



## Cleveland Joint Audit Meeting Record – **OPEN SESSION**

**Date:** Thursday 27 March 2025

**Time:** 10:00 – 12:30

**Venue:** PCC Meeting Room, CPHQ, Cliffland Way, Hemlington, TS8 9GL and MS Teams

### Meeting Attendance:

Committee Members	
Stuart Green – Chair (SG)	
Liz Hall (LH)	
Jon Carling (JC)	
Catherine Dillon-Goodier (CDG)	
Gill Rollings (GR)	
David Chefneux (DC)	

Office of the Police and Crime Commissioner	
Lisa Oldroyd (LO)	Chief Executive and Monitoring Officer
Michael Porter (MP)	Chief Finance Officer
Rob Cooney (RC)	Senior Business Support Officer

Cleveland Police	
David Felton (DF)	Assistant Chief Constable
Gerard Gallagher (GG)	Head of Financial and Payroll Services
Gill Currie (GC)	HMIC Liaison Officer
Nick Eyley (NE)	Commissioning and Procurement Manager
Marianne Clarke (MC)	Head of Legal Services

RSM:	
Daniel Harris	Managing Consultant
Matthew Stacey	Managing Consultant

FORVIS MAZARS:	
Cath Andrew	Senior Manager- Public and Social Sector Audit

### Apologies:

Ian Wright	Director of Finance and Assets – Executive
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Victoria Fuller (VF)	Deputy Chief Constable
Mark Webster (MW)	Chief Constable
Mark Kirkham (MK)	Partner

<b>Agenda Item:</b>	<b>Discussion / Action:</b>	<b>Action Owner:</b>
<b>1.</b>	<b>Apologies for absence:</b>	
<b>2.</b>	<b>Welcome and Introductions:</b>	
<b>3.</b>	<b>Declarations of interests:</b>	
<b>4.</b>	<p><b>Open Minutes of the previous meeting held on 19 February 2025:</b></p> <p>The minutes from the previous meeting were deemed to be a reasonable and accurate record. The amendment required to the underspend in the OPCC budget will be picked up as part of the Statement of Accounts for next year.</p> <p>Tracker to be updated with relevant actions in readiness for next meeting.</p>	
<b>5.</b>	<p><b>Internal Audit Reports and Progress Plan Update:</b></p> <p><b>a) RSM Internal Audit Progress Report:</b></p> <p>Five reviews finalised since last meeting three substantial, one reasonable one advisory. Advisory review had no concerns. On page eight Appendix A, progress against the full plan is mapped. The Seized Exhibits Report has now been finalised. Final two reviews are in progress. The organisation is in good shape in terms of delivery against the plan, both follow up reviews have concluded with good progress.</p> <p><b>ACTION: DF will take feedback and report back to force executive.</b></p>	

