

**CUMBRIA POLICE & CRIME COMMISSIONER
PUBLIC ACCOUNTABILITY CONFERENCE**

Minutes of the Public Accountability Conference held on
Wednesday 9th May 2019 at Carleton Hall, Penrith
at 10:00am

PRESENT

Police & Crime Commissioner - Mr Peter McCall (Chair)

Also present:

Chief Finance Officer (Roger Marshall);
Deputy Chief Finance Officer (Michelle Bellis);
OPCC Deputy Chief Executive (Gill Shearer);
OPCC Executive Support Officer (Paula Coulter) – taking minutes

In attendance:

Member of the press;

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

001. APOLOGIES FOR ABSENCE

Apologies for absence were received from the Chief Constable (Michelle Skeer); Deputy Chief Constable (Mark Webster); and T/Assistant Chief Constable (Andy Slattery);

002. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public prior to the meeting.

003. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC

There were no items of urgent business to be considered by the Committee.

RESOLVED, that under section 100A(4) of the Local Government Act 1972, (as amended), the press and public be excluded from the meeting during consideration of the following items on the grounds that they involve the likely disclosure of exempt information as defined in the paragraph indicated in Part 1 of Schedule 12A to the Act –

Item No	Item	Paragraph No
13	Constabulary Revenue Budget Provisional Outturn Report 2018/19 – Appendix E	

004. DISCLOSURE OF PERSONAL INTERESTS

There were no disclosures of any personal interest relating to any item on the Agenda.

005. MINUTES

The Chair presented the minutes of the Public Accountability Conference held on the 27th March 2019, these had previously been circulated with the agenda. The minutes were agreed as an accurate record and signed by the Chair.

RESOLVED, that, the

- (i) Minutes of the Public Accountability Conference held on the 27th March 2019 be confirmed as a correct record and signed by the Chair;

006. DECISION 009-2019 – CAPITAL BUDGET PROVISIONAL OUTTURN 2018/19

The report was presented by the Deputy Chief Finance Officer, and provided details of the provisional outturn on the capital budget for 2018/19. It was noted that the figures quoted at this stage are provisional as the final accounts are still subject to audit, but it is not envisaged that there will be any significant changes.

The report shows that capital expenditure in the year amounted to £5.2m (60%) of the approved adjusted budget of £8.6m. The variance of £3.4 (40%) is largely as a result of slippage to future years (of which £2.5m had already been reported in previous quarterly reports). The slippage is mainly in respect of two ICT schemes E Business and Control Room Futures where the planned profile of spend has moved into the 2019/20 financial year and the estates scheme in relation to the construction of the Eden Deployment Centre on the HQ site where a slight delay in the construction programme has meant that one of the staged payments has moved from March 2019 into the 2019/20 financial year.

The report provides further details in respect of the main categories of capital expenditure of ICT, Estates, fleet and other.

The Commissioner was specifically asked to:

- Note the provisional capital outturn position for 2018/19 as reported.
- Formally approve a change to the 2018/19 programme budget of £2k, being a net increase arising from completed schemes and returned budgets.
- Formally approve the decision to fund 2018/19 expenditure on the Eden Deployment Centre from internal borrowing.
- Formally approve the changes to the 4-year capital strategy arising from re-profiling and detailed planning of approved schemes. For 2019/20 this approval includes an additional £28k for investment in electric/hybrid vehicles to enable exploration of the implications for a greener fleet.
- Approve the determinations at section 4 (paragraph 4.1), in respect of the financing of the 2018/19 capital expenditure.

Following a discussion, the presentation was noted and the recommendations as detailed within the report were all approved.

RESOLVED, that,

- (i) The presentation be noted; and
- (ii) The Recommendations as detailed within the report were all approved;

007. CONSTABULARY REVENUE BUDGET PROVISIONAL OUTTURN REPORT 2018/19

The report was presented by the Deputy Chief Finance Officer, and provided details of the provisional outturn on the Constabulary's revenue budget for 2018/19. The figures quoted at this stage are reported as provisional as the final accounts are still subject to audit but it is not envisaged that there will be any significant changes.

