

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

JOINT INDEPENDENT AUDIT COMMITTEE

7 June 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, Nancie Shackleton, Assistant Chief
Officer (Resources), Gavin Barker and Nicola
Hallas, Mazars, Neil Rickwood, Head of Audit,
Julie Wraithmell-Giggall, Internal Audit, Martin Fox,
Acting Head of Finance and Martyn Ransom,
Seconded Accountant.

The Committee met at the Lawns, Cottingham.

329 APOLOGIES –Donna Tranter, Head of Corporate Development

330 MINUTES – The minutes of the meeting held on 18 March 2019 were submitted.

The Deputy Chief Executive and Treasurer reported that the arrangements for members attending the HMIC Governance Board were working well. Members indicated that this was providing valuable information on the way in which the Force was addressing the challenges it faced. It was also an opportunity for members of the Committee to meet with senior officers.

In response to a question in connection with due diligence in respect of PEQF, the Assistant Chief Officer (Resources) reported that this was part of a College of Policing national initiative and normal procurement testing through a pre-qualification questionnaire had been undertaken via YPO. A preferred partner, York St. John University had been selected. She referred to the risks associated with the Apprenticeships levy and abstractions. Members requested a report on the matter, including financial profiling, to a future meeting.

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

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

The Committee noted that the Head of Human Resources was scheduled to attend a future meeting and members indicated that they would like to understand the challenges that she had been presented with in view of the significantly increased recruitment profile. The Assistant Chief Officer (Resources) indicated that she would look for this to be addressed at the next meeting.

The Chairman indicated that the report regarding the implementation of the Police and Fire and Rescue Joint Estates Collaboration would be presented to a future meeting when completed and the Assistant Chief Officer (Resources) reported that the agreement was currently in the process of being reviewed.

Agreed – That the action schedule and updates be noted.

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

Agreed – That the terms of reference be noted.

- 333** **FORCE UPDATE ON CURRENT POLICING ISSUES** - T/ACC Young provided an update on current Force activity. He commented on work that was ongoing in respect of violent crime on an initiative to examine crimes with no further action. They were being examined by the Force Crime Registrar. It was recognised that this was an area where outcomes need to be identified and for them to be stabilised. A gap analysis was also being undertaken in connection with vulnerability. There had been staff changes and updated audit procedures in place in respect of stop and search and use of force. He reported that the operation of the new custody facility at Birchin Way had been outstanding. This performance was leading to improvements at the Clough Road facility.

T/ACC Young referred to operations at West Newton, on the South Bank and on forthcoming shift changes affecting CID officers and outlined the Neighbourhood Policing Team Strategy. A consultation exercise was underway on this issue that involved all of the local authority chief executives. He referred to the increased numbers of police officers and reductions in the number of PCSOs. The Assistant Chief Officer (Resources) outlined the impact of PCSOs moving to become police officers. Proactive problem solving training was being undertaken at executive level and members of the Committee were invited to attend.

Reference was made to early intervention work in Bridlington and Withernsea as part of the East Riding of Yorkshire Place Board which was looking to be rolled out. It would be subject to independent evaluation.

T/ACC Young reported that new technology was being applied in respect of the 101 number which would allow instant text feedback messaging and e-mail follow up to test satisfaction levels. The Force were also looking to work with Hull University on a range of issues including research, support and internships.

The Chairman referred to the commitment and enthusiasm demonstrated by officers at the HMIC Governance Board and commended the Force on the HMICFRS Integrated PEEL Assessment result. T/ACC Young indicated that the intention now was to consolidate and move on.

Other members remarked positively on the work of the HMIC Governance Board and referred to the importance of "the golden hour" particularly given the number of young inexperienced officers. The Assistant Chief Officer (Resources) reported on the improved use of technology to support officers, particularly in assessing vulnerability.

Members also raised the issue of the staff survey and the Assistant Chief Officer (Resources) indicated that another survey was being planned involving the Durham Constabulary. This would allow the results to be benchmarked against those of other forces also working with them. She also referred to the decoupling the shared Human Resources function and explained that this was a decision of the Chief Constables due to the lack of alignment with individual forces and duplication that had been identified. Staff would be transferred back under TUPE.

The Assistant Chief Officer (Resources) provided an update on recruitment activity and commented on the immersive learning "Hydra Suite" at Courtland Road and suggested that members may wish to visit this at some stage in the future. She provided a brief update on work on the Melton Phase 2 development which was at the planning application stage and the Force were looking to a December 2020 completion. This was supported by the PCC and would provide a 21st century facility including provision for specialist and operational support, briefings and a state of the art control room.