	<p>Associated document marked as official sensitive; MP queried whether this should have been published. Watermark inadvertently not removed by RSM. Sensitive items should have separate sections in closed session for transparency,</p> <p><b>ACTION: DH to send through further report with watermark removed.</b></p> <p><b>b/c) RSM Emerging Risk Radar Spring 2025/Emergency Services News Briefing February 2025:</b></p> <p>Risk radar highlights emerging risks. RSM approached 130 business leaders to identify trends and risks to assess against the force and OPCC risk register. The force have received a letter from the government to assess their readiness for specialist capabilities to help other agencies, work will be done with agencies and regional organisations risk wise. Forces need to ensure they are in a confident state of readiness for anything that could happen.</p> <p>GR raised concerns re lack of funding, as local issues may be pushed to one side so this needs to be considered in line with risks. JC queried why changes to government legislation is a risk. It was clarified that GDPR presents a risk in terms of all organisations being fully complaint new legislation wise. MP explained that a number of years ago pension schemes changed and were deemed discriminatory in terms of age, this type of risk is what is meant. The OPCC were deemed to have implemented a scheme that was age discriminatory and could not define the reason for this as regs weren't in place.</p> <p><b>d) Data Protection:</b></p> <p>Report covers key elements of GDPR and data protection processes in place for force and OPCC- 2 medium actions agreed, training compliance and Data Protection Officer. Controls operating effectively and good practice spotted in several areas.</p> <p>JC queried if DPO position is a substantive gap- position being covered, restructure around role will take place.</p> <p>DC queried process on following up for 57% completion on data protection training etc, dashboard shows those who have not completed this and data reported to tactical group. This is being worked on.</p> <p>SG queried the nature of 'the force will investigate' comment, and the nature of these investigations and actions that may arise.</p>	
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	<p>Comment refers to underlying causes in relation to data and understanding this better. MS advised compliance with training will never be 100%, and for attainable actions to be set root causes need to be analysed, and goalposts need to be in place. Escalation process for non-compliance exists also. Options need to be evaluated internally to establish a suitable long-term solution to non-compliance.</p> <p><b>e) Business Continuity Planning</b></p> <p>Arrangements in place across organisation, processes have been analysed against sector leading practices. Substantial assurance given, 1 medium action, business continuity testing schedule, and 1 low action. All other areas operating effectively. LH advised this compliments work ongoing in field, DF advised new business continuity manager recently appointed.</p> <p><b>f) Key Financial Controls-Payroll</b></p> <p>Substantial assurance given, payroll processes and setting up of employees on system were compared against data analytics. 3 Low actions, no issues, just minor discrepancies. LH advised this reflects hard work of a lot of staff.</p> <p><b>g) Commissioning</b></p> <p>Commissioning process was looked at in terms of key elements. Reasonable assurance given with 3 medium risks regarding safeguarding, performance monitoring and grant agreements. LH acknowledged work of PCC office and staff and raised a query RE the Temporary Head of Policy Partnerships and Delivery. LO confirmed substantive post holder was on maternity leave and has now returned. MP happy with progress overall, risk of having minimal assurance for commissioning items was not good and so stressing of this message to team assisted with progression. There is still work to be done, however.</p> <p><b>h) Follow-up Audit</b></p> <p>Positive progress noted with 16 of 18 actions implemented, 2 superseded with other assurances put in place to respond to risks.</p> <p>SG summarised and noted huge amount of progress made. Members expressed recognition of efforts.</p>	
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6.	<p><b>Inspection Programme 2025-26:</b></p> <p><b>a) Internal Audit Plan 2025-26</b></p> <p>Report covers proposed plan for 25-26, section 2 mentions backward look and what was covered in last couple of years, also covers forward looking, now updated and refreshed following conversations with IW and MP.</p> <p>Document driven by risk, within section 1.1, the first seven reviews referred to are driven by and linked to strategic risks. This gives the committee assurance.</p> <p>Further nine reviews also conducted, giving core assurance in additional areas. two follow up reviews were also conducted and one of these has shown results as of today's meeting.</p> <p>At mid-year point, RSM meet with both CFO's and plan is cut back down to within budget, live view throughout year is also taken. Overall plan is balanced and provides enough coverage to assess opinion at year end.</p> <p>JC queried audit plan around police and crime plan, and whether this is around development or implementation. MP confirmed that it is around process and that nothing has been missed. There are also processes in place to track aims and objectives of plan and delivery. DC asked how many days does the plan compare to in contrast with last year, and with a couple of audits hanging from last financial year, will this affect capacity to deliver? RSM confirmed one review being pushed into this year and will form midyear discussions, an exec summary at the beginning of the document confirms that it is built on similar number of days to 24-25.</p> <p>SG mentioned the report is oversubscribed and queried mid-year review and what this will entail. Emerging risks between formation of plan and midyear point will be assessed, and considerations around any new risks will be established. HMICFRS reviews and assurances will also be considered at this point. MP</p>	

