

**OFFICE OF THE NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER
&
NORTHAMPTONSHIRE POLICE**

JOINT INDEPENDENT AUDIT COMMITTEE

3rd March 2015 at 11.00am to 13.30pm

Highgate House, Grooms Lane, Creaton, Northants. NN6 8NN

If you should have any queries in respect of this agenda, please contact John Neilson on 03000 111 222 Ext 346662

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

Further details regarding the process for asking questions or making an address to the Committee are set out at the end of this agenda notice

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AGENDA

1	Apologies for non- attendance	JB	11:00
2	Declarations of Interests	Members	11:05
3	Announcements from the Chair	JB	11:05
4	Minutes and Matters Arising from the previous meeting	JB	11:05
5	Matters Arising Action Log	JB	11:10
6	Force Strategic Risk Register (inc Risk Management & Procedures)	MJ / RB	11:15
7	HMIC Reports – verbal update <i>see www.hmic.gov.uk</i>	MJ	11:25
8	Draft Treasury Management Strategy	GJ	11:35
9	Draft Internal Audit Plan	Baker Tilly	11:55
10	Internal Audit Progress Report	Baker Tilly	12:15
11	Implementation of Audit recommendations a. Force b. OPCC	GJ JN	12.20
12	External Audit Progress Report	KPMG	12:30
13	Progress with Annual Governance Statement actions a. Force b. OPCC	GJ JN	12:40
14	Finance Dashboard	GJ	12:45
15	Performance Dashboard	MJ	12:50
16	MTFP, Revenue and Capital Budgets – verbal update	JN & GJ	12:55
17	Assurance Mapping Update - verbal	JN & GJ	13:00
18	Items for escalation to the Commissioner and / or the Chief Constable	JB	13:10
19	Agenda Plan for the next four meetings	SD	13:10
20	Date and venue of next meeting 24 th June 2015 - 10:00am – Greenwell Room	SD	13:10

Continued overleaf ...

AGENDA *(continued)*

21	Such other business by reason of the special circumstances to be specified, the Chair is of the opinion is of sufficient urgency to warrant consideration. <i>(Members who wish to raise urgent business are requested to inform the Chairman beforehand).</i>	JB	13:15
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22	Resolution to exclude the public	JB	13:15
	<p>Items for which the public be excluded from the meeting:</p> <p>In respect of the following items the Chair may move the resolution set out below on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them:</p> <p><i>“That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them”.</i></p>		

23	Minutes of the previous private meeting	JB	13:15
24	OPCC Risk Register a) Risk Register b) Draft Assurance Map	JN	13:15
25	HMIC Reviews [verbal]	MJ	13:20
26	Appointment of Internal Auditors (Verbal)	JN	13:25

	Private Meeting of Committee Members with the Auditors (if required)	JB	13:30
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Continued overleaf ...

Further details regarding the process for asking questions or making an address to the Committee

i. General

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

ii. Notice of questions and addresses

A question may only be asked or an address given if notice has been given by delivering it in writing or by electronic mail to the Monitoring Officer no later than noon two working days before the meeting.

Notice of questions or an address to the Committee should be sent to:

Steve Dainty
Office of the Police and Crime Commissioner
West Wing
Police HQ
Wootton Hall
NORTHAMPTON
NN4 0JQ

or by email to:

stephen.dainty@northantspcc.pnn.police.uk

by 12 noon 27th February 2015

Each notice of a question must give the name and address of the questioner and must name the person to whom it is to be put, and the nature of the question to be asked. Each notice of an address must give the name and address of the persons who will address the meeting and the purpose of the address.

iii. Scope of questions and addresses

The Chair of the Committee may reject a question or address if it:

- Is not about a matter for which the Committee has a responsibility or which affects Northamptonshire;
- is defamatory, frivolous, offensive or vexatious;
- is substantially the same as a question which has been put or an address made by some other person at the same meeting of the Committee or at another meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

Continued overleaf ...

Further details regarding the process for asking questions or making an address to the Committee (continued)

- iv. Asking the question or making the address at the meeting**
The Chair of the Committee will invite the questioner to put the question to the person named in the notice. Alternatively, the Chair of the Committee will invite an address to the Committee for a period not exceeding three minutes. Every question must be put and answered without discussion but the person to whom the question has been put may decline to answer it or deal with it by a written answer. Every address must be made without discussion.

- v. The Members of the Committee are:**

Mr John Beckerleg (Chair of the Committee)

Ms G Scoular

Mr M Pettitt

Mr A Knivett

IAIN BRITTON

CHIEF EXECUTIVE & MONITORING OFFICER

* * * * *

**NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and
NORTHAMPTONSHIRE CONSTABULARY**

JOINT INDEPENDENT AUDIT COMMITTEE

MINUTES OF MEETING HELD ON

3rd DECEMBER 2014

(Excluding Exempt Items)

Mr Beckerleg welcomed all to the meeting.

PRESENT

Audit Committee Members

J Beckerleg (in the Chair)
G Scoular
M Pettitt
T Knivett

Northamptonshire Police and Crime Commission

I Britton Chief Executive
J Neilson Director for Resources, Governance and Transformation
S Dainty Strategic Resources Officer and Deputy Chief Finance Officer

Northamptonshire Police

M Jelley Deputy Chief Constable
F Davies Head of Corporate Services
G Jones Head of Finance and Asset Management
R Baldwin Force Risk and Continuity Advisor

Auditors

P Green Baker Tilly
J Gorrie KPMG
S Lacey KPMG

1. APOLOGIES FOR NON-ATTENDANCE

None

2. DECLARATIONS OF INTERESTS

Members made the following declarations of interest:

M Pettitt - his daughter currently works in the HR department of Northamptonshire Police.

T Knivitt - is a member of the Police Disciplinary Panel.

J Beckerleg – works for the Chief Fire Officers Association

3. ANNOUNCEMENTS BY THE CHAIR OF THE COMMITTEE

The Chair stated that no requests had been received from members of the public either to address the Committee or to put a question to the Committee.

The Chair, on behalf of the Committee thanked G Newton and J Haynes for their work and contributions they made to the work of the Joint Audit Committee.

John Beckerleg informed the Committee that he would be attending a seminar being run by Baker Tilly on 19th January 2015 for Chairs of Audit Committees

4. MINUTES OF THE MEETING HELD ON 10th SEPTEMBER 2014

Minute 11 (b) Gary Jones confirmed that an explanation of the discretions being exercised as part of the preparation of the 2014-15 Accounts would be brought to the March 2015 meeting, prior to the draft accounts being formally submitted to the Committee in June 2015.

ACTION POINTS

Gary Jones To bring a report on the discretions being exercised to the March 2015 meeting

Subject to the above the Committee **agreed** the Minutes of the meeting held on 10th September 2014.

5. MATTERS ARISING ACTION LOG

In response to a question by Martin Pettitt, John Neilson confirmed that the reason the workshop was not held in November 2014 was the problem of

people's availability. The workshop had been re-arranged for 14th January 2015

6. IMPLEMENTATION OF AUDIT RECOMMENDATIONS

a) Force

Fiona Davies introduced the report and the following points were discussed:

- i. Content – It was agreed that in future the report would include recommendations which remain open and actions completed since the previous meeting (i.e. completed recommendations will be reported once and then removed)
- ii. Actions not completed by the agreed implementation date would be marked as red status
- iii. Collaboration – Some items seeking to establish the principles of collaboration (e.g. item 1) were complete although there might be a need to review how the principles were being implemented in practice. This topic would be included on the Workshop Agenda
- iv. Equiniti – Notice had been given on the contract for pension administration. The contract would be re-tendered with the start date of the new contract being October 2015
- v. Operational Areas (Property) – Martin Pettitt congratulated the Force for completing all of the recommended actions but asked when the new processes would be tested. This will be considered for inclusion in the next internal audit plan based on a prioritisation based on risks.
- vi. Business Continuity – Item 3.2 (developing a test strategy) should be 'red' as the implementation date has been exceeded. This would be included in the next report to the Committee
- vii. Change Management – The change of governance around the ASPIRE Board has strengthened the project management; it was easier to manage and was less complicated. Although the Committee had an observer on the ASPIRE Board (TK) it was agreed that an item would be included on the workshop agenda to enable the whole Committee to be briefed more fully
- viii. Data Security – It was reiterated that the Force had extremely high standards on data security and integrity
- ix. Overall Plan 2014/15 - Patrick Green (Baker Tilly) confirmed that he was confident that the Internal Audit Plan would be completed within the financial year
- x. Risk Management – Recommendations 1.7a and 1.7b (The Audit Committee's risk reporting requirements) would be included on the workshop agenda.
- xi. Specials and Volunteers – On a question raised regarding the planned audit relating to volunteers and specials, Martin Jelley stated that Northamptonshire had the highest number of specials per head in the whole country. Patrick McGhee had been commissioned to undertake a review of the programme and, as a consequence, the Chair had agreed to delay the audit until the review report was received. The report by Patrick McGhee would be shared with the Audit Committee when completed

ACTION POINTS

- a) **Fiona Davies** Future reports to exclude completed recommendations which had been previously reported as complete
- b) **John Neilson** Workshop agenda to include items on Collaboration, ASPIRE and Risk Management reporting
- c) **Martin Jelley** To consider a follow up audit on property for inclusion in next year's internal audit plan based on a prioritisation based on risks.

The Committee **noted** the progress the Force was making with the implementation of audit recommendations.

b) OPCC

John Neilson introduced the report and the following points were discussed:

- i. Estate Management – It was confirmed that the Single Action Tender request form had been completed.

The Committee **noted** the progress the OPCC was making with the implementation of audit recommendations.

7. PROGRESS WITH ANNUAL GOVERNANCE STATEMENT ACTIONS

a) Force

The Committee **noted** the progress the Force was making with the Governance Statement actions.

b) OPCC

In response to a question around the Anti-Fraud and Corruption Policy it was confirmed that the Force document was on the Force web site.

Item 6 (Baseline review of governance) – the conclusion of the review would be shared with the Audit Committee.

The Committee **noted** the progress the OPCC was making with the Annual Governance Statement actions.

8. INTERNAL AUDIT PROGRESS REPORT

Patrick Green introduced the report and the following points were discussed:

- i. Internal Audit Plan -There had been no changes to the Audit Plan so far this year.
- ii. Joint Assurance Framework – Whilst the workshop held for the Chief Finance Officers of the East Midlands was successful there was still no agreement on the work programme and funding. Although there was a variety of collaborations it was accepted that it should be possible to devise a generic list of governance requirements, possibly drawing on experience elsewhere. This was becoming an urgent issue. It was agreed that John Beckerleg would speak to his fellow Chairs on 19 January 2015 for a decision.
- iii. Estates Strategy – There was a major report going to the ASPIRE Board in January 2015 regarding the management of the Estate.
- iv. Medium Term Financial Planning – the Committee noted that this was a good report with no medium or high recommendations

ACTION POINTS

John Beckerleg To raise the urgency of the Joint Assurance Framework with his fellow Chairs

The Committee **noted** the report.

9. EXTERNAL AUDIT PROGRESS REPORT

John Gorrie introduced the report

The Committee **noted** the report.

10. FINANCE DASHBOARD

Gary Jones introduced the report. He highlighted that the grant was now expected to be reduced by 3.2% (rather than the 2.5% previously assumed) but this had been partially offset by Phase II of the Winsor report in to Police Pay and Conditions.

The report indicated a broadly balanced budget until 2017-18.

The Committee **noted** the report.

11. PERFORMANCE DASHBOARD

Martin Jelley introduced the report and gave a comprehensive briefing on key issues within it.

12. TREASURY MANAGEMENT UPDATE

Gary Jones introduced the report.

The Committee noted the report and **resolved** that in future a strategy report should be submitted to the March meeting, with a mid-year review report being submitted to the September meeting. Any breaches in the policy, including of the counterparties limits, would be reported to the Committee.

The Treasury Strategy report would be included on the agenda for the March 2015 meeting

ACTION POINTS

Gary Jones Reports on Strategy, mid-year review and exception reporting of breaches of the policy

13. MTFP – REVENUE AND CAPITAL BUDGETS

John Neilson introduced the report and stated that the provisional grant settlement for 2015-16 was expected on 17th December 2014. The agenda for the workshop would include more detail of the planned capital and budget plans

The Committee **noted** the report.

ACTION POINTS

John Neilson Inclusion of MTFP on workshop agenda

14. ASSURANCE MAPPING

Richard Baldwin and John Neilson introduced the report. This was in progress and assurance mapping was evolving. It was noted that the Treasury Guidance on assurance mapping (December 2012) provided examples on how the mapping could be implemented.

Martin Pettitt expressed his disappointment on the apparent limited progress since the November 2013 workshop.

A detailed discussion took place on the existing arrangements within the Force and how to take this forward.

It was resolved to include an item on assurance mapping on the agenda for the workshop.

A further report describing how assurance mapping would be implemented (including assurance mapping in relation to collaboration arrangements) would be made to the March meeting.

The Committee **noted** the report.

ACTION POINTS

John Neilson Inclusion of assurance mapping on workshop agenda.

**Fiona Davies /
John Neilson** A further report describing how assurance mapping would be implemented (including assurance mapping in relation to collaboration arrangements) to be made to the March meeting.

