

Minutes of the Joint Cleveland Audit Committee – Open Session

A meeting of the Cleveland Joint Audit Committee was held on Wednesday 4th May 2022.

Present: Mr Stuart Green (chair), Ms Joanne Gleeson (vice-chair), Ms Gill Rollings, Mr Andy Prest

Officials: Office of the Cleveland Police and Crime Commissioner
Mr Steve Turner, Police and Crime Commissioner
Mr Michael Porter, Chief Finance Officer and Deputy Chief Executive
Mrs Lisa Oldroyd, Acting Chief Executive and Monitoring Officer
Miss Heidi Spencer, Community Hub Advisor (minute taker)

Cleveland Police
Mr Simon Hart, Chief Finance Officer
Ms Gill Currie, HMIC Liaison Officer
Ms Becky Thompson, Senior HR Business Partner
Mr Jon Morgan, Chief Superintendent
Ms Sara Lightfoot, Organisational Development Manager
Ms Claire Wrightson, Head of Procurement and Fleet

External Audit – Mazars
Mr Campbell Dearden

Internal Audit – RSM
Mr Daniel Harris
Mr Philip Church

Prior to the meeting, the chair would like to put on record his thanks to previous Chair, Ann O’Hanlon and Vice-Chair, Stan Irwin for their work on the Joint Audit Committee previously.

813 Apologies for Absence
Gavin Barker, Mazars

814 Declarations of Interest
No declarations were made.

815 Item 3: Open Minutes of the Previous Meeting held on 30 September 2021
A meeting was held in November 2021 to approve the accounts which needs to be recorded.

In the previous meeting, point 805 it was agreed a report of the Youth Commission would be brought to the next meeting but is not on the agenda. OPCC agreed to bring this report to the next meeting on 30 June 2022.

The minutes were held and signed as a true record. All points had been actioned and there were no matters arising.

816 Item 4: Report of the PCC – Audit Letter
The report has been provided to the committee following a request to provide them with the information in relation to the statement of accounts.

The report is to be discussed further in the agenda.

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Item 5: Annual Governance Statement

There is a requirement to bring updates of the Annual Governance Statement to the committee and actions from this following the sign off from last year's programme. It provides updates on all the areas that were noted as significant issues for the Office of the Police and Crime Commissioner and those that required continued focus.

These are also some areas that the OPCC will be taking into account as the Annual Governance Statement is developed for 2021/2022 and the first draft of this will be brought to the next Joint Audit Committee.

The Chair asks MP when the OPCC will be on a steady state, to which MP explains there continues to be areas of concerns particularly around Professional Standards in the Force. Over the next year, the OPCC would be looking to ensure a more stable Chief Officer Team is in place.

There has been progress made with appointing the new Chief Constable Mark Webster, who will now be looking to make progress around the rest of the Chief Officer Team as having that stability in the Chief Officer Team is imperative to be able to move the Force forward. This will allow the Force's Change Programme and the challenges the organisation have to find momentum and go in a forward direction.

The Force has gone through a churn in relation to the Chief Constables which was unexpected. Until the Chief has time to get his feet under the table it would be too early to say the organisation are moving steadily in the right direction. There are other gaps coming in the Chief Office Team with the Deputy Chief Constable retiring so there are a number of areas that need to be resolved in terms of the executive level.

The Commissioner continues on from MP, and informs the committee a new Assistant Chief Constable will be starting in just over a week. The advert for a new Deputy Chief Constable has gone out to advert and started to receive interest.

The Commissioner is positive about the way the organisation is moving, there are a lot of challenges but in the few weeks working with the new Chief Constable he has highlighted a number of areas for improvement which the Commissioner agrees with and solutions for them.

A member of the committee raises the issue of the number of vacancies currently open within the organisation which is a cause for concern.

SH informs the committee that the Force have appointed a new Director of Finance and Assets on a permanent basis, who will be joining the organisation later in the summer.

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Item 6: Report of the Chief Constable: Audit Letter

The letter presented is the same as the letter presented to the OPCC.

The Force acknowledges the letter and acknowledges that there are delays due to resourcing issues and COVID-19.