	<p>and IW will also be asked for input around live risks within business. This will drive 26-27 coverage. MP explained view will also be taken on whether overall size of programme would need to be considered. DF explained that HMIC PEEL report will be published 2 weeks today, DCC intends to bring committee together before then to discuss. JIAC members happy to agree plan.</p>	
7.	<p><b>Internal Control Framework:</b></p> <p><b>a) Previous Annual Governance Statement- Area for Development Update- Force</b></p> <p>Report is an update from action plan 24-25 and 2 significant risks have been raised. ACC will speak on Serious and Banned Property action; this is an ongoing challenge. Substantial piece of work being undertaken to monitor this, ACC Baker reports into chief exec meeting every week on this. Progress has been made, and force continue to monitor this. More detailed report to come in closed session.</p> <p><b>b) Previous Annual Governance Statement- Area for Development Update- Force</b></p> <p>MP advised 4 items as actions, for further focus. No significant governance issues on this statement. Good progress made in terms of delivery of actions, updates provided in appendix in terms of measures taken, this will be reflected on and incorporated into review for next committee meeting.</p> <p><b>c/d) Corporate Governance Framework Update and Recommendations March 25</b></p> <p>Changes to thresholds mentioned, report within 6d highlights this. These reports have been to committee previously, decisions now formalised. Sensible changes acknowledged by members.</p> <p>NE mentioned change in terms of procurement regulations, amendment to corporate governance framework proposed, exemptions being referred to as direct reward for special cases now, principle remains the same, but this has now become own compliant element. Will be referred to later also.</p> <p>Committee requested to accept change to framework under section 9.4 to reflect change in name and 9.5 operational emergency and proprietary product, to be changed as they will</p>	

	<p>now have their own sections in procurement act. 8 changes highlighted to group by NE.</p> <p>LH advised that both the OPCC and force must comply with acts of parliament, MP explained that changes do need to take place.</p> <p><b>ACTION: Report to be brought to June committee with amendments to code of corporate governance for further approval. GG can provide interim briefing note to members also.</b></p>	
8.	<p><b>Financial Reporting:</b></p> <p><b>a) 2025-26 Budget and Capital LTFP</b></p> <p>Comprises of two reports around LTFP, split between PCC plan and how CC will respond to considerations. Docs provide oversight in terms of financial position of organisation, impact on risks and plans noted. Report also includes reserve strategy and risk to organisation and how these are managed and provides assurance around financial planning mechanisms.</p> <p>The PCC is allocating £200 million to be spent across entire organisation, over 5 years 1 billion will be spent across policing, crime and victim services. Report provides rundown on overall financial aspects and context.</p> <p>JC queried reserves going down, and risk of this. Will go from £24m to £12m by end of planning period MP confirmed. Usable reserves will go down to £5.8 m this is lowest MP would like to go to. General reserves of 3% of budget requirement will be maintained, this is a reasonable amount. Reserves will have to be replaced immediately if they go below 3%.</p> <p>LH mentioned cost of living crisis and money should perhaps not be held in reserve, MP advised there needs to be a balance between risks.</p> <p>JC queried how easy PCSO requirement is, DF advised this remains challenging, force are conscious of bringing in the correct people. Process and vetting is crucial. Neighbourhood Policing Guarantee</p>	