15. OPCC RISK MANAGEMENT POLICY

John Neilson introduced the report and requested feedback from the Committee prior to submitting the OPCC Risk Management Policy to the Commissioner for approval.

The Committee **noted** the report.

ACTION POINTS

ALL To feedback any comments to John Neilson by Friday 5th December 2015

16. FORCE STRATEGIC RISK REGISTER

Richard Baldwin introduced the report.

Items CR75 and CR63 were discussed and in particular the Committee was reassured that there was sufficient capacity to progress the actions against these risks.

The Committee **noted** the report.

17. HMIC REPORTS

Martin Jelley summarised recent activity by Her Majesty's Inspectorate of Constabulary, with particular reference to the Police Effectiveness Efficiency and Legitimacy programme (PEEL).

The Committee **noted** the report.

18. ITEMS FOR ESCALATION TO THE COMMISSIONER AND/OR THE CHIEF CONSTABLE

The Committee does not wish to alert the Commissioner and Chief Constable to any issues.

19. AGENDA'S PLAN FOR NEXT FOUR MEETINGS

John Neilson introduced the report.

With the exception of the change regarding Treasury Management the Committee **agreed** the Agenda Plan.

ACTION POINTS

Steve Dainty Treasury Management to be included on future agendas as agreed under item 12

20. DATE AND VENUE OF NEXT MEETING

11:00am 3rd March 2015 at Force HQ Northampton.
(Please note later time)

ACTION POINTS

ALL To note date, time and venue of next meeting

21. OTHER URGENT BUSINESS

None

22. RESOLUTION TO EXCLUDE THE PUBLIC FROM THE MEETING

The Chair moved the following resolution:

“That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them”.

The Committee **approved** the resolution.

[The minutes of the remaining items of business are recorded separately in another document]

END

JOINT INDEPENDENT AUDIT COMMITTEE
3rd March 2015

Matters Arising Log

Meeting held on 3 rd December 2014				
Minute	Action	Who	Comment	Status
4	To bring a report on the discretions being exercised to the March 2015 meeting	GJ	See Agenda item 17	Closed
6	Future reports to exclude completed recommendations which had been previously reported as complete	FD		Closed
6	Workshop agenda to include items on Collaboration, ASPIRE and Risk Management reporting	JN		Closed
6	To consider a follow up audit on property for inclusion in next year's internal audit plan based on a prioritisation based on risks.	MJ	See Agenda item 10	Closed
8	To raise the urgency of the Joint Assurance Framework with his fellow Chairs	JB		Closed
12	Reports on Strategy, mid-year review and exception reporting of breaches of the policy	GJ		Closed
13	Inclusion of MTFP on workshop agenda	JN		Closed
14	Inclusion of assurance mapping on workshop agenda.	JN		Closed
14	A further report describing how assurance mapping would be implemented (including assurance mapping in relation to collaboration arrangements) to be made to the March meeting.	JN & FD	See Agenda item 18	Closed
15	OPCC Risk Management Policy: To feedback any comments to John Neilson by Friday 5 th December 2015	All		Closed
19	Treasury Management to be included on future agendas as agreed under item 12	SD		Closed
20	To note date, time and venue of next meeting	All		Closed

IB Iain Britton JN John Neilson FD Fiona Davies MJ Martin Jelley GJ Gary Jones SD Steve Dainty

Author:

Steve Dainty

Not Protectively Marked

Northamptonshire Police



1 Policy Identification Page

Policy Title:	Risk Management		
Reference Number:		Version:	5.0

Force department responsible: Corporate Development Department

Policy Author: Richard BALDWIN	Senior Owner: Supt Sean BELL
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Policy Effective Date:	01 February 2014
Policy Review Date:	01 February 2015

Replaces Policy or document: Risk Management Policy v4.1

Links to other policies, procedures, strategies or other documents:
 Risk Management Procedures
 Information Security Policy
 Security Incident Management Policy
 Security Incident Management Procedure
 Force Strategic Assessment

Version	Date	Reason for issue
0.1	05/07/2010	Draft
1.0	04/08/2010	Approved by C.O.G.
2.0	17/02/2011	Revised following Force restructure
3.0	25/04/2012	Revised to incorporate changes in procedure and reporting structure
4.0	22/07/2013	Revised to incorporate further changes in procedure and reporting structure
4.1	11/12/13	Revised to incorporate changes to Force structure
5.0	10/02/15	Updated to include items identified by internal audit

Date Policy last reviewed:	February 2014
Last reviewed by:	Supt Sean BELL

Approved on: 11 February 2015	Name: Supt Sean BELL	Signed:
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Not Protectively Marked

2 Legislative Compliance

- 2.1 This document has been drafted to comply with the principles of the Human Rights Act. Proportionality has been identified as the key to Human Rights compliance, this means striking a fair balance between the rights of the individual and those of the rest of the community. There must be a reasonable relationship between the aim to be achieved and the means used.
- 2.2 Equality and Diversity issues have also been considered to ensure compliance with Equal Opportunities legislation and policies. In addition, Data Protection, Freedom of Information and Health and Safety issues have been considered. Adherence to this policy or procedure will therefore ensure compliance with all legislation and internal policies.

3 Purpose and scope of policy

- 3.1 This policy is designed to assist those with responsibility for the ownership and management of risk within the force.
- 3.2 The purpose of the policy is to:
 - a) Integrate risk management into core business practices;
 - b) Ensure that the risk management process is aligned to the Force's strategic priorities;
 - c) Ensure that the Force's exposure to risk is maintained within acceptable levels;
 - d) Safeguard employees, the public and others affected by the Force's operations;
 - e) Inform decisions by identifying risks and their likely impact;
 - f) To demonstrate that the Force operates good governance in its approach to the identification and management of risk.
- 3.3 The policy applies to all aspects of risk management although the degree of control will be scaled according to the severity of impact and likelihood of realisation of any particular risk and within cost and value considerations.

4 Background information

- 4.1 Northamptonshire Police has a responsibility to manage risks effectively in order to protect employees and the community and to enable the Force to achieve its strategic objectives as set out in the Force Strategic Assessment and the Local Policing Plan.
- 4.2 Both the Force and the Police and Crime Commissioner are committed to the integration of risk management into all working

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practices. The implementation of a consistent risk management programme, as defined in the Risk Management Procedures, will enable the Force to respond to, and effectively manage, any business, operational, health and safety or other risks whether actual or potential.

- 4.3 Legislation that underpins the management of risk includes the Corporate Manslaughter and Corporate Homicide Act 2007, the Civil Contingencies Act 2004 and the Health and Safety at Work Act 1974.

5 Policy Statement

- 5.1 All risks will be reported using a standard template and process and assessed according to standard criteria as detailed in the Risk Management Procedures.
- 5.2 Risks will be defined as falling into one of three levels of activity; the Strategic level, where the purpose and direction of the organisation is determined; the Programme level, incorporating all programme and project activity, where those strategies are transferred into action plans; and the Operational level, where those action plans are implemented.
- 5.3 Low and medium strategic level risks will be recorded, assessed and owned by the head of the department responsible for the area of activity most affected by the risk. The risk owner will be responsible for implementing control measures to address the risk and for monitoring the risk to identify any possible escalation.
- 5.4 Low and medium programme level risks will be recorded, assessed and owned by the programme / project manager. The risk owner will be responsible for implementing control measures to address the risk and for monitoring the risk to identify any possible escalation.
- 5.5 Low and medium operational level risks will be recorded, assessed and owned by the department raising the risk. The risk owner will be responsible for implementing control measures to address the risk and for monitoring the risk to identify any possible escalation.
- 5.6 All high and critical risks, and medium risks that have a force wide impact, will be referred to the Force Risk Manager and will be recorded in the Corporate Risk Register. The risk owner should implement control measures to reduce the likelihood and/or impact of the risk, monitor the risk to identify any possible escalation and report the status of the risk to the Force Risk Manager.
- 5.7 The Strategic Tasking and Co-ordination Group will be responsible for quarterly oversight of any high or critical strategic risks and operational risks.

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- 5.8 The Programme Aspire Board will be responsible for oversight of any high or critical risks associated with programmes and projects.
- 5.9 The Information Assurance Board will be responsible for quarterly oversight of any corporate risks where there may be an impact on information security.
- 5.10 The Chief Officers Group will receive a quarterly report on the status of risks on the Corporate Risk Register.
- 5.11 The Independent Joint Audit Committee will review strategic risks quarterly to ensure that the risks are being managed in accordance with the Risk Management Policy and Procedures and that the assurance measures in place for each risk provide adequate assurance that the control measures in place are effective in managing the risk.
- 5.12 The Chief Constable will have overall responsibility for corporate risk.

6 Monitoring and review

- 6.1 Compliance with this policy will be monitored by the Chief Officers Group.
- 6.2 The Senior Policy Owner will be responsible for reviewing this document every year.
- 6.3 The Deputy Chief Constable, as ACPO lead, will be responsible for reviewing the appropriateness and effectiveness of this policy.

7 Comments

- 7.1 Comments and feedback on this policy are welcomed and should be sent to the Senior Policy Owner at the following address:
- 7.2 Northamptonshire Police
Force Headquarters
Wootton Hall
Northampton, NN4 0JQ

Appendices

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Northamptonshire Police



Procedure Title:	Risk Management		
Reference Number:		Version:	5.0

Force department responsible: Corporate Development Department

Procedure Author: Richard BALDWIN	Senior Owner: Supt Sean BELL
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Policy Effective Date:	01 February 2015
Policy Review Date:	01 February 2016

Replaces Policy or document:	Risk Management Procedures v4.1
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Links to other policies, procedures, strategies or other documents:
 Risk Management Policy
 Policy and for Project and Programme Management
 Procedures for Project and Programme Management
 Information Security Policy
 Security Incident Management Policy
 Security Incident Management Procedure
 Force Strategic Assessment

Version	Date	Reason for issue
0.1	22/07/10	Draft
0.2	29/07/10	Revised Draft
1.0	04/08/10	Approved by C.O.G.
2.0	17/02/11	Revised following Force restructure
3.0	25/04/12	Revised to incorporate changes in procedure and reporting structure
4.0	22/07/13	Revised draft to incorporate further changes in procedure and reporting structure
4.1	11/12/13	Revised Draft to incorporate changes to Force structure
5.0	10/02/15	Updated to include items identified by internal audit

Date Policy last reviewed:	February 2015
Last reviewed by:	Supt Sean BELL

Approved on: 11 February 2015	Name: Supt Sean BELL	Signed:
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1 Legislative Compliance

- 1.1 This document has been drafted to comply with the principles of the Human Rights Act. Proportionality has been identified as the key to Human Rights compliance, this means striking a fair balance between the rights of the individual and those of the rest of the community. There must be a reasonable relationship between the aim to be achieved and the means used.
- 1.2 Equality and Diversity issues have also been considered to ensure compliance with Equal Opportunities legislation and policies. In addition, Data Protection, Freedom of Information and Health and Safety issues have been considered. Adherence to this policy or procedure will therefore ensure compliance with all legislation and internal policies.

2 Background Information

- 2.1 The Northamptonshire Police Risk Management Policy (January 2014) defines the Force's attitude to risk and outlines its approach to the management of risk.
- 2.2 Risk management is a central part of any organisation's strategic management. It is the process whereby organisations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.
- 2.3 The focus of good risk management is the identification and treatment of these risks.
- 2.4 Its objective is to add maximum sustainable value to all the activities of the organisation. It marshals the understanding of the potential upside and downside of all those factors which can affect the organisation. It increases the probability of success, and reduces both the probability of failure and the uncertainty of achieving the organisation's overall objectives.
- 2.5 Risk management is a continuous and developing process which runs throughout the organisation's strategy and the implementation of that strategy.
- 2.6 It translates the strategy into tactical and operational objectives, assigning responsibility throughout the organisation with each manager and employee responsible for the management of risk as part of their job description. It supports accountability, performance measurement and reward, thus promoting operational efficiency at all levels.

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- 2.7 The Civil Contingencies Act 2004 and the subsequent guidance on its use entitled Emergency Preparedness (Nov 2005) outlines the expectations placed upon category 1 and 2 responders in terms of the Act.
- 2.8 In December 2008 the Cabinet Office published the Expectations and Indicators of Good Practice document in which it clarified what is expected of category 1 and 2 responders in respect of their duties under the Civil Contingencies Act.

3 Aims and Objectives

- 3.1 The main objectives of this procedure is to:
- a) Integrate risk management into core business practices and organisational culture;
 - b) Ensure that the risk management process is aligned to the Force's strategic priorities;
 - c) Ensure that the Force's exposure to risk is maintained within acceptable levels;
 - d) Demonstrate that the Force operates good governance in its approach to the identification and management of risk;
 - e) Provide a consistent means of recording and assessing risks;
 - f) Provide clear criteria for assessing the impact of risks;
 - g) Provide a clear mechanism for escalating risks;
 - h) Ensure that ownership of risks is at a level appropriate to the severity of impact;
 - i) Ensure that adequate mechanisms are in place to provide assurance that risks are being effectively managed;
 - j) Provide regular and effective management information on the Force's risk exposure and resilience;
 - k) Ensure that a process is in place to monitor the ongoing effectiveness of the risk management process;
 - l) Ensure that all members of staff are aware of their responsibilities in terms of risk management and that appropriate training and support is available to achieve this.
 - m) Ensure that the Force is able to fulfil its obligations under the Civil Contingencies Act 2004.