CD confirms the delay is down to resourcing issues due to Mazars losing a number of staff last year and the organisation are now playing catchup. In terms of resources, Mazars have taken

on 7 new Assistant Managers at the back end of last year and looking to take on 7 graduate trainees. This will leave Mazars fully resourced for where they need to be moving forward.

Mazars have produced a draft report which has to go through various technical checks because of the complexity of it. Mazars are unable to give an exact date of when this draft report will be available and apologise for the delays but will inform the OPCC and Cleveland Police once they have a date.

819

Item 7: Report of the Chief Constable: Exemptions Report

CW presents a report highlighting the exemptions to the normal requirement to tender. It covers the period of September 2021 – February 2022, and it highlights some of the procurement activity carried out during this time.

During this time, there were 19 exemptions reported. 16 of those were classed as a propriety products or services, and 3 were operation emergency.

In terms of procurement performance, there are currently around 310 contracts live. 46 of those have been extended during the period, and 11 tenders have been carried out: 7 of those under the public procurement process. There were savings made between April and February of £304,000 which were reported into the Home Office.

AP queries Item 3 and a possible typo around the unit of price; American Dollar as opposed to British Pound. CW confirms that there are certain purchases that need to be made in dollars. AP asks that for future if the costings could be captured in sterling.

AP queries the propriety software for digital forensic evidence gathering for mobiles, the last time this report was brought to the Committee there were two separate pieces of software and now there is a third within a year. CW explains that the organisation have a number of different propriety products that deal with specific types of devices. Some organisations don't allow certain access, so different pieces of software do different types of things to allow the organisation to carry out investigations.

JG queries Item 5 and asks if this is now complete as it is only for 2 months, and if it isn't complete is it because the ICT gaps have been filled. CW hasn't seen another exemption for it and agrees to check with IT colleagues.

JG queries Item 10 and asks if the organisation are having to pay for new skills licences because the organisation have new staff or is it to cover for new systems. CW agrees to check with IT colleagues and will feedback to the AF to provide for the minutes.

GR queries Item 4 and asks what the timescales are for the Oracle Project as this has been discussed at the committee for some time. CW confirms the project is still ongoing, there have been workshops carried out during May to look at what functionality the organisation needs, then review options for upgrades or if the organisation needs to go out to the market to replace Oracle. This work should be complete around June/July 2022.

A question was raised in the External Ethics Committee regarding the extent to which the organisation embeds an ethical dimension into procurement and contract management. CW explains that procurement is a centralised function within Cleveland Police and are a very small team who manage all of the spend over £10,000 and ensure the organisation go through a compliant route. There are a number of different processes depending on the spend limit. There is a document that needs to be completed which highlights what is required, what the value and what process will be followed. As part of that process there is an evaluation criteria looked at which covers Equality and Diversity, Data Protection and

Ethical Considerations. That document at the start is signed off by the category leader, the budget leader and the Head of Procurement and Fleet.

The Force utilise a national system for procurement activity called EU Bluelight System and all tenders are advertised on that system, which ensures any clarification questions that come via the process are answered to ensure fairness across the board.

With regards to social value and ethical considerations, the organisation are in the process of embedding this. The organisation are working closely with the 7 forces and PCCs within the area, and have developed a Modern Slavery Statement which is currently in Year 2.

AP asks if through the exemption reports in the future, it can be recorded how the procurement team are helping the members of the Cleveland Community through working with certain businesses which can help the public perception of Cleveland Police. At the moment, they're looking to capture this but in the next 12 months the organisation would like to have embedded this.

The Committee thank CW for producing the graphs to give a better understanding.

It was agreed that:

- 1. The report be noted**
- 2. Costings to be recorded in sterling for a better understanding.**
- 3. CW to identify what each product does for digital investigations to provide a better insight and bring to the next Exemptions Report.**
- 4. CW to liaise with IT colleagues to provide a response to JG queries around Item 5 and Item 10.**
- 5. Chair to share the response to the question from the External Ethics Committee to the Chair, Dave Smith.**

820

Item 8: Service Improvement Team Update

In terms of the Change Programme, the organisation set off on an ambitious programme around 3 years ago as a result of the HMIC PEEL Inspection report. To support this programme, the organisation has developed a Service Improvement Team which is the glue that supports a lot of the change activity that is going on across the force.