	<p>will assist with this but risks still need to be balanced. Supply is still there, cohorts set out for next 12 months.</p> <p>JC mentioned custody and how many people this involves in terms of end of MITIE contract, this will be absorbed within contract, no additional costs, may be reported to committee in coming months.</p> <p>JC queried increase of 54% in funding to police within past 7 years, and whether this has had an impact in terms of reduced crime and asb etc. Briefing from Dep will set out trajectory force is on. 6,000 less victims of crime in last 12 months and reductions also being seen this year. GG advised a lot of funding addresses core pressures, investment not at a big level if these costs are factored in.</p> <p>LH mentioned special grant for historic investigations unit, the force have been formally told that special grant will continue, no official letter yet received.</p> <p>DC asked question on pay award and if this ends up higher, do government fund this? MP advised Government has done this for past 3-4 years, but this may not continue. MP is hopeful that if it goes significantly above 2.5%, they will do this. National ask is for 3.8% with caveat. Separate earmarked reserve kept for pay and pensions by MP- enough to provide organisation with 6-12 months additional funding if pay award not funded.</p> <p>DC also asked if anything came out from chancellors' statement that may change plan, MP confirmed not at this stage, indications given around impact of spending review and unprotected departments, MP needs to understand this better. 0.8% reduction to funding for unprotected departments is a potential. Spring statement is due in June and more info will be given then.</p> <p>DC stated if reserves fall, cash balances will reduce which will have an effect. MP explained Treasury Management plan has capacity for 5.5 million borrowing, this is linked to reductions in reserves. Report was approved by PCC, noted by members.</p> <p><b>ACTION: LH requested briefing on statement of accounts, similar briefing to be arranged for this year. Statement due by June, audit committee at end of June. Briefing to be arranged for June.</b></p> <p><b>b) Scrutiny Budget Report Feb 2025</b></p>	
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	<p>Pages 12-13-14 pointed to in terms of risks and assumptions around total allocation to force from OPCC on £184 million for 25-26. Force would like to invest in people; however training needs analysis is a challenge every year, ACC is trying to manage this within resources.</p> <p>Challenges remain in terms of ICT costs, 15% increase in national insurance also a challenge. MP confirmed that we now have targets and limits around both police officers and pcsos, if numbers are not met funding is reduced. Policing now driven by national agenda, which ties up money, no room for flexibility. 60% of money force receives on average is tied up.</p> <p>GR agrees with analysis of position, but targets from government could steer us off course, appointing correct people is the most important thing.</p> <p><b>c) Contract Standing Orders- Exemptions Report</b></p> <p>This report has 3 recommendations, noting exceptional situations within the reporting period, 9 exemptions in total in final reporting period, all fall under proprietary product exemption clause. 8 of these are software that only one provider can arrange due to bespoke nature, exemption for this was applied for.</p> <p>The 9<sup>th</sup> exemption is the continuation of the fire extinguisher maintenance contract, there is an ongoing project about mapping and servicing across the estate, so this is justified due to the nature of the technical supplies needed. There are no Operational Emergency Exemptions, for this period.</p> <p>Recommendation 2 is to consider procurement activity performance. The organisation has 318 live contracts, 58 are due to end or be extended, annual renewals account for 40% with direct award from frameworks making up 16% of these. Several exemptions fall out of the scope of this report, 4 for proprietary and 1 for an operational emergency. 17% of contracts were extended in line with contracting terms, 11 contracts (19%) were terminated due to goods no longer being required or the supplier changing.</p> <p>3<sup>rd</sup> recommendation around committee needing to note exemptions report will change due to procurement regulation changes, appendix 3 is around how these reports will look going forward.</p>	
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	<p>JC asked around procurement officer vacancy and retirement of officer that is upcoming and how much of a barrier this. NE advised that a full complement of staff would allow team to go to market under new procurement act and test where the best benefits in goods and services can be obtained. This would also allow for smaller companies to be considered as per the procurement act 2023. This would allow for benefits across Cleveland in terms of local companies and enhancement of social value.</p> <p>JC also queried if there is a link between lack of staff and exemptions and if these vacancies will be filled. DF explained Plans are in place to recruit, and there has been a drive in terms of how team issue contracts and where possible needs for exemptions are mitigated. GG advised there is no detriment to procurement team, more staff are just needed.</p>	
9.	<p><b>Treasury Management:</b></p> <p>MP advised that this strategy was approved by PCC as part of the budget setting process. Strategy attached as Appendix A. Within section 2.2, minimum revenue provision is covered, the force is not too far away from achieving results. Reference to role of this committee also referred. Appendices within report are prudential indicators set out for next financial year and years that follow, PCC has put indicators in place that provide limits around treasury management, no significant changes to what's been had in previous years.</p> <p>LH asked around section 3.6. PFI/Capital expenditure sums increased from 575k in 2024/25 to 1.5 mil in 25.26 then 900k to 2 years after, what is the reason for this? MP confirmed 25/26 is final year for one of the PFI contracts, there is a blip because of this, other PFI contract is 20 years old and so this also causes a blip.</p> <p>GR asked what the processes for closing down PFI's are, and if there is a new version of these. MP advised we are coming to end of the tactical training centre PFI, at this point the contract has the ability for us to take ownership of assets. Process is in place where assets are being assessed for what their condition looks like, process exists to ensure assets handed back in line with contract.</p> <p>From 1<sup>st</sup> April no borrowing will be associated with assets, from that point it will be responsibility of organisation to manage asset,</p>	