4 Approach

- 4.1 Risk can be defined as an uncertainty of the outcome, whether a negative threat or a positive opportunity, of actions and events that, if they were to occur, may affect an organisations ability to deliver its objectives.
- 4.2 Actions or events that have already occurred are issues, rather than risks.

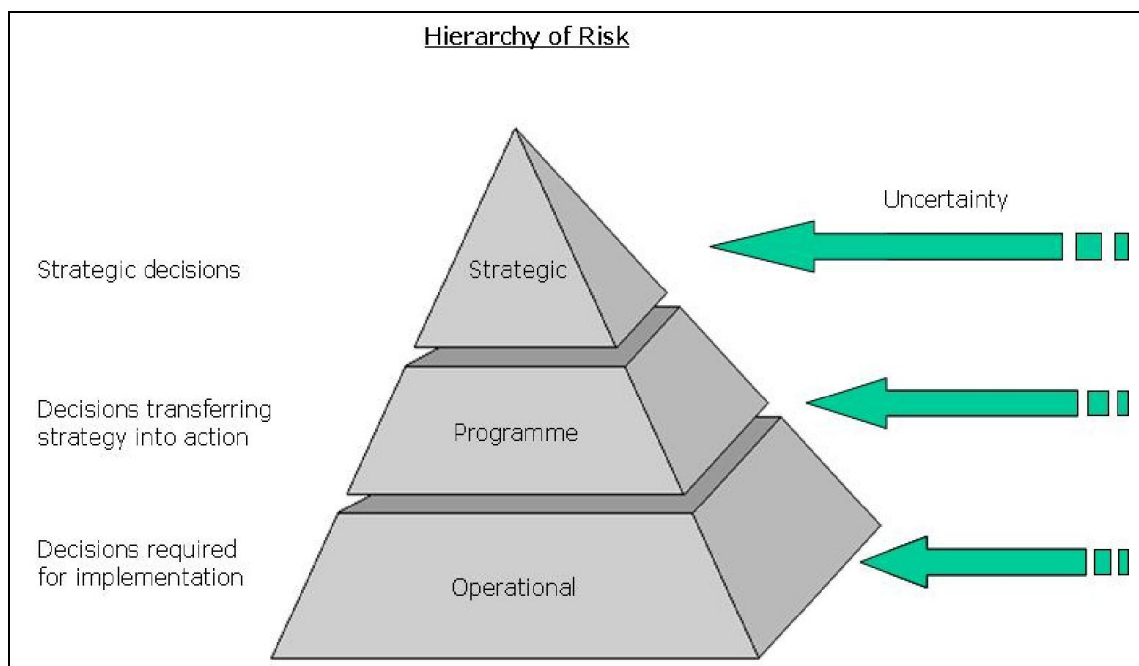
The procedures for managing risk that are described in these procedures apply equally to issues although there will usually be a greater degree of immediacy in implementing any control measures.

Further information on the management of issues is given in section 14.

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- 4.3 All organisations can be broadly described as having three levels of activity (as illustrated in the diagram below); the Strategic level, the Programme level and the Operational level.



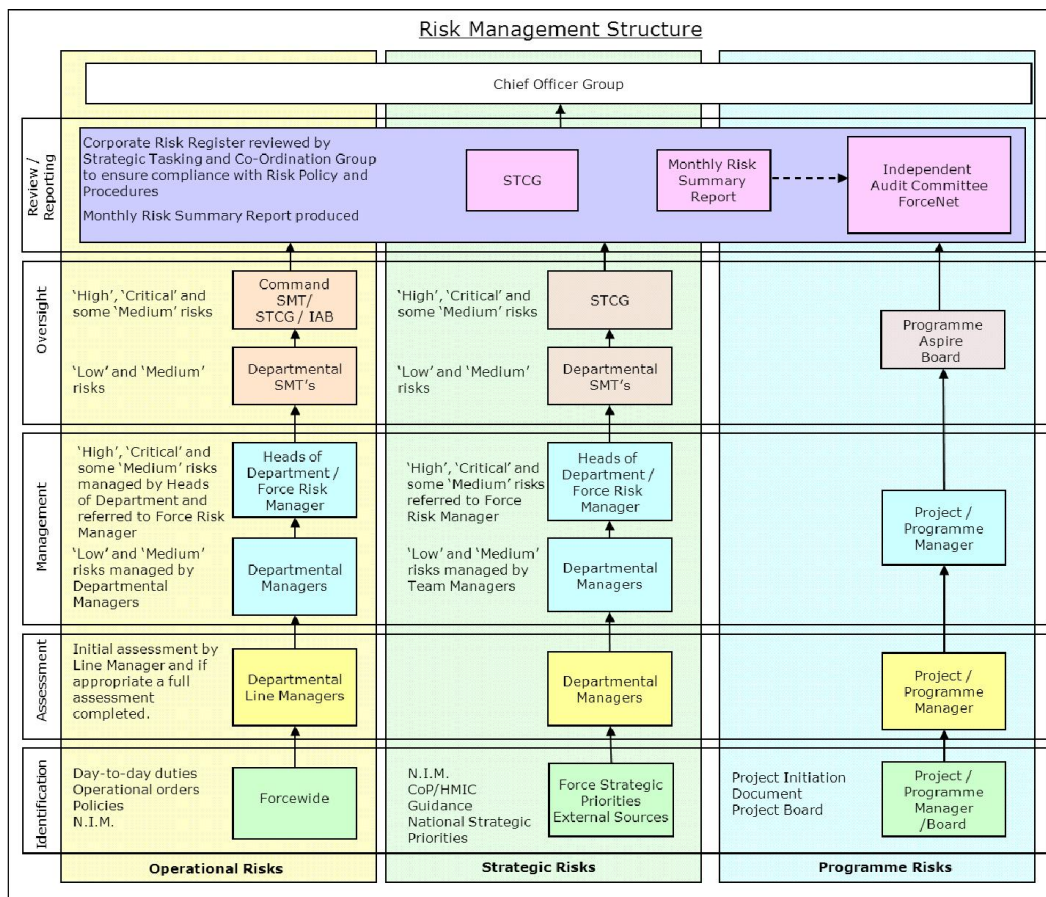
- 4.4 Strategic Level - where the purpose and direction of the Force is determined. The Strategic level is concerned with ensuring the overall achievement of the Forces objectives. Realisation of a strategic risk will be visible to external stakeholders and could affect the reputation of the Force.
- 4.5 Programme Level - where strategic decisions are transferred into action plans. The Programme level is concerned with transforming business strategy into new ways of working and incorporates all aspects of business change including individual projects and multi-project programmes. Realisation of a programme level risk would be visible to any stakeholders with an interest in the planned business change.
- 4.6 Operational Level - where action plans are implemented. The Operational level is concerned with maintaining appropriate levels of service and performance. Realisation of an operational risk would be visible to those receiving the affected service.
- 4.7 Each of these levels faces uncertainty in the decisions that have to be made and the actions that are taken. There must be a consistent approach to the management of risk at all of the levels so that the levels support each other.
- 4.8 This approach ensures that the risk management strategy is led from the top and is fully embedded throughout the organisation in its working practices and processes.

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5 Organisational Risk Structure

5.1 The risk management process requires a formal structure with clearly defined roles and responsibilities for individuals and groups to effectively manage risks throughout the organisation.

5.2 The diagram below shows the risk management structure for the Force.



5.3 The specific roles and responsibilities within the Force are as follows:-

Chief Constable

- Has ultimate responsibility for corporate risk within the Force;
- Provides strategic direction for the Force and will ensure that management of risk is a key consideration in the strategic decision making process;
- Will be the primary sponsor of risk management.

Chief Officer Lead on Risk Management

- ACPO lead on Risk Management within the Force;
- Review the Risk Management Policy and Risk Management Procedures to ensure that they remain consistent with the Force's strategic objectives;

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- Provide strategic direction on any risk management issues;
- Chair the Programme Aspire Board and provide direction on any programme or project related risks;
- Chair the Strategic Tasking and Co-ordination Group.

Chief Officers Group

- Provide oversight of the Corporate Risk Register to ensure that risks are being managed effectively and raise any issues or make recommendations to the Chief Officer lead;

Independent Audit Committee

- Provide independent assurance on the adequacy of the risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices;

Strategic Tasking and Co-ordinating Group

- Provide quarterly oversight of the Corporate Risk Register to ensure that risks are being managed effectively and in accordance with the Risk Management Policy and Risk Management Procedures;
- Provide quarterly oversight of any 'high' and 'critical' risks that have an impact on the Force's strategic objectives and resolve any issues or make recommendations to the Force Risk Manager.
- Align 'high' and 'critical' risks to the strategic themes on the Force Business Plan.

Programme Aspire Board

- Provide oversight of risks associated with programmes and projects and resolve any issues or make recommendations to the Force Risk Manager;
- Ensure that management of risk is a key consideration in the programme and project management process.

Information Assurance Board

- Provide quarterly oversight of risks associated with information security and resolve any issues or make recommendations to the Force Risk Manager.

Command Senior Management Teams

- Provide oversight of any 'high' and 'critical' risks affecting their areas of operation;
- Ensure that management of risk is a key consideration within their commands.

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Departmental Senior Management Teams

- Provide oversight of any risks affecting, specifically, their areas of operation;
- Ensure that management of risk is a key consideration within their departments.

Force Risk Manager

- Assess and review all 'high' and 'critical' risks and, where appropriate, escalate risks to the Chief Officer Group;
- Develop and review the risk management policy and procedures;
- Support the organisation in implementing the risk management procedures;
- Ensure that all corporate risks are recorded in the risk management system, IPSO, and are reviewed as required.
- Maintain the Corporate Risk Register;
- Assess and review 'medium', 'high' and 'critical' strategic risks, assign owners to the risk and monitor the risks for any possible escalation;
- Assess new risks for inclusion in the Corporate Risk Register;
- Attend the Information Assurance Board to provide advice and recommendations on risk issues;
- Attend the Strategic Tasking and Co-ordination Group to give updates on corporate risks with strategic impact and provide advice and recommendations on risk issues;
- Provide support to the Programme Aspire Board on risk issues affecting programmes and projects;
- Provide advice and guidance to Programme and Project Managers on any corporate/business risks issues;
- Arrange regular meetings with Risk Co-ordinators to review risk registers;
- Produce and circulate the monthly Risk Summary report outlining the status of 'corporate' risks;
- Represent the Force at a senior level at regional, partnership or other external meetings;
- To be the primary point of contact for risk related issues, for all internal and external partners;
- Provide general advice and guidance on risk management matters;
- Raise awareness of the principles of risk management throughout the Force;
- Be the System Owner for the risk management module within IPSO.

Commanders and Departmental Heads

- Take ownership of risks that are within their area of control and ensure that action plans to address the risks are implemented and managed effectively;
- Review assessment of risks raised within their area and, where appropriate, escalate risks to the Force Risk Manager;
- Nominate a Risk Co-ordinator for their area and support them in implementing the Risk Management Procedures.

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Risk Co-ordinators

- Implement the Risk Management Procedures within their area;
- Ensure that all risks identified within their area are correctly recorded and assessed;
- Assist the Commanders and Departmental Heads in implementing and managing action plans to address identified risks;
- Ensure that all risks raised within their area are recorded in IPSO and are reviewed at management team meetings;
- Attend regular review meetings with Force Risk Manager and other Risk Co-ordinators to review risk registers;
- Provide advice and guidance, on risk related matters, to all employees within their area;
- Be the primary point of contact for all risk related matters in their department.

Programme and Project Managers

- Ensure that all risks, actual or potential, associated with new projects or initiatives are correctly recorded, assessed and managed in accordance with the Risk Management Policy and Risk Management Procedures;
- Ensure that, on completion of a project, any ongoing or residual risks are transferred to the relevant departmental risk co-ordinator.

All other managers, supervisors and employees

- Ensure that all risks, actual or potential, are correctly recorded and assessed.

6 The Risk Management Process

- 6.1 The diagram below shows the key elements that make up the overall risk management process. The content of each element of the management process is described in the following paragraphs.



- 6.2 The processes for identification, assessment and management of risk will be dependent on the level of activity (as described in section 4.3) in which the risk occurs.

7 Strategic Objectives

- 7.1 The Risk Management Process is designed to support the Force in delivery of its strategic objectives as laid out in the Force Strategic Assessment, the Force Control Strategy and the Local Policing and Performance Plan.
- 7.2 By considering impact on service and the effect on operational performance the risk assessment criteria, detailed in section 9.4, are designed to enable operational risks to be assessed and prioritised alongside organisational risks.
- 7.3 The criteria give greater significance to risks that would have a detrimental effect on the Force's ability to deliver its strategic objectives.

8 Identifying Risks

- 8.1 It is the responsibility of every employee of the Force to identify any actual, or potential, risks and ensure that they are correctly reported.
- 8.2 Operational risks may be identified by any officer or member of staff and may arise from carrying out day-to-day duties or implementing policy,

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operating procedures or other guidance such as the National Intelligence Model.