To date, the force has responded to 11 out of 30 recommendations which have been signed off by HMIC.

The work that is ongoing now is looking at embedding the change that has been implemented already. There is now a scoping exercise to determine the deliverables across the whole change programme which looks at the IT requirements, overall resource requirements for this to happen and then the next stage will be to understand the financial benefits and implications.

In terms of the governance around this and ensuring progress is being made, the Chief responds regularly to the HMIC around changes made. Internally, there is the bi-monthly change meeting which is chaired by the Deputy Chief Constable to discuss changes on a regular basis.

JG queries the HMIC report regarding the outstanding and any new HMIC recommendations and asks if this could be brought to the next Committee. JG also queries how the force are getting on with the NICHE update.

JM provides an update on the NICHE upgrade. The upgrade regarding the missing from home module has been created but will need to be checked in regards to the other aspects.

AP queries at Item 5, point 2. This has been an issue for the force for some time, over the past 12-18 months the Committee have seen concurrent out of schedule expenditure through bringing in specialist IT consultants. AP is disappointed to see this has slipped, and queries if the force are satisfied that it is value for money from these specialist organisations and secondly, are the force comfortable that the IT change which is consistently fundamental is of high enough priority.

JM confirms that there has recently been a scrutiny meeting in regard to Control Room with the OPCC. In terms of the IT service delivery, priority is the control room and there has been a number of elements that are high on the agenda. Some have been implemented, and some are close to implementation. In order to re-assess the whole change programme, the key elements of that are IT and the issues has been ensuring it has the correct infrastructure and the security around it.

In terms of the level of assurance, the control room have a plan and a schedule. In terms of other projects, some things need to be re-prioritised which is what we're doing through the Service Improvement Team.

The Committee agreed that in future meetings there is a specific agenda item that focuses on IT to provide a level of assurance to members of the committee.

It was agreed that:

- 1. The report be noted**
- 2. HMIC Report to be brought to the next Committee meeting**
- 3. IT to be a future agenda item**

821

Item 9: Annual Governance Statement

Making good progress in terms of pulling the AGS together and the final accounts.

In terms of the CDSOU withdrawal, a lot of work has gone on around this. There has been a lot of good work in terms of decoupling from joint arrangements. The current Section 22 ends on the 13th May and there is work around a further Section 22 to replace it.

There is a continued focus on Police Service funding. The Force are seeing a relatively stable position for next year and anticipate it getting more challenging the year after and more challenging in Year 3. MP and SH are aware of this and hold discussions regarding it on a regular basis. The Chief is ambitious to make sure we have the right level of funding for Force's challenges.

AP queries the Police Service funding and focuses on the final paragraph in the report on the £70,000 underspend which is being offset as COVID expenditure from a number of areas. SH confirms that at year end the organisation have balanced this.

It was agreed that:

- 1. The report be noted**
- 2. A further update to be brought to the next meeting regarding CDSOU**

822

Item 10: Report of the Chief Constable: Corporate Governance Framework Update

SH provides an update on the Corporate Governance Framework which has a requirement to be reviewed annually. The review has been done and there are some small changes that have been made and brought to this committee.

The report is approved.

It was agreed that:

1. The report be noted

809

Item 11: Report of the PCCs Finance Officer: OPCC Risk Register

There are separate risk registers operated for the OPCC and the force. The OPCC risk register is updated on a regular basis and report to the Joint Audit Committee every 6 months. It is regularly reviewed and will continue to be reviewed as the organisation move forward.

The OPCC will now start to ensure the risk register reflects the revised Police and Crime Plan set by Commissioner Steve Turner.

MP responds to concerns there are a lot of red outcomes on the risk register and explains these reflect what is outlined within the Annual Governance Statement.

AP asks if the OPCC could adopt the same risk register format that the Force have in terms of having an accountable action owner and deliverable date on the register. MP confirms that the OPCC risk register is like this, however there may have been issues with how it's printed.

It was agreed that:

1. The report be noted

810

Item 12: Verbal Update from MAZARS

CD provides an overview of the Audit Strategy Memorandum for 2022.