The figures show net revenue expenditure on Constabulary controlled and managed budgets amounting to £115.397m which represents an overspend of £217k (0.19%) against the approved adjusted budget of £115.180m.

The overspend is made up of an overspend on expenditure budgets of £836k (0.69%) offset by additional income totalling £619k (10.21%).

The final overspend of £217k represents a reduction of £429k compared to the overspend reported at the end of Quarter 3 at 31 December of £646k. It should, however, be noted that the overspend has already been reduced through the agreed application of revenue budget

reserves amounting to £470k. The net overspend prior to application of reserves is therefore £687k which represents 0.6% of the adjusted budget.

The principal changes in the last quarter of the financial year related to reductions in expenditure on supplies and services and additional income. Forecasts in relation to officer, PCSO and staff pay have been accurate from early in the financial year.

Following a discussion the report was noted.

RESOLVED, that,

- (i) The presentation be noted;

008. DECISION 010-2019 FINANCIAL OUTTURN REPORT 2018/19

The report was presented by the Chief Finance Officer and detailed the revenue budget financial outturn for the Commissioner for the 2018/19 financial year. Total net expenditure amounts to £98.823m compared to an approved budget of £98.627m. This is a net variance of £196k (0.20%). The variance represents an overspend of £217k in relation to funding provided to the Constabulary and an underspend of £21k on budgets managed by the OPCC. The forecast variation of £196k represents a reduction in the forecast overspend of £427k compared to the £623k reported as at 31 December 2018.

- The Commissioner was asked to note the combined provisional outturn position of an overspend of £196k for the financial year 2018/19.
- The Commissioner was asked to approve the financing of this overspend through a drawdown of the budget support earmarked reserve. It should be noted that a contribution was made to the budget support reserve during 2018/19 as a result of an underspend on the Business Intelligence capital project, which offsets the sum utilised to meet the revenue budget overspend.

Following a discussion, the presentation was noted and the recommendations as detailed within the report were all approved.

RESOLVED, that,

- (i) The presentation be noted; and
- (ii) The Recommendations as detailed within the report were all approved;

009. TREASURY MANAGEMENT ACTIVITIES JANUARY to MARCH 2019 and ANNUAL REPORT 2018/19

The report was presented by the Deputy Chief Finance Officer. The Commissioner approves an annual treasury management strategy in February each year, this report provides details of treasury management activities undertaken in the final quarter of the 2018/19 and provides an overall annual report for the year.

The report provides details on page 2 of investment income received in the year which amounted to £146k and was £71k (95%) above the original target budget of £75k.

Page 4 of 8 provides key statistics in relation to TM for the year: During 2018/19 the average daily balance invested was £21.9m. The average return on investments for the year works out at 0.67% and identical to the average base rate for the year. The Commissioner will recall that the base rate increased from 0.50% to 0.75% on 2 August 2018.

During 2018/19 a total of 218 individual investments were made which amounted to £136m. The maximum invested at one time peaked at £35.11m in early July following the receipt of the home office pensions top up grant.

The report provides details on Appendix A at page 6 of the outstanding investments as at 31 March which amounted to £14.0m (compared with £15.9m at 31/03/18).

The report also provides assurance on page 5 (and in more detail at Appendix B) that the Commissioners prudential indicators set as part of the strategy in February have all been complied with during the year.

Commissioner remains debt free at the end of 2018/19 but has an underlying need to borrow as measured by the capital financing requirement. The CFR amounted to £17.98m at the start of 2018/19 and at the end of the year was £19.35m. This sum includes £4.8m in relation to the financing of the PFI.

Following a discussion, the presentation was noted.

RESOLVED, that,

- (i) The presentation be noted;

010. DECISION 011-2019 INTERNAL AUDIT ANNUAL REPORT 2018/19

The report was presented by the Deputy Chief Finance Officer, and provided a summary of the outcomes of internal audit work for 2018/19. The report is included as part of the overall assurance arrangements for the commissioner. The report includes the Head of Internal Audit's opinion on the effectiveness of the PCC and CC arrangements for risk management, governance and internal controls in accordance with the requirements of the Public Sector Internal Audit Standards.