Operational risks may also be identified through the sharing of organisational learning, both within the Force and also from other forces through the Learning the Lessons bulletins.

Operational risks should be recorded using the Business Risk Reporting e-form (Form 1396).

Programme risks should be identified by the Project Manager / Board during the project initiation phase or subsequently during the project lifecycle.

Strategic risks may be identified from a variety of sources including strategic analysis, preparation of the Force Strategic Assessment, HMIC or NPIA Guidance, or they may be escalated from operational or project risks that would have an impact on a strategic priority.

- 8.3 Where a risk is identified that may affect the confidentiality, integrity or availability of information the person identifying the risk should refer to the Security Incident Management Policy and Procedures to determine if a security incident should be reported.
- 8.4 If any employee is unsure whether, or how to report a risk, they should seek guidance from the departmental risk co-ordinator.

9 Assessing Risks

- 9.1 All identified risks must be assessed in order to determine the actual, or potential, impact on the Force.
- 9.2 For operational risks the manager of the department that identified the risk will review the risk to determine if a full assessment is required. If a full assessment is not required the originator of the risk will be informed and no further action taken. If a full assessment is required the manager of the department should conduct the assessment and complete the Risk Assessment e-form.

Programme risks will be assessed by the Programme / Project Manager.

Strategic risks will be assessed by the head of the department responsible for the area of activity most affected by the risk.

- 9.3 Risks will be assessed on both impact on business processes and likelihood of occurrence with a score awarded for each on a scale of 1–5 where 1 is low and 5 is high.
- 9.4 The criteria for determining the scores is as follows: -

Impact

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1 Very Low

- Insignificant impact on the ability to fulfil strategic objectives.
- No disruption to service delivery.
- Insignificant impact on performance indicators.
- Insignificant threat of harm or ill health.
- Insignificant financial loss or increase in costs.
- No impact on public confidence, reputation or credibility.
- No reputational damage or increase in complaints.
- Insignificant environmental impact.

2 Low

- Minor impact on the ability to fulfil strategic objectives.
- Minor disruption to service delivery.
- Minor impact on performance indicators.
- Potential for minor injury or ill health requiring no treatment or minor first aid.
- Potential for financial loss of less than £50,000.
- Some increase in complaints by individuals.
- Minor damage to public confidence, reputation and credibility.
- Minor impact on a specific section of the community for a short period (less than 7 days).
- Minor environmental impact.

3 Medium

- Significant impact on the ability to fulfil strategic objectives.
- Significant disruption to service delivery.
- Significant impact on performance indicators.
- Potential for significant injury or ill health requiring hospitalisation / medical attention.
- Potential for financial loss of between £50,000 and £250,000.
- Potential for adverse local publicity.
- Significant damage to public confidence, reputation and credibility.
- Significant, longer lasting, impact on a specific section of the community (7-14 days). Minor impact on the wider community.
- Significant environmental impact.

4 High

- Serious impact on the ability to fulfil strategic objectives.
- Serious disruption to service delivery.
- Serious impact on performance indicators noticeable to stakeholders.
- Potential for serious injury or ill health requiring hospitalisation for more than 24 hours or a major injury as defined by RIDDOR regulations.
- Potential for financial loss of between £250,000 and £1million.
- Potential for adverse national publicity or prolonged adverse local publicity.
- Serious damage to public confidence, reputation and credibility.
- Serious prolonged impact on a specific section of the community (>14 days). Significant impact on the wider community.

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- Serious environmental impact.

5 Very High

- Major impact on the ability to fulfil strategic objectives.
- Major disruption to service delivery.
- Major impact on performance indicators noticeable to stakeholders.
- Potential for fatality or life changing injury or ill health.
- Potential for financial loss in excess of £1million.
- Potential for prolonged adverse national publicity.
- Major damage to public confidence, reputation and credibility.
- Major prolonged impact on the wider community (>14 days).
- Major environmental impact.

Likelihood**1 Very Low**

Unlikely to happen within 5 years.

2 Low

Likely to happen within 2-5 years.

3 Medium

Likely to happen within 1-2 years.

4 High

Likely to happen within 6-12 months.

5 Very High

Extremely likely to happen within the next 6 months.

Proximity of Risk

In addition to assessing the likelihood of a risk occurring consideration also needs to be given to any circumstances which might increase the proximity of the risk event occurring in time terms. For example a severe flood may be categorised as having a one in fifty year likelihood but a severe weather warning may be an indication that a flood is imminent so appropriate contingency plans would need to be implemented.

All risks should therefore be regularly reviewed to identify if the proximity of the risk has changed and appropriate corrective action is required.

9.5 The impact and likelihood scores will then be transferred into a risk matrix (see diagram below) to determine the overall risk assessment.

LIKELIHOOD	Very High (5)	5	10	15	20	25
	High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	Very Low (1)	1	2	3	4	5
		Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
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9.6 A score of four or under is regarded as a low risk and would require no immediate action.

For operational risks the Risk Co-ordinator of the department raising the risk should record the risk in IPSO and the relevant Senior Management Team should monitor the risk to ensure that the likelihood or impact does not increase.

For programme risks the programme / project manager should record the risk in IPSO and the programme / project board should monitor the risks.

For strategic risks the Risk Co-ordinator of the relevant department should record the risk in IPSO and monitor the risk.

9.7 A score of five to nine is regarded as a medium risk.

For operational risks the Risk Co-ordinator of the department raising the risk should record the risk in IPSO and the risk owner should implement control measures to reduce the likelihood and/or impact as well as monitoring the risk to identify any possible escalation. The relevant Senior Management Team will have oversight of the risk to ensure that the control measures are effective and make recommendations as appropriate.

For programme risks the programme / project manager should record the risk in IPSO and assign a risk owner to implement control measures. The programme / project board should monitor the risk to identify any possible escalation. The Programme Aspire Board will have oversight of the risk to ensure that the control measures are effective and make recommendations as appropriate.

For strategic risks the Risk Co-ordinator of the relevant department should record the risk in IPSO. The head of the affected department should

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assign a risk owner to implement control measures and monitor the risk to identify any possible escalation. The Strategic Tasking and Co-Ordination Group, which meets quarterly, will have oversight of the risk to ensure that the control measures are effective and make recommendations as appropriate.

If a medium risk has Forcewide implications it should be referred to the Force Risk Manager to decide if it should be recorded on the Corporate Risk Register. If it is a corporate risk the Force Risk Manager will record the risk in IPSO and liaise with the risk owner over the implementation and monitoring of any control measures to reduce the likelihood or impact of the risk.

The Information Assurance Board will have quarterly oversight of any risks that have implications for information security.

The Force Risk Manager will include all medium risks that appear in the Corporate Risk Register in the monthly Risk Summary Report.

9.8 A score of ten to sixteen is regarded as a high risk.

All high risks should be referred to the Force Risk Manager who will record them in IPSO. The Risk Manager will assess the risk and determine if it should appear on the Corporate Risk Register. The risk owner should implement control measures to reduce the likelihood and/or impact of the risk, monitor the risk to identify any possible escalation and report the status of the risk to the Force Risk Manager. The Risk Manager should review the risk to ensure that the control measures are effective and make recommendations as appropriate.

The Programme Aspire Board will have oversight of any high risks associated with programmes and projects.

The Strategic Tasking and Co-ordination Group will have oversight of the risk to ensure that the control measures are effective and make recommendations as appropriate.

The Information Assurance Board will have quarterly oversight of any risks that have implications for information security.

The Force Risk Manager will include all high risks that appear in the Corporate Risk Register in the monthly Risk Summary Report.

9.9 A score of twenty or greater is regarded as a critical risk.

All critical risks should be referred to the Force Risk Manager who will record them in IPSO. The Risk Manager will assess the risk and determine if it should be recorded on the Corporate Risk Register. The risk owner must implement immediate control measures to reduce the likelihood and/or impact of the risk and provide updates on the status of the risk to the Force Risk Manager. The Risk Manager should review the risk to

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ensure that the control measures are effective and make recommendations as appropriate.

The Programme Aspire Board will have oversight of any critical risks associated with programmes and projects.

The Strategic Tasking and Co-ordination Group will have oversight of the risk to ensure that the control measures are effective and make recommendations as appropriate.

The Information Assurance Board will have quarterly oversight of any risks that have implications for information security.

The Force Risk Manager will include all critical risks in the monthly Risk Summary Report.

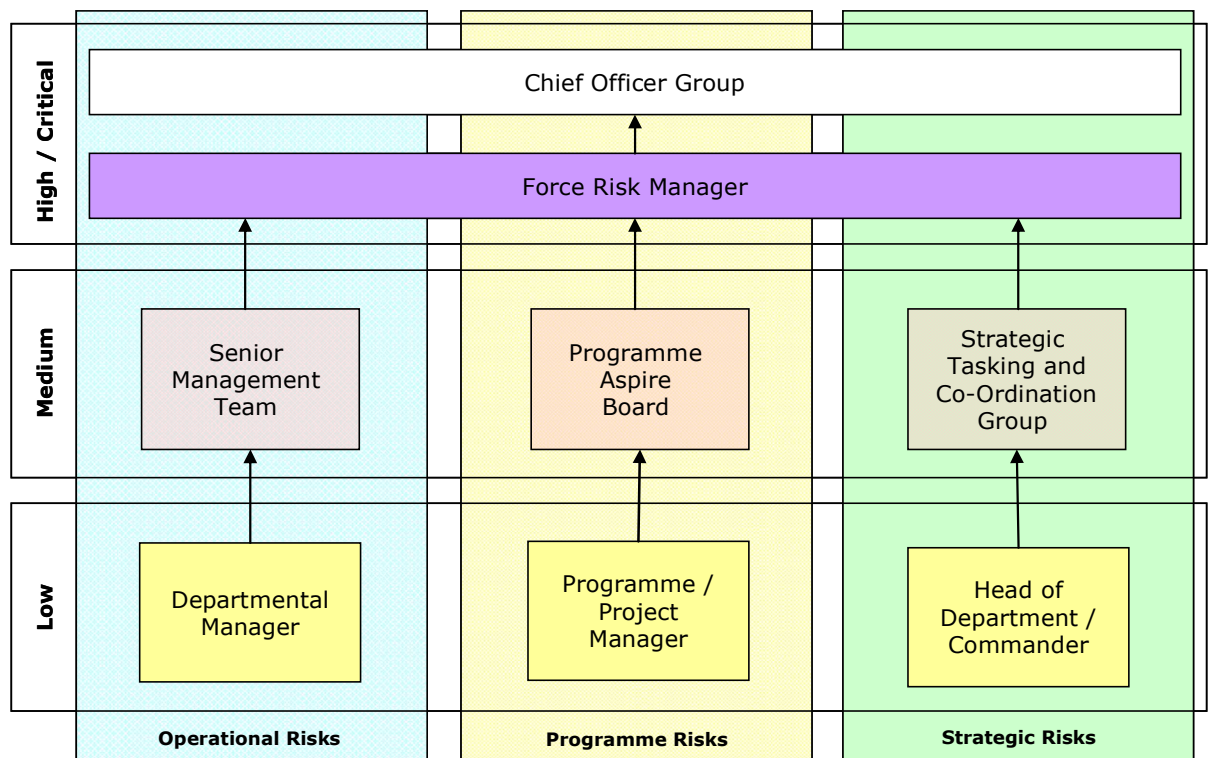
- 9.10 The control measures that might be implemented should be determined by the nature of the risk. Examples of typical control measures are described in section 11.7.
- 9.11 When implementing control measures the risk owners should also identify how the effectiveness of the control measures can be measured and record this in IPSO. The group responsible for oversight of the risk should review the effectiveness of the control measures when reviewing the status of the risk.

10 Escalation of Risks

- 10.1 All risks should be monitored and regularly reviewed to ensure that the degree of likelihood or impact is not increasing. If any increase is identified the risk may need to be escalated to a higher level for consideration if any further corrective action is required.

The diagram below shows the escalation hierarchy for each of the three levels of risk.

Risk Escalation Process



11 Addressing Risks

11.1 The purpose of addressing risks is to turn the uncertainty to the Force’s benefit by constraining threats and taking advantage of opportunities.

11.2 All identified risks will be assigned an owner who will be responsible for ensuring that control measures are implemented to address the risk.

11.3 There are four key aspects of addressing risk:

11.4 Tolerating the Risk

This option may be considered where the degree of exposure is acceptable without further action, where the ability to take action is limited or the cost of any action would be disproportionate to the level of benefit gained.

If chosen this option would be supplemented with contingency plans to minimise any impact that might arise if the risk is realised.

11.5 Terminating the Risk

Some risks can only be addressed by terminating the activity that generates the risk.

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Whilst this option would not be appropriate for the majority of operational police activities it can be of particular benefit in project management where anticipated outcomes or benefits are jeopardised by the risk.

11.6 **Transferring the Risk**

Some risks, particularly financial risks and risk to assets, may be addressed by transferring the risk to a third party either through conventional insurance or by the contracting out of a particular service or process.

When using this option it is important to remember that some aspects of the risk, particularly reputational damage, cannot be fully transferred so the relationship with the third party needs to be carefully managed and additional controls may be required to manage the residual risk.