Agreed – That the report be noted.

334 INTERNAL AUDIT – PROGRESS REPORT -

(a) Audit Plan Progress Report – The Head of Audit submitted a report that detailed progress against the Audit Plan. He referred specifically to IT patch management which was now being followed up. The Assistant Chief Officer (Resources) commented more generally on the work that was going on to assess the IT function where a significant re-building exercise was underway. This involved looking at moving ORACLE to the cloud which would have an impact on updating. She indicated that this was likely to include the option of having two instances as opposed to a combined implementation.

Agreed – That the report be noted.

(b) Annual Report and Opinion 2018/19 – The Head of Audit commented on his Annual Report and Opinion for 2018/19. The Report that had been circulated in advance, provided details of Internal Audit's annual opinion on the internal control environment. He explained the scoring mechanism and reported that on the basis of the audit work undertaken this equated to an overall opinion of "reasonable assurance", demonstrating a positive direction of travel and reflecting the audit opinions in several operational areas of the business. He highlighted areas of concern in relation to financial systems, IT and data quality. On the former the Assistant Chief Officer (Resources) indicated that interim arrangements were in place and after consulting a member of the Committee with experience of payroll, BDO had been contacted.

They had subsequently been engaged to undertake due diligence work and were in the process of providing a report with recommendations for improvements. She had discussed the concerns with both internal and external auditors and was holding weekly meetings with payroll staff.

The work in connection with changes to ORACLE would have a significant effect. IT audit work was currently being scoped and terms of reference were being agreed for Humberside's internal auditors to examine programme management of the collaboration led by South Yorkshire Police.

The Head of Audit commented on the performance statistics, re-prioritisation that had been undertaken during the year and the beneficial impact of the HMIC Governance Board in directing activities to areas requiring assurance.

Agreed – That the report be noted.

335 **DRAFT UNAUDITED ANNUAL ACCOUNTS 2018/19** - The Deputy Chief Executive and Treasurer submitted copies of the draft unaudited annual accounts for the PCC and Group and for the Chief Constable. He commented on the work undertaken by Martyn Ransom in producing the financial statements and focused on the issues raised in the narrative report. This included information produced by the Head of Corporate Development and the Assistant Chief Officer (Resources). Reference was made to the results of the Integrated PEEL Assessment where the Force had received a "good" rating from HMICFRS in the overall score and in all of the individual areas assessed. The report compared this with the results from 2015, showing the significant improvements that had been made. The narrative report also provided details of the demands being placed on the Force and members commented on the number of calls being dealt with which equated to about 1 per minute together with the triaging that was being undertaken. Reference was also made to the number of missing persons that the police had to deal with. Information on the staffing levels for police officers, police staff and PCSOs was also highlighted. Members were familiar with the financial projections having received regular budget monitoring reports and the outturn showed an underspend on revenue of £197k against a projection at period 10 of £162k. Similarly the levels of reserves were close to predictions. The capital underspend of £8.414m was largely as predicted.

The Deputy Chief Executive and Treasurer referred to the impact of pensions on the overall net liabilities of £2,206m compared with £2,076m in 2017/18.

Martyn Ransom commented on this and on the restatement of the Income and Expenditure Account to reflect the changed Force structure. In line with recommendations, efforts had been made to simplify the financial statements by excluding items that were not considered to be material although the information was available within the supporting working papers. He commented on the agreed note that had been included in connection with McCloud legal case surrounding the implementation of the career average 2015 Police Pensions scheme as a result of successful challenges in connection with unfunded schemes for the judiciary and fire. This was shown as a note in respect of pensions this year as opposed to a contingent liability in 2017/18.

In response to a query, the Deputy Chief Executive and Treasurer commented generally on the increase in the level of contingent liabilities included in the disclosure within the financial statements. Members noted the reduction in the numbers of officers earning over £50k which was largely as a result of reductions in overtime.

Agreed – That the draft annual accounts be noted.

- 336** **ANNUAL GOVERNANCE STATEMENTS** – Copies of the draft Annual Governance Statements for both the PCC and the Force had been circulated. The Deputy Chief Executive and Treasurer reported that the final statements would be published alongside the annual accounts. The drafts had been considered by the HMIC Governance Board at its latest meeting ahead of submission to the Committee. Issues raised during the year had been reflected together with the comments made by the Head of Audit in his annual report and opinion discussed earlier in the meeting. He commented that the documents were draft and would be updated ahead of final submission to the next meeting of this committee prior to sign-off by the PCC, the Chief Constable and the Chief Executive.

