

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

**JOINT INDEPENDENT AUDIT COMMITTEE**

**29 July 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, Nancie Shackleton, Assistant Chief Officer (Resources), Gavin Barker and Nicola Hallas, Mazars, Martin Fox, Acting Head of Finance and Martyn Ransom, Seconded Accountant.

The Committee met at the Lawns, Cottingham.

**344 APOLOGIES** – Neil Rickwood, Head of Audit

**345 MINUTES** – The minutes of the meeting held on 7 June 2019 were submitted.

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

**346 ACTION SCHEDULE** – A copy of the schedule of actions outstanding from previous meetings was submitted. It was noted that the presentations on the challenges for Human Resources from the increased pace of recruitment and the arrangements for apprenticeships had been deferred to September and the Chairman apologised to Gary Dickinson who had prepared his presentation for this meeting.

The Deputy Chief Executive and Treasurer reported that the PCC had approved the Treasury Management Annual Report for 2018/19 on 24 June 2019.

The Assistant Chief Officer (Resources) indicated that the arrangements were in hand for the Force Conference in September 2019. Clive Vertigans submitted his apologies for this event.

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

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

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

**348 ANNUAL ACCOUNTS 2017/18 – (a) Mazars External Audit Report 2018/19**

– Gavin Barker commented on the Audit Completion Report, copies of which had been previously circulated. He indicated that this was a most important report. He thanked the Deputy Chief Executive and Treasurer and Martyn Ransom for the way in which national issues in relation to pensions had been addressed and for the constructive way in which a good outcome had been reached.

He referred to the work that was still outstanding and to the substantive issues that had been covered. It was anticipated that that the financial statements would be signed off on 30.07.19.

He commented on issues following the audit of the East Riding Pension Fund which had given rise to an anomaly but the amount involved following investigation was not material and had no impact in the net pension liability. It was suggested that in future there should be separate actuarial reports compiled for the Force and for the OPCC to improve technical accuracy of valuations.

He commented on the significant risks that had been identified in the audit strategy and plan in relation to management override and revenue recognition as well as in respect of property plant and equipment and pensions given the significance of these issues in terms of impact on the financial statements. The pension aspect had been complicated by the late decision in respect of the McCloud judgement that had led to last minute adjustments having to be made following additional valuation exercises to reflect that and guaranteed minimum pension requirements. Mr. Barker indicated that these issues were covered in the report in the section on significant matters discussed with management. He pointed out that they were national issues that had had a significant effect but they had been satisfactorily addressed. He outlined the impact detailed in the adjusted misstatements set out in the report. There was again no impact on the bottom line however it was estimated that there would be an eventual impact on the public sector as a whole estimated to be in the region of £4bn. The process as to how this would be dealt with still had to be established.

He reported that no other significant difficulties had been encountered and that Mazars had had the full co-operation of management during the audit. He also commented on the initial concerns regarding the production of the financial statements which had been addressed by bringing in Martyn Ransom. The Chairman thanked Mr. Ransom for his efforts.

Mr. Barker reported that he expected to issue an unqualified opinion on the accounts and a clean value for money conclusion. He commented that the value for money conclusion was on the arrangements in place and that this was a good news story. There had been lots of positives. The financial position was capable of being managed and he paid tribute to the PCC and the Chief Constable in securing such a good result in the most recent PEEL inspection.

Members noted the recommendations in the report in respect of internal control particularly in connection with Payroll matters and noted the management responses.

Reference was also made to the limited extent of work in relation to Whole Government Accounts where the PCC's transaction levels were regarded as de minimis.

Members noted that Mazars had had no contact from local electors and the Deputy Chief Executive and Treasurer indicated that once again he had not been approached, even though the public rights of inspection had been advertised on the PCC and Force websites.

The Chairman thanked Mr. Barker and the Mazars team for their commendable and diligent approach and for the comprehensive way on which the report had been delivered.

**Agreed** – That the External Auditor's Report for 2018/19 be noted.

**(b) Annual Accounts** - The Deputy Chief Executive and Treasurer commented on the annual accounts of the PCC and Group and those of the Chief Constable that had been circulated. He highlighted the changes made from the financial statements submitted to the last meeting including those arising from the issues raised by Mazars.

He commented on the the additional disclosure in connection with the McCloud judgement and clarified the position in respect of the number of claims form Humberside officers.

**Agreed** – That the annual accounts be noted and recommended for approval.

**(c) Annual Governance Statements** – Copies of both the PCC's and the Chief Constable's Annual Governance Statements were submitted. The Deputy Chief Executive and Treasurer reported that the documents were substantially the same as had been submitted to the previous meeting with the addition of comments and concerns regarding payroll issues as previously discussed.