11.7 **Treating the Risk**

The majority of risks will be addressed in this way. The purpose of risk treatment is to introduce controls that will reduce the impact of a risk if it is realised. Controls should be proportional to the risk and should normally seek to constrain the risk rather than eliminate it.

Apart from for the most extreme impacts (i.e. loss of life) controls should be designed that will give 'reasonable assurance' that the impact of a risk is within the risk appetite of the Force. All controls have associated cost and it is important that this is not disproportionate to the benefits that the control will introduce.

For each control that is implemented an assurance method should be identified that enables the effectiveness of the control to be measured.

There are four main types of control that can be applied:

Preventative Controls

These controls are designed to limit the possibility of a risk being realised. Typical preventative controls might include segregation of duties (i.e. ensuring that the person who authorises a transaction is not the same person who initiated that transaction), or limiting certain actions to authorised personnel. This can be achieved through training, policy constraints or through technological solutions such as system security.

Corrective Controls

These controls are designed to correct the effects of a risk after it has been realised in order to achieve some degree of recovery against loss or damage. Typical corrective controls might include insurance policies, specific contract terms with third parties or business continuity plans.

Directive Controls

These controls are designed to ensure that a particular outcome is achieved and are often driven by legislative or other external requirements. Typical directive controls might include wearing of protective clothing for certain duties or that staff be adequately trained before being allowed to perform certain roles.

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Detective Controls

These controls are designed to identify when a particular risk has been realised and are only appropriate for risks where the level of impact is deemed to be acceptable. Typical detective controls might include stock checks, financial reconciliation, audits or 'Post Implementation Reviews' on completion of projects or programmes.

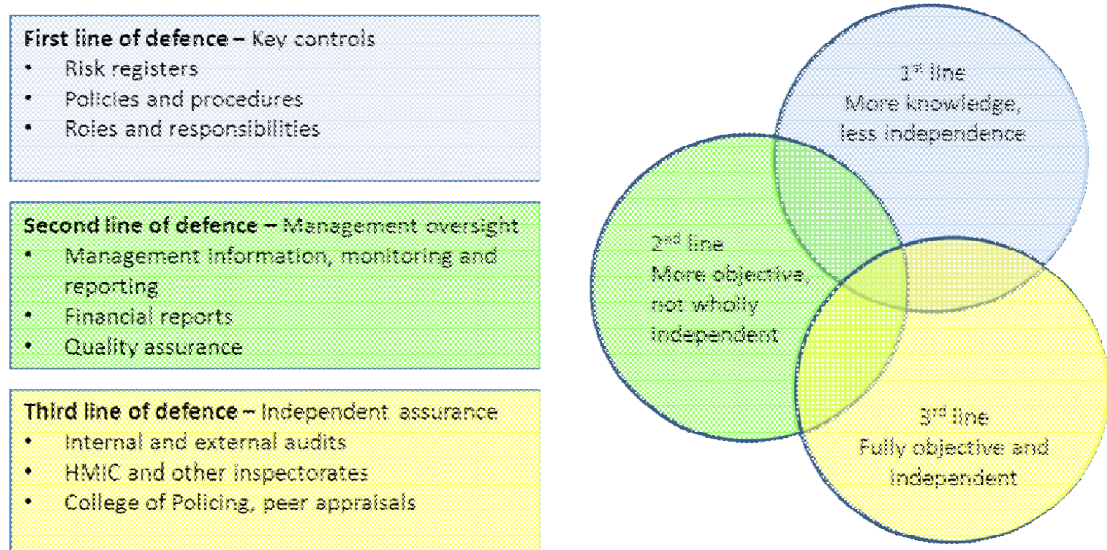
12 Residual Risks

- 12.1 Addressing a risk will usually reduce the likelihood, or impact, of the risk rather than completely eliminating it, which means that an element of residual risk will remain after any control measures have been implemented.
- 12.2 This residual risk should be assessed, using the criteria in section 9.4, and the resultant risk score recorded in IPSO. Additional control measures may then need to be implemented to address the residual risk.

13 Assurance Mechanisms

- 13.1 Assurance mechanisms should be identified for each risk to ensure that the control measures are adequate and effective.
- 13.2 Sources of assurance should be drawn from the planning and processes in place to manage risks and should include internal controls, management oversight and independent measures in accordance with the 'Three Lines of Defence' model.

Three Lines of Defence Model



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14 Reporting and Reviewing Risks

- 14.1 All risks should be recorded in IPSO detailing the nature of the risk, the risk owner, risk assessment score, any control measures that apply to the risk and the method that will be used to ensure that the control measures are effective.
- 14.2 Low and medium level risks should be reviewed at departmental Senior Management Team meetings.
- 14.3 High and critical risks, and medium risks that have a force wide impact, will be reviewed by the Force Risk Manager and, where necessary, escalated to the Chief Officers Group.

The Strategic Tasking and Co-Ordination Group will be responsible for oversight of any high and critical strategic risks and operational risks.

The Information Assurance Board will have quarterly oversight of any risks that have implications for information security.

The Programme Aspire Board will be responsible for oversight of any high and critical risks associated with programmes and projects.

- 14.4 The Force Risk Manager will produce a monthly Risk Summary Report detailing the status of all risks on the Corporate Risk Register.
- 14.5 The Force Risk Manager and the Risk Co-Ordinators will meet regularly to review departmental risks to identify any possible emerging trends and to identify any risks that may require escalation to the Corporate Risk Register.
- 14.6 The Strategic Tasking and Co-Ordination Group will review, quarterly, the Corporate Risk Register to ensure that risks are being managed effectively and in accordance with the Risk Management Policy and Risk Management Procedures.
- 14.7 The Information Assurance Board will review, quarterly, any risks on the Corporate Risk Register that may have an impact on information security to ensure that risks are being managed effectively and in accordance with Information Security Policy.
- 14.8 The Chief Officers Group will receive a quarterly report on the status of risks on the Corporate Risk Register.
- 14.9 The Independent Joint Audit Committee will review strategic risks quarterly to ensure that the risks are being managed in accordance with the Risk Management Policy and Procedures.
- 14.10 The Independent Joint Audit Committee will review, quarterly, the assurance measures in place for each risk to ensure that they provide

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adequate assurance that the control measures in place are effective in managing the risk.

15 Management of Issues

- 15.1 In addition to having a process in place to manage risks that have not yet occurred, the Force also needs to have a consistent approach to the way it manages issues that have occurred. Issues can be unexpected events or previously identified risks that have materialised.
- 15.2 When an issue has been identified the impact that it will have on the Force should be assessed, and appropriate actions implemented, according to the procedures described in section 9.

In deciding what actions need to be taken to address an issue consideration should be given as to whether the Critical Incident Policy would apply.

- 15.3 As the event has already happened issues will require more immediacy in implementing any control measures. This urgency should not, however, allow control measures to be implemented that are disproportionate to the benefits that the control will introduce.
- 15.4 All issues should be recorded in an Issues Log which should record a description of the issue, the impact it will have on the Force, who owns the issue, what action is to be taken and when by and who is responsible for the action.
- 15.5 Recording, ownership, reviewing and escalation of issues will be as described for risks.

16 Training and Communication

- 16.1 A communication programme designed to ensure that all employees understand what the Risk Management Policy is, what the risk priorities are, and what their individual responsibilities are in respect of risk management will support the Risk Management Procedures.
- 16.2 In addition to the communication programme those individuals with specific roles and responsibilities, as detailed in section 5.3, will receive training to ensure that they are fully familiar with the risk process and have the necessary skills to be able to identify, assess and manage risks.

17 Monitoring and Review

- 17.1 Compliance with this policy will be monitored by the Force Risk Manager and the Strategic Tasking and Co-Ordination Group.
- 17.2 The Senior Policy Owner will be responsible for reviewing this document every year.

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- 17.3 The Strategic Tasking and Co-Ordination Group will review the Risk Management Process, at least annually and following any changes in strategic objectives, to ensure that it remains appropriate and effective.
- 17.4 The Deputy Chief Constable, as ACPO lead, will be responsible for reviewing the appropriateness and effectiveness of these procedures and the Risk Management Policy.

18 Comments

- 18.1 Comments and feedback on these procedures are welcomed and should be sent to the Senior Policy Owner at the following address:
- 18.2 Northamptonshire Police
Force Headquarters
Wootton Hall
Northampton, NN4 0JQ



Northamptonshire Police Strategic Risk Register – February 2015

Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 71	Grant reductions beyond 2015/16 are greater than 3.2% resulting in an increased budget deficit.	4	5	20	In the short term, use of reserves. In the longer term revisit Programme Brief Business Case to adjust weighting in terms of drivers for change. Clearly Defined LT Options to make savings with scenario planning and contingency plans for risk of non-delivery. Redefine Programme to take into account the economic change and blueprint design to deliver increased savings.	4	4	16	15/16 Grant Reduction confirmed as 5.1% through Provisional Grant Settlement on 17 th December. In August HMIC requested all forces include 5% real term (3.2% cash) reductions in scenarios. This current level of required support staff reductions beyond 2015-16 are unsustainable based on the current constraint on officer reductions of 1,220. Officer reductions could be mitigated by release of Officers back to force from EMOPPS Collaboration and WFM in the region. Further Police Pay Savings as a result of the Winsor Review new Officer Increments (£3.2m over 4 years) has mitigated some of the impact.	→
CR 76	Niche will replace the Case, Custody, Crime and Intelligence systems with a regional solution. This will require a substantial programme of work within a very aggressive timescale which will have a significant impact across the Force.	4	5	20	The programme has identified and recorded a number of specific risks associated with the implementation. Response measures have been identified for each of these risks and these will be monitored by the Programme Board.	4	4	16	This is a substantial programme of work on a scale that has never been attempted before in the Force. Timescales are very aggressive with Northants scheduled to go live in September 2015. There are concerns about the timescale, resourcing, funding and training.	→

Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 60	Due to insufficient capacity the Force / ONPCC are unable to deliver all of the programmed changes that are required to fulfil the Police and Crime Plan resulting in a failure to meet operational or financial targets.	4	5	20	A Transformation Programme has been developed to plan and manage the required changes.	3	5	15	In 2015, the transformation programme will be re-organised into a hierarchal organisational structure with the view of increasing accountability and delivery. In addition, delivery plans will be established across all work streams and programmes to identify gaps and ensure appropriate resources, both human and financial, are allocated.	→
CR 19	Less funding available, both from public and private sources to enable the force to prepare for population growth.	5	5	25	Successful Innovation funding bids in Round 1 and 2 well beyond the top slicing used to pay for them. The situation will be continually monitored to identify any specific developments and inform the Force's strategic and operational planning processes. The Force will work in partnership with the Local Planning Authorities to ensure that community safety and policing capital requirements are factored into planning policy.	3	5	15	Revised figures have been submitted to both West and North Northants Joint Planning Units for inclusion in the refreshed Infrastructure Deliver Plans which set out the infrastructure required to support the planned growth in the county between now and 2030.	→
CR 69	Due to unplanned additional reductions the Force is unable to balance the budget for 2016/17 impacting on operational performance and capacity.	4	5	20	Developed Scenario Response which would include, in the short term, use of reserves. In the longer term revisit Programme Brief Business Case to adjust weighting in terms of drivers for change. Redefine Programme to take into account the economic change and blueprint design to deliver increased savings.	3	5	15	The Force has a plan which will deliver a balanced budget that would only be affected if there was any further significant top slicing. Top slicing resulted in an additional £1.12m cut in 2014-15. The same could happen in 2015-16. The Change programme may not be able to deliver the required level of savings. The planned savings of 30% from police staff have increased to 38% now that forensics and CJ are out of scope.	→

Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 57	Austerity continues beyond 2018/19 placing additional pressure on the Force's capacity and capability.	5	4	20	Change Programme to increase prevention activities through demand analysis. Increased availability and visibility through mobile data. Better allocation of resources and response through demand analysis and Resources BI. Empowerment and multi tasking resulting in role development and transformation. Flexible and agile virtual working.	3	4	12	Supported by successful Innovation funding bids in Round 1 and 2 well beyond the top slicing used to pay for them, the Aspire programme is focusing on putting in place an infrastructure that will allow the force to move, grow, and reduce in a dynamic manner. Whilst there will always be issues of capacity this infrastructure should assist in the organisational ability to adapt to changing demands.	→
CR 61	Failure to deliver key outcomes of the Police and Crime Plan relating to the recruitment of specials and volunteers and collaboration with other agencies will place increased demand on the Force which could result in reduced performance, budgetary pressure, loss of public confidence and possible adverse publicity.	3	5	15	A Transformation Programme is in place to manage the required changes.	3	4	12	Force has attained national standing for the strongest force of Special Constables in the United Kingdom. Recruitment trajectory has slowed. Contact for market recruitment firm nearly finalised. As at 31 January 2015 the Force has 406 Specials, 715 Volunteers and 135 Cadets	→
CR 74	The HMIC CDI inspection has highlighted gaps in the Force policy for crime recording and the application of the Home Office Counting Rules. Crimes are not recorded accurately affecting the quality of operational information, public trust and confidence and services to victims.	5	4	20	An independent Force Crime and Incident Registrar has been appointed reporting to ACC Crime and Local Policing. An action plan has been produced to address the recommendations in the HMIC inspection report. Progress against the action plan will be monitored by the Head of Crimes Crime and Safeguarding Improvement Group. A follow up inspection by HMIC is scheduled for November 2014.	3	4	12	Strategic ownership of this risk is now at ACC level. The quarterly Crime Recording Standards Group will provide strategic governance to ensure that the action plan is on track.	↓

Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 75	Multi Agency audits of the CSE team have identified gaps in operational practice, supervision and information sharing which affects the ability of the force, with its partners, to identify, safeguard and investigate Child Sexual Exploitation increasing the risk to vulnerable children and young people.	5	4	20	A multi-agency project team are now working with the staff reviewing cases and developing fresh ways of working in line with Working Together. 100 old cases are being resourced for a full investigative review. A new model of supervision, and links to the MASH have been agreed and are in place and the police are increasing its resourcing in the team. Staff have been supported with occupational health resources and longer term posting in keeping with their needs agreed.	3	4	12	The audits have been completed with cases filed largely with a small number escalated for multi agency work. The temporary resources have returned to the OCU and recruitment of the growth posts completed. A new operating model has been adopted and the police and social care are recruiting a joint CSE manager to oversee the team As an interim a DI will move to CSE full time for 6 months to further embed the changes. Revised strategy and terms of reference for CSE sub group have been developed. ACC Balhachett is now chair of the sub-group. The action plan has been modified in line with OFSTED findings and national best practice.	→
CR 63	The Force is unable to implement the recommendations from the joint OFSTED/HMIC inspection into the safeguarding of vulnerable people resulting in potential harm to victims, adverse publicity and loss of public confidence.	4	3	12	Project team is in place. A partnership action plan has been created which reports via Executive Support to the Local Safeguarding Board. New procedures and technology for processing referral forms is in place.	2	4	8	The risk and vulnerability group have merged with CDI group to oversee all Crime and Vulnerability inspection improvement. The action plan is now subject to an independent evaluation to test the evidence collected over the last 12 months. The residual risks within the plan relate to the delays in hi tech crime which are subject to a local and regional review.	→

'Status' key - ↓ risk decreasing, → no change, ↑ risk increasing

Office of the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police

Internal Audit Strategy 2015/16

Presented at the Joint Audit Committee meeting
of: 3 March 2015

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1 Introduction

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police in the year ahead including changes within the sector.

1.1 Background

The Police and Crime Commissioner has now been in place for over two years, and the Police and Crime Plan, first published in March 2013 was revised in May 2014. Government funding to the Police continues to reduce, and there are also restrictions on amount by which the Council Tax precept can be increased each year (without the need for a referendum).

1.2 Ambition

The ambition within the Police and Crime Plan is to 'Make Northamptonshire the Safest Place in England'.

1.3 Outcomes

- A Reduction Of At Least 40 Per Cent In Violent Crime
- A More Visible Police Force
- The Safest Roads
- Anti-Social Behaviour Robustly And Intelligently Tackled
- Drugs Eradication And The Reduction Of Acquisitive Crime
- A Secure Place

2 Developing the internal audit strategy

We use your objectives as the starting point in the development of your internal audit plan.

2.1 Risk management processes

We have evaluated the risk management processes for both the OPCC and Force and consider that we can place reliance on your risk registers to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the following people:

- Senior management within the Force
- Senior management within the OPCC
- Joint Audit Committee

Based on our understanding of the organisations, and the information provided to us by the stakeholders above, we have developed an annual internal plan for both the OPCC and Force for the coming year, and a high level strategic plan (see Appendix A and B for full details).



Figure A: Sources considered when developing the Internal Audit Strategy.

2.2 How the plan links to your outcomes

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within Appendices A and B. In the table below we bring to your attention two particular key audit areas and discuss the rationale for their inclusion within the strategy.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation. Full details of these can be found in Appendices A and B.

Area	Reason for inclusion or exclusion in the audit plan/strategy
Change Programme – Governance of Resource Functions	The Force is going through significant change in addition to being required to deliver business as usual. We have been requested to include a review of the governance of the resource functions to ensure that with the limited resource available adequate consideration has been given to workloads, priorities, risks, resources etc. This will be completed in stages throughout the year and begin with a questionnaire style review with all relevant Head of Services.
Collaboration	As per previous years, we have included an allocation for Internal Audit across the collaborations, where a number of audit days will be provide by each member of the East Midlands and pooled to provide the collaborative reviews. The East Midlands Chief Finance Officers are currently reviewing the assurance framework across the region, we will use the outcome of this work to identify any gaps in assurance or areas where internal audit is required across the region.

2.4 Working with other assurance providers

The Joint Audit Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisations.

We will however continue to work closely with other assurance providers, such as external audit and to ensure that duplication is minimised and a suitable breadth of assurance obtained.

3 Internal audit resources

Your internal audit service is provided by Baker Tilly Risk Advisory Services LLP. The team will be led by Patrick Green, supported by Suzanne Lane as your Client Manager.

3.1 Fees

Our anticipated fee to deliver the plan of 130 days is in line with our tender document.

3.2 Conformance with internal auditing standards

Baker Tilly affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS). Further details of our responsibilities are set out in our internal audit charter within Appendix C.

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Advisory service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”.

3.3 Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards. Where we undertake any work outside of the Internal Audit plan for the Police and Crime Commissioner or Force this is delivered by a separate team, with a separate Partner and engagement letter.

4 Joint Audit Committee requirements

In approving the internal audit strategy, the committee is asked to consider the following:

- Is the Joint Audit Committee satisfied that sufficient assurances are being received within our annual plan for both the Force and OPCC (as set out at Appendix A) to monitor the organisations' risk profile effectively?
- Does the strategy for internal audit (as set out at Appendix B) cover both organisations' key risks as they are recognised by the Joint Audit Committee?
- Are the areas selected for coverage this coming year appropriate?
- Is the Joint Audit Committee content that the standards within the charter in Appendix C are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Joint Audit Committee approve such any amendments to this plan.

Appendix A: Internal audit plan 2015/16

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated audit committee date
Risk based assurance				
Change Programme – Governance of Resource Functions	<p>This review will be split into several aspects throughout the year to understand how the resources functions are managing and prioritising their workload and resources and identifying any risks where required.</p> <p>The first reviews will include interviewing each Head of Service based on an agreed questionnaire to understand areas such as:</p> <ul style="list-style-type: none"> • How workloads are identified for the department. • How 'Business as Usual' fits in with the requirements of any change programme • How workloads are prioritised and allocated including identification of pressure points. • How budgets are managed in line with the change programmes. • How realistic levels of resources are identified and managed. • How risks are identified and managed. • How changes in controls are agreed and any possible gaps identified and rectified or management decision made to accept the risk. <p>Additional work following this stage will be dependent on the outcome of the questionnaire and through discussions with management. This may include a workshop style session to discuss the results of the questionnaires.</p>	34	Q1, then throughout the year	September 2015, then throughout the year

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated audit committee date
IT Health Check	High level review of the overall IT arrangements including the IT infrastructure to review key areas of risk and compliance through change.	10	Q4	June 2016
Core assurance				
Risk Management	Review of the key areas of Risk Management including the Risk Management Strategy, Risk Register, and Risk Reporting. This will include the arrangement in place within the both the Office of the Police and Crime Commissioner and the Force. The scope of the review is to include the bottom down and top up approach and also the linkage between the Force and OPCC risk registers.	8	Q3	March 2016
Collaboration – 3/4/5 Force (See appendix F for breakdown)	Area of coverage to be agreed with management, but may cover the development of regional contracts for back office functions. Audit days will be contributed from each of the Forces and the scope of the audits will be agreed with management both in terms of the Collaborations involved and the topic where assurance is required.	20	TBC	TBC
Key Financial Controls	Budgetary Control General Ledger Payroll & Expenses Income & Debtors Fixed Assets, Inventories Treasury Management	15	Q3	March 2016
Other internal audit input				
Social Impact / Value	Review of the PCCs processes to establish the Social Impact / Value of the Police and Crime Plan deliverables. This will include both the measurements of achievements so far and also potential measurements for future years.	10	Q1	September 2015

Audit area	Scope for 2015/16	Audit days	Proposed timing	Estimated audit committee date
Procurement	Following the restructure within the procurement and the transfer of service to Nottingham, we will undertake a review to ensure compliance with the Financial Regulations and to ensure that value for money is obtained through the procurement process.	8	Q2	December 2015
Volunteers	This will follow up on the report commissioned by the Transformation Board, and the detailed scope will agreed with Management	6	Q4	June 2016
Follow Up	To meet internal auditing standards and to provide management with on-going assurance regarding implementation of recommendations.	7	Q4	June 2016
Audit management	This will include: <ul style="list-style-type: none"> • Planning • Ongoing liaison and progress reporting • Preparation for and attendance at Audit Committee; and • Development and publication of the annual internal audit opinion 	12	N/A	N/A
TOTAL		130		

Appendix B: Internal audit strategy

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Risk based assurance				
Change Programme	<p>Austerity continues beyond 2018/19 placing additional pressures on the Force's capability and capability. (Force – CR57)</p> <p>Due to insufficient capacity the Force/ONPCC are unable to deliver all the programmed changes that are required to fulfil the Police and Crime Plan resulting in a failure to meet operational or financial targets. (Force – CR60)</p> <p>Roles and responsibilities of staff, and their priorities, are fully understood across the Commission. (OPCC – Risk 5)</p> <p>The OPCC meets all legal and proper governance requirements (OPCC – Risk 6)</p>	✓	✓	✓
Medium Term Financial Planning	<p>Grant reductions beyond 2015/16 are greater than 3.2% resulting in an increased deficit. (Force – CR71)</p> <p>Less funding available, both from public and private sources to enable the force to prepare for growth in response to population growth. (Force- CR19)</p> <p>Due to unplanned additional reductions the Force is unable to balance the budget for 2016/17 impacting on operational performance and capacity (Force – CR69)</p> <p>Stable and sustainable deliverable OPCC Budget and MTFP (OPCC - Risk 7)</p>			✓
Delivery of the Police and Crime Plan	<p>Due to insufficient capacity the Force/ONPCC are unable to deliver all the programmed changes that are required to fulfil the Police and Crime Plan resulting in a failure to meet operational or financial targets. (Force – CR60)</p> <p>We are confident that the OPCC priorities will be delivered, on time. (OPCC – Risk 4)</p> <p>The public have high and widespread confidence in the OPCC (OPCC – Risk 10)</p> <p>The OPCC has won the 'hearts and minds' across the Force and Commission staff. (OPCC – Risk 11)</p>		✓	

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Commissioning and Partnership Arrangements	A reduction in partnership resources due to budgetary constraints means that the Police increasingly have to perform roles on behalf of partners which is diverting resources away from key policing functions. (Force – CR59)		✓	
IT Audit	Niche will replace the Case, Custody, Crime and Intelligence systems with a regional solution. This will require a substantial programme of work within a very aggressive timescale which will have a significant impact across the Force. (Force – CR76) Many of the objectives and the risks of the Force and OPCC feed into the adequacy of the IT systems. (General)	✓ (IT Health Check)	✓ (Possible Airwaves)	✓ (Possibly NICHE)
Performance Management	Failure to deliver key outcomes of the Police and Crime Plan relating to the recruitment of reservists and volunteers and collaboration with other agencies will place increased demands on the Force resulting in reduced performance, budgetary pressure, loss of public confidence and possible adverse publicity. (Force – CR61)		✓	
Data Quality	The HMIC CDI inspection report has highlighted gaps in the Force policy for crime recording and the application of the Home Office Counting Rules. Crimes are not recorded accurately affecting the quality of operational information, public trust and confidence and services to victims. (Force CR74)			✓
Child Protection	Multi Agency audits of the CSE team have identified gaps in operational practice, supervision and information sharing which affects the ability of the Force, with its partners, to identify, safeguard and investigate increasing the risk to vulnerable children and young people. (Force – CR75)		✓	

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Governance	Annual Review of the Governance Arrangements in place.	See Change Review	✓	✓
Risk Management	Annual Review of the Governance Arrangements in place.	✓	✓	✓
Collaboration – 3/4/5 Force	Annual review of the Collaborations, this will include an element from each of the East Midlands audit plans, the scope of this review and resulting resource required will be agreed each year in collaboration with each OPCC / Force.	✓	✓	✓
Key Financial Controls <ul style="list-style-type: none"> • Budgetary Control • General Ledger • Payroll & Expenses • Income & Debtors • Fixed Assets and Inventory 	To ensure external audit reliance on our work and to provide assurance on compliance with the Financial Regulations. We will work with our colleagues in Cheshire Police to ensure that testing incorporates appropriate sample testing to ensure duplication is minimised and effective use of audit resource.	✓	✓	✓
Other Internal Audit input				
Social Impact / Value	Review of the PCCs processes to establish the Social Impact / Value of the Police and Crime Plan deliverables.	✓		
Procurement	This review is to ensure compliance with the Financial Regulations and to ensure that value for money is obtained through the procurement process.	✓		
Operational Areas	Specific areas of coverage to be agreed with management each year, this could include: <ul style="list-style-type: none"> • Management Information including Data Quality • Vetting • Stocks and Stores • Storage and Disposal of Drugs • Lost and Found Property • Restorative Justice • Detained Property • Proceeds of Crime 		✓	✓
Volunteers	With the increase of Volunteers as a result of the Police and Crime Plan the audit would focus on the development of the required policy/procedures and how these are being implemented.	✓		

Proposed area for coverage	Scope and Associated risk Area	2015/16	2016/17	2017/18
Follow up	To meet internal auditing standards and to provide management with on-going assurance regarding implementation of recommendations.	✓	✓	✓
Audit Management	This will include: <ul style="list-style-type: none"> • Planning • Ongoing liaison and progress reporting • Preparation for and attendance at Audit Committee; and • Development and publication of the annual internal audit opinion 	✓	✓	✓

Appendix C: Internal audit charter

1.0 Need for the charter

1.1 This charter establishes the purpose, authority and responsibilities for the internal audit service for Office of the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Joint Audit Committee.