On page 5, this sets out the key responsibilities which haven't changed from last year. These responsibilities are to give an opinion on the financial statements and to form a view on the going concern assumption of the PCC and Chief Constable.

On page 10, this briefly takes the committee through a timeline of the Audit Strategy Memorandum. When this report was completed, there wasn't a plan in place, however there is now resources in place from the end of June and July to complete the audit of the financial statement by the end of July. The deadline for the sign off is the end of November, however this can be completed earlier.

On page 13, these are the significant risks MAZARS have highlighted through the audit. These are the same 3 risks as last year and no further significant risks have been identified.

There has been no change to the value for money work that MAZARS are completing compared to last year, the same criteria are in place.

MAZARS have no independence issues on the audit and there is no conflict of interests for the audit team.

It was agreed that:

1. The report be noted

811

Item 13: Report of Internal Audit: Progress Report May 2022

The Internal Audit Plan for 2021/2022 was approved by the Joint Audit Committee on 25 March 2021.

On Page 3 of the Progress Report, this looks at the progress made against this plan to date. There have been 65% of assignments completed, 5% of assignments in draft, 24% of assignments in progress and 6% of assignments not yet due.

DH asks members to view Appendix A looking at the Follow Up of Internal Audit Management Actions: Visit 2. Within the report it states the draft report has been issued, they can now confirm that the follow up has been finalised. Since the last meeting RSM have finalised the follow up which was a draft previously.

This Progress Report will be brought back to the June 2022 meeting for the new Chief to be aware of the plan.

It was agreed that:

1. The report be noted

812

Item 14: Report of Internal Audit: Equality, Diversity, and Inclusion Report

A review of the Equality, Diversity, and Inclusion within Cleveland Police has been carried out to take assurance that the Force has adequate and effective systems and procedures in place to ensure that it complies with the requirements of the Public Sector Equality Duty.

As a result of RSM's review, they have agreed one medium and one low priority management action.

Outcome – Reasonable Assurance

It was agreed that:

1. The report be noted

813

Item 15: Report of Internal Audit: Victims' Code Report

Each year RSM carry out an operational policing review that focuses on vulnerability. The objective of the review was to form an opinion on the adequacy and effectiveness of the systems and procedures the Force has in place to ensure it complies with the requirements of VCOP.

As a result of RSMs review, they have found that currently the Force is unable to measure its compliance with VCOP because of failings within its record management system NICHE.

One high action identified by RSM was the issuing of Victims of Crime booklet not being recorded on the OEL. Out of the sample of 30 cases reviewed by RSM, reference to the Victims of Crime booklet has only been made once. There is a high risk that if victims do not receive the booklet and there is no record of it being issued then victims will not be aware of how to access support services.

Another high action identified by RSM was the Strategic Performance Improvement Board. RSM identified that the percentage of crimes which meet the required quality standard was 15% against a target of 85%. There was no evidence identified of any action being agreed or planned in response to the poor performance.

JM responds to the report and confirms the Force will be taking these points away, particularly the high areas for activity. The Force has a Strategic Victims and Tactical Board where these points will be addressed.

JM also addresses the conclusion of the report where it mentions failings within the record management system. NICHE is the system that is provided to the Force and the Force operate with a system that every other force use. In terms of the record management system there is no facility in NICHE to record and capture this information which causes difficulty in extracting that data.

JM informs the committee that the Force has introduced the Victims Contact Module which is the single place to record victim contact. This should make things easier for the Force and external agencies in terms of reviewing all victim contact.

SH confirms to members that the rest of the Internal Audit Reports have been read and confirms there are no comments from a Force perspective. Committee members agree to take the substantial assurance reports and the items for information as read.

Outcome – Partial Assurance

It was agreed that:

- 1. The report be noted**

814

Item 16: Report of Internal Audit: Financial Planning Report

This report has been carried out as part of the Internal Audit Plan for 2021/2022. This audit was undertaken to ensure both organisations have an adequate and effective planning process in place to enable plans to be prepared based on sound assumptions.

RSM conclude the report confirming that both the Police and Crime Commissioner and Chief Constable have an LTFP in place which include assumptions supported by documented evidence to back these up. Both organisations also have well designed governance framework for reviewing, approving and monitoring delivery of the plans at the Force and the OPCC.