	<p>this will be planned in the next year. SG asked where emphasis would be on approach to investment, MP advised this will be on security, limited pool of people who we invest with currently, investment with government is unlimited, so if we ever have issues with companies we do invest with, we can put rest of money with government.</p>	
<b>10.</b>	<p><b>OPCC Risk Register:</b></p> <p>This is reported to the committee every 6 months, very stable risk environment, 2 things discussed at last meeting re-emerging risks. One around chief officer team and appt of chief constable previously, challenges around this 3 years ago, this impacted on service delivery. Removed from risk register as now addressed.</p> <p>CC will be retiring, plenty of notice given, plan around recruitment is well underway. Report refers to timelines around this. Still an emerging risk but plans in place.</p> <p>Other risk was around riot comp act and financial planning, discussion was held around who would cover costs. Home office have said it will be us who will cover this. 39 claims, with assessed value of 426k. some being worked through, around 20 of these have been settled. Some more significant than others. External advice around adherence may be needed for some. Summary of where risks currently are is also attached to report. SG asked around resistance to home office verdict on claim coverage, lobbying did take place, but this was not successful.</p> <p>LH queried if we get additional info on claims, MP confirmed all claims well defined and additional info requested when needed.</p>	
<b>11.</b>	<p><b>PCC Annual Equality Monitoring Report:</b></p> <p>RK presented report and provided overview for previous 23-24 report. As an office we are subject to adherence to equality duty. We also have responsibilities through the Police Reform Act and holding the Chief Constable to account. Changes were made previously and were aligned to development of Police and Crime Plan.</p> <p>The first objective was around holding the CC to account over the scrutiny plan, several areas of EDI scrutiny were undertaken, questions were factored in around these. Scrutiny areas are appended to the report.</p>	

	<p>The next action was around performance monitoring of services. Grant and Commissioning work around contract monitoring has taken place; detailed demographic info is requested from service providers to assess needs of community. Monitoring framework also attached to appendix a. We also have a quality schedule to look at the organisation from a holistic point of view, questions are asked to providers around this.</p> <p>The final priority is around engagement, a robust strategy is followed, EDI is embedded in strategy to ensure we are engaging with a broad range of communities. More strategic approach around monitoring will be taken going forward, 4-year approach aligned to plan will be completed, objectives will be detailed in plan for public visibility, this will also be monitored in line with governance processes. Annual key deliverable around strategic priorities will exist and be embedded within work we do as an office.</p> <p>JC queried strategic IAG and what processes are in place to show this is effective. DF and LO attended IAG a few days ago, group recently reformed, there is a lot of will for this to continue. Report will likely come to a meeting next year. CDG would like to know about engaging with those with learning disabilities. With police and crime plan, group with learning disabilities were engaged with, easy read version of plan also developed. Once in place further engagement with those communities will occur.</p>	
12.	<p><b>Terms of Reference and Schedule of Work:</b></p> <p>This relates to the admin of committee going forward, no changes to terms of reference, Reports for info, members agreed with all.</p>	
13.	<p><b>Any other Business:</b></p>	
	<p><b>Date of next meeting:</b> 27th March 2025 10:00-12:30</p> <p>Pre-meet – 09:00 – 10:00</p>	

	<b>Venue:</b> PCC Meeting Room, CPHQ and MS Teams	
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