNAL AUDIT PROGRESS REPORT** - The Head of Audit submitted a

report that detailed progress against the Audit Plan. He commented that one audit, volume crime investigation, had been completed since the last report but most of the ground work had been done for other reports. He indicated that there had been issues in identifying the appropriate contacts in connection with the audit of patch management which not be fully completed and would show limited assurance. He also referred to additional audit work that had been undertaken in connection with RDIL/TOIL payments as well as work on payroll and financial systems. The RDIL/TOIL report was in draft and a summary would be provided to the next meeting. He pointed out that there were positives in some of the reports that were of limited assurance and that these were in some instances areas that had been identified by the Force as requiring attention.

A member commented on RDIL/TOIL and to the potential implications. T/ACC Young indicated that RDIL/TOIL was an issue for all forces and the Force had made a previous attempt to clear outstanding payments to deal with it. It was complicated due to differential allowances applying to different ranks, a situation exacerbated by the need to go back in time. This had placed pressure on Logistics and Finance staff within the Force.

A summary of the volume crime report was circulated showing limited assurance. The Head of Internal Audit commented on the approach adopted which was working with regional officers on dip sampling with complex investigations in an area where there are issues nationally as a result of the lack of detectives.

Agreed – That the report be noted.

- 319** **INTERNAL AUDIT STRATEGY AND AUDIT PLAN 2019/20** – Copies of the Audit Strategy and Plan for 2018/19 were submitted. The Head of Internal Audit referred to the work of the Governance Group and his involvement in the meetings of the PEEL Inspection Boards. This had influenced the proposals within the audit plan, as had comments from the HMICFRS PEEL hot de-brief. He referred to the 250 days allocated and to the contingency that was available for increased financial coverage along with days for IT/IS audits. These audits would be conducted in conjunction with the South Yorkshire Internal Audit team from Barnsley Council. He pointed out that coverage in some areas would benefit from work that has already been undertaken in West Yorkshire. In response to a question, he indicated that there would be informal opportunities to share best practice and cited body worn video as an example.

Agreed – That the proposed Audit Strategy and Audit Plan for 2019/20 be supported.

- 320** **FORCE UPDATE ON CURRENT POLICING ISSUES** - T/ACC Young reported that the PEEL inspection results were expected to be announced in April 2019. A “good” return was expected in all areas although the Force recognised that there was more to be done to progress the ambition of being outstanding. He indicated that the second Force Management Statement was being compiled for submission in May 2019. He referred to the issue of knife crime and violent crime and commented on the success of the “No More Knives” campaign and on the efforts to take that to the South Bank, He also referred to the work that was going on in schools. There had been an increase in the use of stop and search where there was a new lead and officers had received additional training. On Operation Sceptre, the handing in of knives, he gave details of some of the weapons which highlighted why young people were so concerned and worried. T/ACC Young explained the amnesty arrangements and members commented on the impact of the Knife Angel statue in the city centre and on the potential benefits of the Early Intervention Youth Fund to provide diversionary programmes. He referred to the fact that violent crime has increased and a partnership approach was needed to change culture. A serious violent crime strategy was in place and this was being tested against the National Strategy. On Neighbourhood Policing, he referred to the work that was being undertaken by the Head of Corporate Development and her staff on demand which was looking at ward based assessments. He commented on the changes in PCSO numbers in this area.

T/ACC Young pointed to the state of the art custody suite that had just been opened in Grimsby that was working well in its early days. The new facility would result in mothballing other older facilities. Members commented that it was good to see that the project had been delivered on time and on budget. He referred to work with strategic partners, including Hull University, the CCG and Health Organisations and on the work that was being done in the Beverley Road areas. The focus was now clearly turning to being about place.

Agreed – That the report be noted.

321 MEDIUM TERM RESOURCE STRATEGY AND PRECEPT –

The Deputy Chief Executive and Treasurer commented on the report from the Police and Crime Panel on the PCC's recommended precept proposal. This was approved unanimously on 5 February 2019. The Panel had approved the increase of £23.99 in the precept for a Band D property and had requested details of how police officer numbers will be protected, and for progress reports on achieving efficiency and savings targets. The Panel will include an agenda item on budgets at each of its future meetings.