**Agreed** – That the Annual Governance Statements be recommended for approval.

**(d) Letters of Representation** – Copies of both the PCC's and the Chief Constable's draft letters of representation were submitted and the Deputy Chief Executive and Treasurer advised that they would be signed and submitted to Mazars by 30.07.19.

**Agreed** – That the letters of representation be noted.

**349** **FORCE UPDATE ON CURRENT POLICING ISSUES** – The Assistant Chief Officer (Resources) commented on the recent appointment of Paul Anderson as Assistant Chief Constable. He would be joining the Force from Police Scotland. She reported that T/ACC Scott Young and Chief Superintendent Judi Heaton would be attending the next Senior Command Course in September 2019.

She referred to issues with Payroll mentioned in connection with the annual accounts and annual governance statements and indicated that BDO had been engaged. They had provided a handbook in respect of payroll preparation. The July payroll was clear of errors and a peer review was being carried out by colleagues from Cleveland Police.

The Assistant Chief Officer (Resources) also commented on work that was ongoing to develop a business case for moving the ERP system to the cloud. This would provide access to a vanilla product, eliminating many of the issues arising from customisations within the existing system, as well as simplifying arrangements for updates. October 2020 was the planned date for transition.

Members noted that the de-coupling of Human Resources was progressing and the Humberside Senior Management Team had now been appointed.

On the Melton 2 project, it was reported that work was being undertaken to assess the impact of BREXIT on costings and the Force were looking at planning and other issues prior to a further report to the PCC.

She referred to the announcements regarding an extra 20,000 police officers and a recent conference call with NPCC representatives. There were a number of questions to be answered, including how it would be financed. Clearly there would be a need to manage expectations given this uncertainty and a range of other factors including timing, the entry routes into policing, the allocation and workforce mix together with the provision of infrastructure to support this uplift in numbers. It was estimated that there would be a need for another c6,500 support staff for that number of additional officers.

The Assistant Chief Officer (Resources) indicated that Humberside was well positioned given its recent experience in recruiting police officers and the possibility of increasing to 2,250 was being examined. There were approximately 200 potential applicants ready to go at this time at the medical and vetting stage. Overheads and accommodation where there has been significant rationalisation will need to be taken into account. At this point there is no information on the likely allocation between forces nor on the impact on regional and national teams such as ROCUs and the NCA. This could obviously give rise to tensions locally.

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

**350** **FORCE END OF YEAR ASSESSMENT**– The Assistant Chief Officer (Resources) commented on the Force’s End of Year Assessment, copies of

which had been circulated. Members welcomed the document which they thought was very good and suggested that it could be used positively in any recruitment drive.

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

- 351** **COMMITTEE SELF ASSESSMENT OF EFFECTIVENESS AND ANNUAL REPORT** – The Deputy Chief Executive and Treasurer circulated details of the Areas of Improvement identified following the self-assessment carried out in September 2018. This included suggested proposals to address the issues raised where there had been only partial or non-compliance with the CIPFA requirements. He also circulated a draft annual report framework for consideration. This was still work in progress and he suggested that short bibliographies of each of the members would provide useful context for the reader in terms of understanding their experience. Members discussed the format and content of the documents and proposals.

**Agreed** - That the Self-Assessment improvement action plan and draft annual report be reviewed and considered again at the next meeting of this Committee.

- 352** **PSAA Local Audit Quality Forum Event 10 June 2019** – The Chairman commented on the event that he had attended and detailed the contrasts between the Joint Independent Audit Committee approach in policing compared with the adversarial approach in local government. It was noted local authority members were Councillors who were appointed and those involved in audit committees often appeared to be inexperienced. There was a marked difference compared with policing where members were independent and objective. He indicated that the event was southern focused and it was possible that future conferences could be split between representatives from local government and policing and that the next event in November could be held outside London

**Agreed** – That the report be noted

- 353** **CIPFA “Introduction to the Knowledge and Skills of the Audit Committee** – The Deputy Chief Executive and Treasurer indicated that CIPFA were holding a course in Leeds on 19 September 2019 with other dates available. It was agreed that the Chairman would liaise with members regarding attendance.

**Agreed** – The Chair to liaise with members to agree attendance.

- 354** **ANY OTHER BUSINESS** –Members commented once again on the benefits of attending the HMIC Governance Group where they had been welcomed by the Deputy Chief Constable and encouraged to participate. The meetings continued to offer opportunities to meet senior officers and provided a good basis to gain a clear understanding of operational issues.

**CONFIDENTIAL ITEMS**

**343** **RISK MANAGEMENT UPDATE** – The Deputy Chief Executive and Treasurer reported that there had been one change to the risks reported to the last meeting with the issues around Payroll being escalated for it to be included on the Force’s risk register.

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