The overall opinion of the HoIA based on work undertaken is that of Reasonable Assurance.

Overall 93% of finalised audits resulted in reasonable or substantial assurance. The work of IA is considered to provide an appropriate level of coverage to provide the opinion.

The HoIA has also noted that all audits received a positive response from management and action plans were agreed to address all recommendations.

The commissioner is asked to note the report and note that it will be considered by JAC on 23/05/19 as part of the suite of governance reports alongside the statutory statement of accounts.

The Commissioner was asked to note:

- The progress in delivering the 2018/19 audit plan.
- The Head of Internal Audit's opinion and assurance statement on the PCC and the Chief Constable's overall systems of governance, risk management and internal control for the year ended 31st March 2019.
- The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.
- The results of the Quality Assurance and Improvement programme
- The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.

Following a discussion, the presentation was noted and the recommendations as detailed within the report were all approved.

RESOLVED, that,

- (i) The presentation be noted; and
- (ii) The Recommendations as detailed within the report were all approved;

011. DECISION 012-2019 – EFFECTIVENESS OF THE ARRANGEMENTS FOR AUDIT 2018/19

The report was presented by the Deputy Chief Finance Officer, which provided details of the effectiveness of the arrangements for audit (Item 11a) and the effectiveness of the Joint Audit Committee (Item 11b). Both reports are provided for the Commissioner as part of a review of the overall contribution these functions make towards the arrangements for governance.

Item 11a - Review of Effectiveness of Arrangement for Audit

Assurances in respect of arrangements for audit are part of a robust governance framework. The arrangements for audit support the Commissioner, Chief Constable and JAC in placing reliance on the opinion of the Head of Internal Audit and the work and reports of the internal audit team. An effective internal audit service is also a characteristic within the 7 principles of the CIPFA good governance framework.

CIPFA defines the system of internal audit as the entirety of the arrangements put in place by the entity including any oversight committee. This report therefore covers both the work of internal audit and the JAC committee.

Section 2 deals with arrangements for internal audit. IA are reviewed on the basis of compliance with Public Sector Internal Audit Standards PSIAS. The head of internal audit has included within her annual report a statement of conformance with the standards (previous report agenda item 10).

As part of the requirements for governance, internal audit have a Quality Assurance and Improvement Programme (QAIP) and this provides reasonable assurance that internal audit is performing its work in accordance with the internal audit charter. The QAIP and Internal Audit Charter were reviewed by members at the March meeting.

During November 2017 the first external quality assessment of internal audit was carried out. The overall assessment from the report was that the internal audit function “generally conforms” to the PSIAS, this is the highest possible outcome with the others being “partially conforms” and “does not conform”.

Appendix A (pages 7-11) provides a summary of the completed self-assessment in relation to internal audit. Appendix B (pages 12-19) provides an evaluation of the role of the Head of Internal Audit.

Whilst the review of IA against the PSIAS provides the primary source of assurance, further assurance is taken from the opinion of the external auditors. This is included within the Grant Thornton progress update reports presented to JAC which concludes that internal audit work continues to provide independent and satisfactory service to the PCC/CC and that their work contributes to an effective internal control environment.

Section 3 of the report deals with the effectiveness of arrangements for an audit committee. These have been assessed against the revised (2018) CIPFA guidance on audit committees. The

arrangements for JAC are covered in more detail in the net agenda item (item 11b). The overall conclusion is that the JAC is effective in its operation.

The Commissioner is asked to consider the recommendations set out in section 5.2.

Item 11b - Review of Effectiveness of JAC

As part of the overall arrangement for governance an annual review of the effectiveness of this committee is undertaken.

Guidance is contained within CIPFAs publication Audit Committee's a practical guide for LA and Police. The CIPFA guidance which was updated in 2018 recommends that this review is undertaken on an annual basis. The review covers 4 main areas:

- Core committee function
- Wider functions (ethical values and treasury management)
- Independence and accountability
- Membership and effectiveness

In each area a self-assessment exercise is carried out and a score of 1-5 (with 5 being the highest level of effectiveness) is carried out.