Members of the Panel were concerned over the trend to replace central funding with local taxation and had agreed to write to Government to ask for a review of this policy.

The Panel also expressed concerns about the fact that the grant settlement was only for one year, 2019/20, which inhibited medium and longer term planning.

Agreed – That the report be noted.

322 FORCE BUDGET MONITORING REPORT -

The Committee considered a report giving details of the budget monitoring for the period to the end of January 2019. This showed a projected underspend of £162k against the revenue budget of £185,392k and an under-spend including slippage on capital of £5.3m against the programme of £22.785m. The report contained details of spend against budget on overtime and members commented on the shortfall in income. It was noted that much of the capital underspend was on estate spending which was largely due to schemes being affected by the need to delay pending a decision on whether to progress the new facility at Melton. This has now been approved.

Agreed – That the report be noted.

323 FORCE RESOURCING REPORT –

The Committee noted a report charting progress against the Workforce Plan showing details on the increase in police officer numbers that was in line with the Chief Constable and Police and Crime Commissioner's expectations. A member welcomed the report and suggested that the Head of Human Resources should be invited to attend a future meeting to provide additional information on the implications of the recruitment process and increased numbers, particularly in view of the number of officers who were young in service.

Reference was also made to the importance of the Police Education Qualifications Framework (PEQF).

Members also noted that 81% of vetting applications were being considered within 30 days and this should improve with better connections to the Police National Database.

Reference was made to the impact on fleet and it was confirmed that ESFM planning and capital investment was linked to resource plans.

Agreed – That the report be noted and the Head of Human Resources be invited to a future meeting.

- 324** **TREASURY MANAGEMENT STRATEGY 2019/20** – A copy of the Strategy Statement for 2019/20, including prudential and treasury management indicators and borrowing limits was submitted. The Deputy Chief Executive and Treasurer commented on previous reports regarding the changes to guidance to address the issues of authorities engaging in non-treasury investments which did not affect the Police and Crime Commissioner. He also referred to the requirement to have a capital strategy in place. The strategy for the Commissioner was being drafted and would be submitted to him for approval prior to 31 March 2019.

Agreed – That the Treasury Management Strategy Statement 2019/20 be endorsed and recommended to the Commissioner for approval and details of the Capital Strategy be reported to the next meeting.

- 325** **AUDIT COMMITTEE – UPDATED BUSINESS CYCLE** - A copy of a revised business cycle was submitted for consideration.

Agreed – That the updated business cycle be agreed.

CONFIDENTIAL ITEMS

- 326** **RISK MANAGEMENT UPDATE** – The Deputy Chief Executive and Treasurer submitted a confidential report that provided the latest position in connection with risks being managed within the OPCC and the Force.

Agreed - That the report be noted.

- 327** **CIVIL CLAIMS** –

The Head of Legal Services submitted an exempt report providing information on activity in relation to insurance claims against the Force during the financial year being handled in house and those civil claims not covered by insurance together with claims handled by Gallagher Bassett in the last 6 months.

Agreed – That the report be noted and a further report should be submitted to the September meeting of this Committee.

328 IMPLEMENTATION OF THE HUMBERSIDE POLICE/HUMBERSIDE FIRE AND RESCUE SERVICE JOINT ESTATES COLLABORATION AGREEMENT AND PERFORMANCE MANAGEMENT -

Members commented on the exercise that they had undertaken to scrutinise the implementation of the collaboration agreement in respect of the Joint Estates function. It was noted that this work was on behalf of the Humberside Fire Authority but members agreed that it was reasonable to share the outcomes of this activity. The Chairman reported that this was the first scrutiny of the arrangement and it was too early to assess it fully, particularly in respect of the projected savings. However the arrangement did appear to be a very good way forward for both organisations. There was no substantive report at this stage and members were awaiting further meetings with the Director of Estates.

Agreed – That the report be noted and a further report should be submitted in due course.