1.2 The internal audit service is provided by Baker Tilly Risk Advisory Services LLP ("Baker Tilly"). Your key internal audit contacts are as follows:

	Partner	Client Manager
Name	Patrick Green	Suzanne Lane
Telephone	07768 807469	07720 508148
Email address	patrick.green@bakertilly.co.uk	suzanne.lane@bakertilly.co.uk

1.3 We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisations has in place, focusing in particular on how these arrangements help you to achieve its objectives.

1.4 An overview of the individual internal audit assignment approach and our client care standards are included at Appendix D and E of the audit plan issued for 2015/16.

2.0 Role and definition of internal auditing

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by introducing a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control, and governance processes".

Definition of Internal Auditing, Institute of Internal Auditors and the Public Sector Internal Audit Standards

2.1 Internal audit is a key part of the assurance cycle for both organisation and, if used appropriately, can assist in informing and updating the risk profile of the organisations.

3.0 Independence and ethics

3.1 To provide for the independence of Internal Audit, its personnel report directly to the Partner, Patrick Green (acting as your head of internal audit). The independence of Baker Tilly is assured by the internal audit service reporting to the Chief Finance Officer for the Force and Director for Resources, Governance and Transformation for the OPCC.

3.2 The head of internal audit has unrestricted access to the Chair of Joint Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

3.3 Conflicts of interest may arise where Baker Tilly provides services other than internal audit to Office of the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Joint Audit Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Joint Audit Committee. Equally we do not want the organisation to be deprived of wider Baker Tilly expertise and will therefore raise awareness without compromising our independence.

4.0 Responsibilities

4.1 In providing your outsourced internal audit service, Baker Tilly has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans which align to the corporate objectives of both organisations. The plan will be submitted to the Joint Audit Committee for review and approval each year before work commences on delivery of that plan.
- Implement the audit plan as approved, including any additional reviews requested by management and the Joint Audit Committee.
- Ensure the internal audit team consists of professional internal audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.

- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements and agree corrective action with management based on an acceptable and practicable timeframe.
- Undertake action tracking reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Provide a list of significant performance indicators and results to the Joint Audit Committee to demonstrate the performance of the internal audit service.
- Liaise with the external auditor and other relevant assurance providers for the purpose of providing optimal assurance to the organisation.

5.0 Authority

5.1 The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Joint Audit Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisations where audits will be performed, including other specialised services from within or outside the organisations.

5.2 The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with either organisation.
- Initiate or approve accounting transactions on behalf of either organisation.
- Direct the activities of any employee not employed by Baker Tilly unless specifically seconded to internal audit.

6.0 Key Performance Indicators (KPIs)

6.1 In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

Delivery	Quality
Audits commenced in line with original timescales agreed in the internal audit plan.	Conformance with the Public Sector Internal Audit Standards.
Draft reports issued within 10 working days of debrief meeting.	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit.
Management responses received from client management within 10 working days of draft report.	Response time for all general enquiries for assistance is completed within 2 working days.
Final report issued within 3 days from receipt of management responses.	Response to emergencies such as concerns of potential fraud with 1 working day.
Completion of internal audit plan by the end of the financial year.	

7.0 Reporting

- 7.1 An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Joint Audit Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.
- 7.2 The Head of Internal Audit will issue progress reports to the Joint Audit Committee and management summarising outcomes of audit activities, including follow up reviews.
- 7.3 As your internal audit provider, the assignment opinions that Baker Tilly provides the organisations during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

7.4 As the provider of the internal audit service we are required to provide an annual opinion to both the OPCC and the Force on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinions it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Police and Crime Commissioner & Chief Constable is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinions will be provided to the organisations by Baker Tilly Risk Advisory Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Police and Crime Commissioner & Chief Constable to inform the organisations' annual governance statements.

8.0 Data Protection

- Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's Terms of Business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.
- Personal data is not shared outside of Baker Tilly. The only exception would be where there is information on an internal audit file that external auditors have access to as part of their review of internal audit work or where the firm has a legal or ethical obligation to do so (such as providing information to support a fraud investigation based on internal audit findings).
- Baker Tilly has a Data Protection Policy in place that requires compliance by all of our employees. Non-compliance will be treated as gross misconduct.

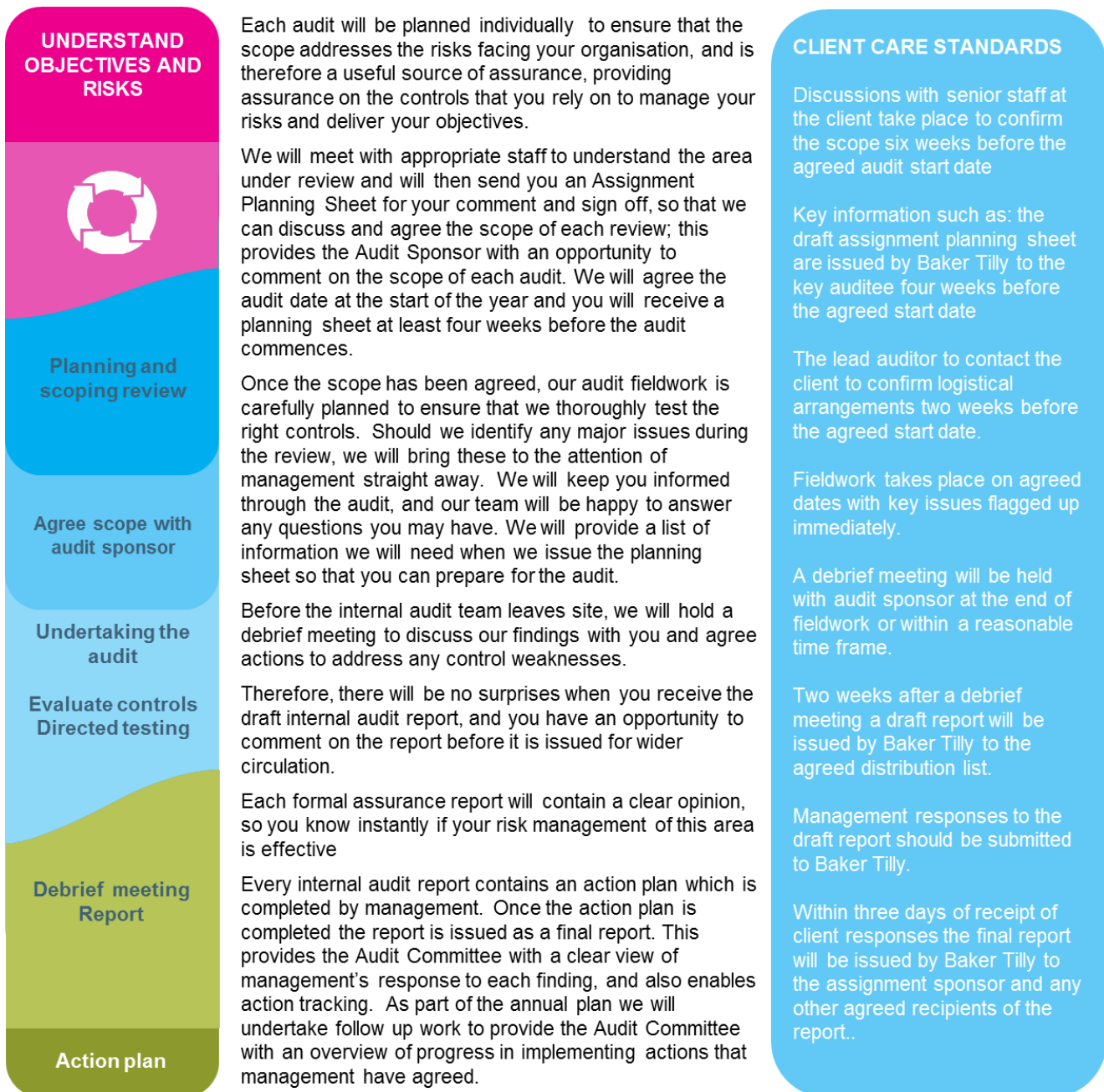
9.0 Fraud

9.1 The Joint Audit Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Joint Audit Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will assess the risk of fraud and be aware of the risk of fraud when planning and undertaking any internal audit work.

10.0 Approval of the internal audit charter

10.1 By approving this document, the annual plan, the Joint Audit Committee is also approving the internal audit charter.

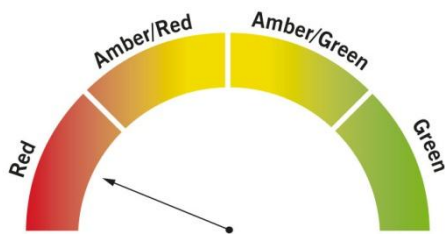
Appendix D: Our internal audit approach to an assignment



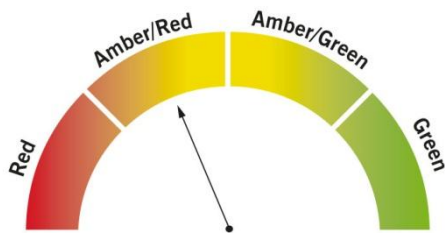
Appendix E: Overview of internal audit assignment opinions

For internal audits classed as “risk based assurance” reviews (compared with advisory input), we use four opinion levels as shown below. Each assignment report will explain the scope of the review, and therefore the context and scope of the opinion.

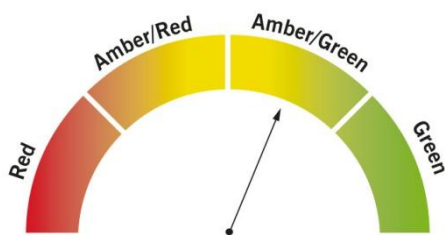
← Increasing level of assurance



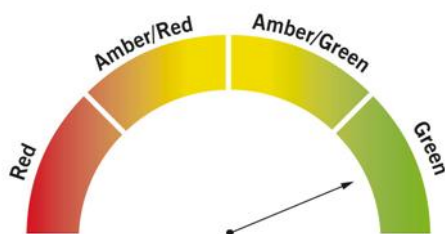
Taking account of the issues identified, the OPCC & Force cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the OPCC & Force can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).

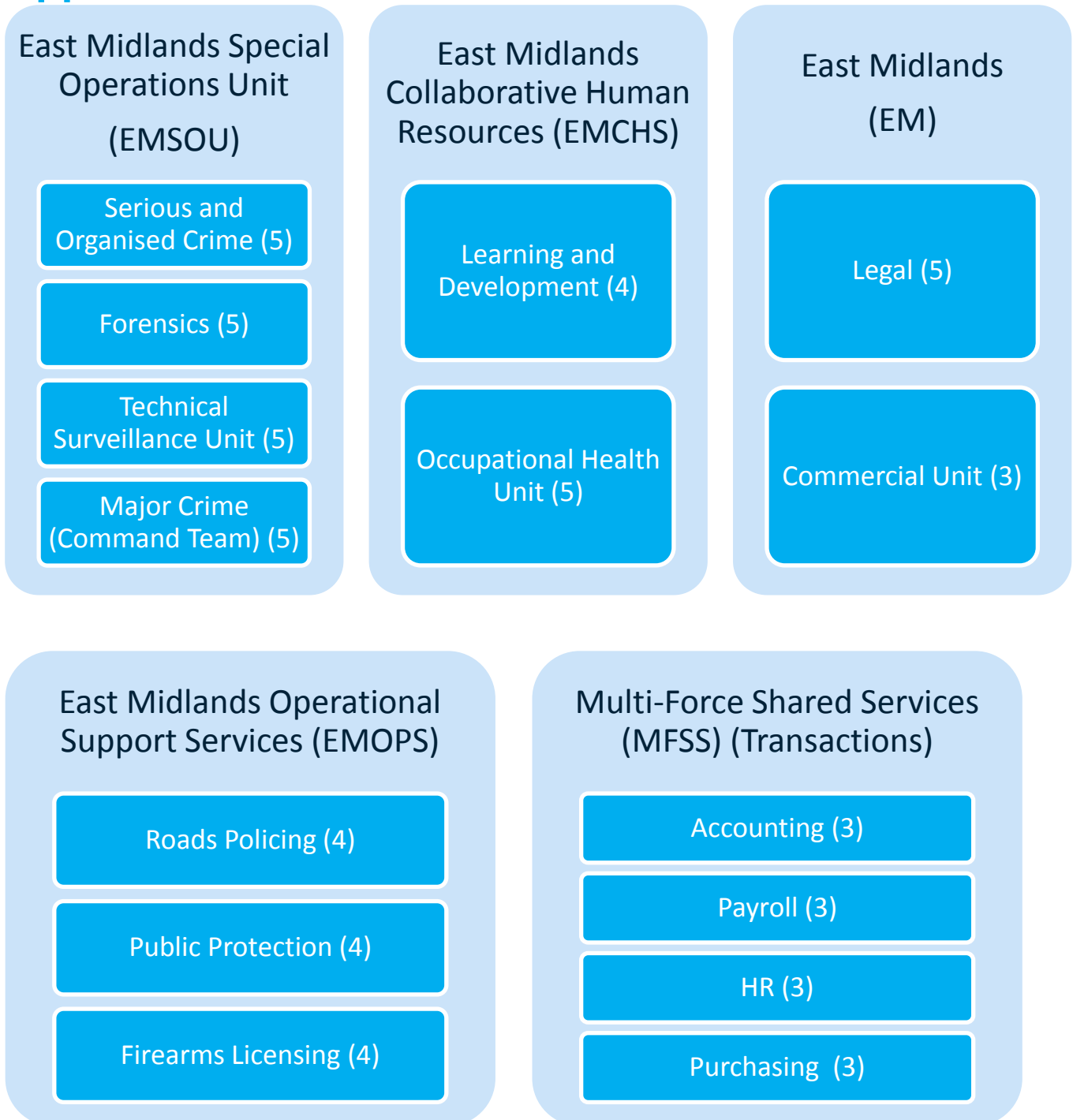


Taking account of the issues identified, the OPCC & Force can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the OPCC & Force can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

Appendix F: Collaborations



Brackets include number of Forces involved

For further information contact

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Name

suzanne.lane@bakertilly.co.uk

Tel: 07720 508148

This report, together with any attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management and Board of our client and, pursuant to the terms of our engagement, should not be copied or disclosed to any third party without our written consent. No responsibility is accepted as the plan has not been prepared, and is not intended for, any other purpose.