Agreed – That the draft annual governance statements be noted.

- 337** **EXTERNAL AUDIT PROGRESS REPORT** – Mr Barker commented on the demands on Mazars staff to complete the audit over the coming weeks. The financial statements and background information would now be subjected to rigorous testing. In a discussion on the audience who might consider the accounts he stressed their importance in relation to demonstrating stewardship of public funds although it was widely accepted that they were difficult for the public to understand. He referred to the fact that the accounts were comprehensive with a good narrative report and that the financial position was sound. The “good” HMICFRS PEEL Assessment was a considerable achievement with the efforts being externally recognised. He also commented on the work undertaken by Martyn Ransom and the achievement of producing the statements and publishing them by 31 May 2019.

Mr. Barker indicated that the financial statements would now be examined to make sure that they are accurate and have been prepared in accordance with the appropriate standards. He had identified a potential technical issues in connection with pensions which was being discussed with officers and there was a wider ongoing debate regarding disclosures in respect of the McCloud judgement and likelihood of any appeal being successful.

Turning to the annual governance statements he indicated that he would have expected more emphasis on the issues raised in connection with financial systems, including payroll that had been referred to previously and were included in the Head of Audit's reports. The Deputy Chief Executive and Treasurer acknowledged this and commented on the work in progress referred to earlier by the Assistant Chief Officer (Resources). He agreed that the final drafts would be updated in response and would take account of the outcome of that work.

Agreed – That the draft statements be noted and that the final versions should be updated to reflect the issues discussed in connection with payroll and financial systems prior to submission.

- 338** **TREASURY MANAGEMENT ANNUAL REPORT 2018/19** – A copy of the Annual Treasury Management Report for 2018/19 was submitted which showed that activities had been undertaken in line with the strategy and limits agreed prior to the start of the financial year.

It was noted that external borrowing had been undertaken during the year from the PWLB that had reduced the overall borrowing rate once again and that the maturity profile of the debt had been extended slightly. This was as a result of taking longer term debt at advantageous rates towards the end of the financial year. He answered questions on the authorised borrowing limit and the headroom that was available to the PCC and referred to the fact that the level of under-borrowing had been reduced from previous years due to the need to finance capital expenditure and the use of reserves.

Agreed – That the report be noted and recommended to the PCC for approval.

- 339** **CAPITAL STRATEGY 2019/20 – 2023/24** – The Deputy Chief Executive and Treasurer commented on the Capital Strategy, copies having been circulated. The Capital Strategy, which is a new requirement for 2019/20, was briefly discussed at the last meeting when the Treasury Management Strategy Statement was considered. The Strategy had been approved by the PCC on 29 March 2019, ensuring compliance with the requirements of the CIPFA Prudential Code.

Agreed – That the Capital Strategy be noted.

- 340** **FORCE MANAGEMENT STATEMENT** – T/CC Young and the Assistant Chief Officer (Resources) reported that the 2019 Force Management Statement that had been completed and submitted by the 31 May 2019 deadline. The Statement had been discussed at meetings of the HMIC Governance Board prior to submission.

Agreed – That the report be noted.

341 **COMMITTEE SELF ASSESSMENT OF EFFECTIVENESS AND ANNUAL REPORT** – The Deputy Chief Executive and Treasurer referred to the self-assessment exercise carried out in 2018 and to the action plan that had been developed in connection with the areas for improvement identified. He also referred to the work that the Governance and Administration Manager had undertaken last year to prepare the annual report. Members discussed the matter and agreed requested that the action plan should be updated and reported to the next meeting together with proposals for the annual report.

Agreed - That the Self-Assessment improvement action plan and draft annual report be presented to the next meeting of this Committee.

342 **ANY OTHER BUSINESS** – Members commented positively on the event that was held on 1 June 2019 as part of Volunteers Week which they had attended which provided a good opportunity to gain an insight into the work of the Diversity Panel, Independent Custody Visitor and Appropriate Adult Schemes as well as the work of this Committee. The Deputy Chief Executive and Treasurer presented certificates to those members who were unable to attend.

The Assistant Chief Officer (Resources) referred to the second Force Conference that was scheduled to be held on 13 September 2019 and invited members to attend. This date clashes with the Humberside Fire Authority's Governance, Audit and Scrutiny Committee meeting but the Chairman indicated that arrangements would be made of this Committee to be represented.

The Assistant Chief Officer (Resources) also provided an update on the recruitment process for the Chief Constable's S151 Officer post where a preferred candidate had been selected. Further updates will be provided in due course.

CONFIDENTIAL ITEMS

343 **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.