Outcome – Substantial Assurance

It was agreed that:

- 1. The report be noted**

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Item 17: Report of Internal Audit: Seized Cash Spot Check Report

This report is a review undertaken of the Chief Constable's seized cash handling processes. The objective of this review is to ensure that seized cash is received, handled and managed in a clear and transparent way, also ensuring its accurately recorded on the NICHE system.

Following the review, RSM have agreed two low priority management actions. There are discrepancies in the treatment of seized cash within the spot checks at Stockton and Middlesbrough LPAs. There were also further discrepancies between the Niche system records and completeness of cash bags within the CCT safe audit, however it is noted that all cash items were present during the spot checks.

GC praises the Force for achieving substantial assurance for the Internal Audit Report: Seized Cash Spot Check Report.

Outcome – Substantial Assurance

It was agreed that:

- 1. The report be noted**

816

Item 18: Report of Internal Audit: Collaborations: Tactical Training Centre Report

As part of the approved Internal Audit Plan for 2021/2022 a review was undertaken to ensure the Force has adequate and effective systems and procedures in place to manage the inventory of equipment and ammunition in respect of training courses operated by the Tactical Training Centre.

RSM conclude the report by confirming all controls that were in place were well designed and those that were tested were being complied with. There was a discrepancy identified and because of the review, there has been on low priority action identified.

Outcome – Substantial Assurance

It has been agreed that:

1. The report be noted

817

Item 19: Report of Internal Audit: Emergency Services News Briefing

RSM produce an Emergency Services Briefing for each Joint Audit Committee that covers the key developments and publications. In this briefing, their latest report on the lessons learnt following the Coronavirus Pandemic is included.

It has been agreed that:

1. The report be noted

818

Item 20: Report of Internal Audit: RSMs Conformance with IIA Standards

RSM have commissioned an External Quality Assessment (EQA) of its internal and audit services in 2021. An EQA is required every five years in line with the International Professional Practices Framework (IPPC) and the Standards set by the Global Institute of Internal Auditors.

The review involved a sample of 10 audit files and audit reports shared with Audit Committees as well as a review of the working papers. The review also involved interviewing RSM partners, directors, and managers.

The outcome received following the EQA was that RSM “generally conforms to the requirements of the IIA Standards” and that “RSM IA also generally conforms with the other Professional Standards set out above and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards”

The rating of “generally conforms” is the highest rating that can be achieved with the IIA’s.

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Item 21: Report of Internal Audit: Strengthening Resilience

Following the pandemic, RSMs internal audit teams continued to undertake reviews in a remote setting. The reviews focused on the client’s responses to the pandemic and the lessons that were learnt, as well as lessons around business continuity, agile and remote working, return to work and mental health.

The top three significant challenges that arose for the internal audit teams during the pandemic were

1. Providing assurance over key business areas when the business has other competing priorities.
2. Maintaining visibility and presence while working remotely
3. Retaining the ability to execute overseas work

Item 22: Report of Internal Audit: Internal Audit Strategy (incl Audit Plan for 22/23)

RSM have presented their Draft Internal Audit Plan for 2022/2023 for consideration by the Joint Audit Committee.

The key points from the plan are the 2022/2023 Internal Audit Priorities, Level of Resource, Core Assurance, HMICFRS Findings and Integrated Vulnerability Inspection Review, Custody Inspection Review, PEEL Assessment, Risk Registers and 'Agile Approach'.

SH acknowledges that the Chief is keen to take an active look at the plan but doesn't want to slow the Committee down. It is likely the Committee can accommodate if the Chief has any suggestions later. It would be good to do a final sign off in the June 2022 meeting.

DH supports the comments that have been made regarding the Chief looking at the plan. What had already been agreed with MP, was that even if there was approval today then it would be formally revisited halfway through the year to check if it was still up to date and relevant. There is one audit that RSM did approach MP about and that was regarding vetting, which is underway, but note SH point about not stopping things ongoing.

DH proposes that RSM continue with the Internal Audit Plan and the Vetting Audit work as all the staff are ready to go with it.

It was agreed that:

- 1. The report be noted.**
- 2. RSM to go ahead with the Vetting Audit work**