Core functions is split into 10 sub sections. The committee achieves 5/5 in all of the 10 sub sections. The committee achieves a score of 5 for wider functions, independence and accountability and membership and effectiveness indicating the highest level of effectiveness. Following a request from the committee in previous years, the report for 2018/19 again includes statements from the Commissioner and Chief Constable on page 6.

The report includes in the appendices A-F a summary of committee activities by meeting and on a terms of reference assurance basis, a schedule of committee attendance, role profiles and the CIPFA good practice check list.

Next steps, once approved this JAC review of Effectiveness is used to produce a more summarised annual report for the Committee. This annual report will be prepared and circulated to JAC members in advance of it being approved at the July meeting and will then be presented by the Chair to the meeting of the Police and Crime Panel at their meeting on 14 October 2019.

The Commissioner was asked to:

Effectiveness of Arrangements for Audit:

- The Commissioner is asked to consider this report and:
- Determine whether he is satisfied with the effectiveness of Internal Audit for the year to 31 March 2019 and to the date of this meeting, taking into account the views of the Joint Audit Committee, and
- Consider any areas where the Commissioner might wish to see improvements or changes in 2019/20.

Review of Effectiveness of the Joint Audit Committee:

- The Commissioner is asked to consider this report and:
- Determine whether he is satisfied with the effectiveness of the Joint Audit Committee for the year to 31 March 2019 and to the date of this meeting, and
- Consider any areas where the Commissioner might wish to see improvements or changes in 2019/20.

Following a discussion, the presentation was noted and the recommendations as detailed within the report were all approved.

RESOLVED, that,

- (i) The presentation be noted; and
- (ii) The Recommendations as detailed within the report were all approved;

012. DECISION 013-2019 EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS (OPCC) 2018/19

The Commissioner received a report from the Chief Executive and Chief Finance Officer regarding the arrangements for governance and accompanied by the Commissioner's Annual Governance Statement for 2018/19. This consisted of a suite of 3 reports that set out the effectiveness of the governance arrangements. The Commissioner is required from accounts and audit regulations to undertake a review of internal controls and provide an annual audit statement.

The Commissioner was asked to:

- Where applicable, consider the recommendations of the Joint Audit Committee, determining any actions and/or amendments to the Code of Corporate Governance 2019/20 and Annual Governance Statement 2018/19
- Approve for signature, where applicable with amendments, the Annual Governance Statement for 2018/19 and to the date of this meeting, which will then accompany the Statement of Accounts for 2018/19

Following a discussion, the presentation was noted and the recommendations as detailed within the report were all approved.

RESOLVED, that,

- (i) The presentation be noted; and
- (ii) The Recommendations as detailed within the report were all approved;

013. APPLEBY HORSE FAIR – VERBAL UPDATE

A statement was provided by the Chief Constable in response to a question asked by the Police & Crime Commissioner to provide assurance around the Constabulary preparations for the operational policing element of Appleby Horse Fair 2019. The statement was read out by the Chief Finance Officer on behalf of the Chief Constable. A copy of the statement is available on the Commissioner's website, at the end of the papers from the PAC meeting held 9th May 2019.

(Note: Members of the press and public left the meeting)

PART 2 – ITEMS CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC

014. CONSTABULARY REVENUE BUDGET PROVISIONAL OUTTURN REPORT 2018/19 – APPENDIX E

The document was presented by the Deputy Chief Finance Officer, and detailed a list of bad debts that had been written off during 2018/19.

Following a discussion, the document was noted.

RESOLVED, that,

- (i) The document be noted;

The Commissioner expressed his thanks to the Chief Finance Officer, the Deputy Chief Finance Officer and the rest of the Finance Team for all of their hard work in producing the accounts for the year in such a professional and timely manner.

Meeting concluded at 10:45am

Signed: _____

Date: _____

DRAFT