Baker Tilly Corporate Finance LLP, Baker Tilly Restructuring and Recovery LLP, Baker Tilly Risk Advisory Services LLP, Baker Tilly Tax and Advisory Services LLP, Baker Tilly UK Audit LLP, and Baker Tilly Tax and Accounting Limited are not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. Baker Tilly & Co Limited is authorised and regulated by the Financial Conduct Authority to conduct a range of investment business activities. Baker Tilly Creditor Services LLP is authorised and regulated by the Financial Conduct Authority for credit-related regulated activities. Before accepting an engagement, contact with the existing accountant will be made to request information on any matters of which, in the existing accountant's opinion, the firm needs to be aware before deciding whether to accept the engagement. © 2014 Baker Tilly UK Group LLP, all rights reserved.

Office of the Northamptonshire Police and Crime Commissioner and Northamptonshire Police

[Internal Audit Progress Report](#)

Joint Independent Audit Committee meeting: 3 March 2015

Introduction

The internal audit plan for 2014/15 was approved by the Joint Independent Audit Committee in March 2014.

Summary of Progress against the Internal Audit Plan

Assignment <i>Reports considered today are shown in italics</i>	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Stock Management (1.14/15)	FINAL	Green	0	0	0
Firearms Licensing (2.14/15)	FINAL	Green	0	0	2
Medium Term Financial Planning (3.14/15)	<i>FINAL</i>	<i>Green</i>	<i>0</i>	<i>0</i>	<i>1</i>
Risk Management (4.14/15)	FINAL	OPCC - Amber / Green Force – Amber / Green	0	6	6
G4S NICHE Service Provision (EM Report)	<i>FINAL</i>	<i>Advisory</i>	<i>1 suggestion</i>		
Estates Strategy & Management (5.14/15)	<i>FINAL</i>	<i>Amber / Green</i>	<i>0</i>	<i>1</i>	<i>0</i>
Force Control Room Business Continuity (6.14/15)	FINAL	Amber / Green	0	3	3
Key Financial Controls (7.14/15)	FINAL	Green	0	1	0
Commissioning & Partnership Working (8.14/15)	Draft issued 4 Feb 2015				
Follow up (9.14/15)	Draft issued 19 Feb 2015				
Human Resources – Workforce and Succession Planning	In QA				
Governance	In QA				
Collaboration – Efficiency Savings Plans (to be completed as part of a joint review with the East Midlands)	In Progress				
IT Licenses	March 2015				
Volunteers – Strategy, Recruitment and Training	Cancelled from plan due to the separately commissioned work within the OPCC				

Other Matters

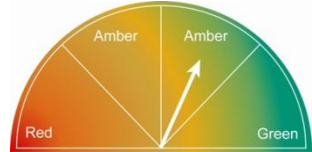
Internal Audit Plan 2014/15 - Change Control:

There have not been any changes to the audit plan since the last meeting.

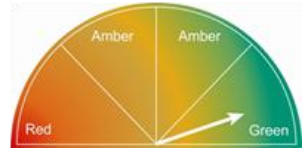
Information and Briefings: We have issued the following updates electronically since the last Joint Audit Committee:

- Emergency Services News Briefing – December 2014
 - Emergency Services Collaboration – The Current Picture Fire Incidents Response Times: England, 2013-14.
 - Changes to the police disciplinary system.
 - An Inspection of Undercover Policing In England and Wales.
 - Crime-recording: making the victim count.

Key Findings from Internal Audit Work (High and Medium Recommendations only)

Assignment: Force Control Room Business Continuity (6.14/15)	Recs: H: 0 M: 3 L: 3	Opinions: 	
<p>Design of control framework</p> <p>Our review identified the following areas of sound control design:</p> <ul style="list-style-type: none"> The FCR BCP is available electronically on the FCR Homepage on ForceNet and in hard copy at both Headquarters in the Emergency box and at the secondary site, Campbell Square. This reduces the risk that current plans are not available to staff affecting the recovery of key services Backup jobs are automated for the two key FCR systems data; Storm (incident management) and Aspect Unified IP Telephony. Backups are performed to disk daily for both systems at the Force Headquarters. Email alerts are configured to notify the Infrastructure team of the success / failure of the backup jobs. The data is then replicated off site to Campbell square, supporting the continuity of critical Force information. <p>We have identified four areas of weakness in relation to the design of the control framework. The medium findings have been summarised below:</p> <ul style="list-style-type: none"> A business impact assessment (BIA) exercise has not been performed. The BCP includes what the Force considers to be the critical systems within the Control Room, however consideration as to the recovery time objectives (RTOs) and recovery point objectives (RPOs) has not been performed. By not undertaking a structured business impact analysis to determine the critical activities to recover in a contingency event and recovery objectives, there is an increased risk that services will not be recovered in line with business priorities and time constraints. The FCR BCP does not link or reference the ISD Disaster Recovery plan, increasing the risk that IT systems recovery will not be effectively integrated with overall business continuity operations. The FCR BCP has not been tested to ensure that it is functional in the event of a disaster. Testing a BCP is the most effective way to confirm that it is usable in the event of a disaster. Without regular testing of the BCP, the Force are increasing the risk that the BCP may not be fit for purpose and unworkable in the in a true contingency event. <p>Application of and compliance with control framework</p> <p>Our review identified the following recurring control was operating as designed:</p> <ul style="list-style-type: none"> We confirmed backups of Storm were successfully operating for the 4 weeks prior to our audit. The Aspect system had only been Live for one week at the time of our review and we confirmed that the backup job had been successful in all instances. Backup replication to the Campbell square site was also operating successfully. The availability of recovery data reduces the risk that <p>We did identify three low category weaknesses and recommend that the Force address the remainder of recommendations set out in this report to further improve the Business Continuity Planning control environment for the FCR.</p>			
Action	Management Response	Date	Responsible Officer
<p><u>Rec 3.2 – Medium</u></p> <p>A business impact analysis should be undertaken to determine recovery priorities and required resources and</p>	<p>When the plan is finalised I will liaise with Richard Baldwin and discuss it to ensure compliance and compatibility with other force contingency. I will discuss</p>	<p>28 February 2015</p>	<p>Steve Herbert</p>

timeframes to recover business operations following a disruption. The BCP and backup arrangements should be reviewed upon completion of the business impact analysis to ensure recovery arrangements meet business objectives.	business impact analysis with him.		
Rec 3.5 – Medium Upon completion of the Business Impact analysis exercise: The Force Control Room Business Continuity Plan should be reviewed for compatibility and alignment with the IT Disaster Recovery Plan.	Compatibility and alignment with the IT disaster Recovery Plan will be considered prior to acceptance.	28 February 2015	Steve Herbert
Rec 3.6 – Medium The Force should define a testing strategy and a future schedule for periodic testing of the FCR Business Continuity Plan.	I have consulted with C/Insp Tennet and have agreed that testing of the plan should commence during January /February. Impact on normal business operations are considered inappropriate prior to this time. This will include the testing of contingency areas	28 February 2015	Steve Herbert

Assignment: Key Financial Controls (7.14/15)	Recs: H: 0 M: 1 L: 0	Opinions: 	
<p>The financial system areas examined within this report included:</p> <ul style="list-style-type: none"> • Budgetary Control, • General Ledger, • Payroll, • Income and Debtors, • Treasury Management, and • Fixed Assets. <p>We noted two issues with the control design relating to the asset register which we had combined into one 'medium' recommendation on in our previous audit report to address but had yet to be implemented. These issues related to there being no reconciliation between Fixed Assets register and the ICT systems asset database, and an absence of asset verification exercises. Whilst these are not implemented there is the risk of inaccuracies on the Fixed Asset register which could lead to overstating of the current assets held and result in Financial Losses.</p>			
Action	Management Response	Date	Responsible Officer
Rec 5.1 – Medium	Unlikely to be implemented in the	2016/17	Nick Alexander

<p>Restated recommendation 2013/14</p> <p>Reconciliation should be undertaken on a periodic basis between the IT items on the Fixed Asset register back to local inventory records to ensure that it represents an accurate view of the assets held. Periodic verifications should be undertaken against the items held in the LANDesk system to ensure the accuracy of records is maintained. This could be done on a sample basis to identify the highest value items.</p>	<p>next 12 months.</p>		
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As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to our Client on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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INTERNAL AUDITS DASHBOARD 2014/15

Audits are graded as Red, Amber, Amber/Green or Green. Some thematic audits are advisory only and not graded. Recommendations are prioritised as High, Medium or Low to reflect the assessment of risk associated with the control weaknesses.

SUMMARY OF AUDIT PROGRESS AND OUTCOMES

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			High	Medium	Low
Operational Areas – Stock Management – 1.14/15	02 July 2014	Green	0	0	0
Firearms Licensing – 2.14/15	18 August 2014	Green	0	0	2
Medium Term Financial Planning and Budget Setting - 3.14/15	20 November 2014	Green	0	0	1
Risk Management – 4.14/15	02 September 2014	Amber/Green	0	2	6
Estates Strategy / Management 5.14/15	24 November 2014	Amber/Green	0	1	0
Force Control Room Business Continuity 6.14/15	10 December 2014	Amber	0	3	3
Key Financial Controls 7.14/15	05 February 2015	Green	0	1	0
IT Licenses					
Volunteers – Strategy, recruitment and training					
Follow up					
Collaboration – Efficiency Savings Plans					
Human Resources – Workforce and Succession Planning					
Governance					
Commissioning					

DETAILS OF RECOMMENDATIONS FROM EACH AUDIT

Operational Areas- Stock Management – 1.14/15 - No recommendations

Firearms Licensing – 2.14/15 - All recommendations complete

Medium Term Financial Planning and Budget Setting – 3.14/15 - Draft

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
1.1	In order to ensure that all information within the Medium Term Financial Strategy is valid and up to date the Police and Crime Plan should be issued in a timely manner and the Strategy updated as required.	Low	Y	Police and Crime Plan has recently been refreshed and published (September 2014) The financial strategy will be updated accordingly and formally approved in February 2015	February 2015	John Neilson	

Risk Management – 4.14/15

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
1.1	As a result of the findings of this audit and in recognition of the internal restructures the following should be included in the next revision of the Risk Management Policy and or Risk Management Procedures: Include a section relating to the identification, management and reporting on assurances to validate that controls are being effectively managed. <ul style="list-style-type: none"> Enhance the relevant sections to include the fact that medium priority risks are also included within the risk reporting and monitoring by the various Groups/Boards Enhance the procedures to included reference against the Strategic Tasking and Co-ordination Group and the Information Assurance Board as to the frequency of risk monitoring. Once the Joint Independent Audit Committee have determined their future reporting requirements an appropriate inclusion within the Review and Reporting Risks section of the Procedures should be made. Once completed we would recommend that the Risk Management Policy is submitted to the Joint Independent Audit Committee for noting. 	Low	Y	The suggested revisions will be incorporated into the policy and procedures at the next review which is due to be completed by 01 January 2015. <i>Update RB- Policy and Procedures updated and approved 11/02</i>	Complete	R Baldwin	
1.2	Following the changes made to the database as a result of the previous Internal Audit report there is a need to address these	Low	Y	A change request has been raised to modify the risk reporting e-form but it is not yet known how	TBC	R Baldwin / ISD	

	<p>through to other areas:</p> <ul style="list-style-type: none"> The on-line risk notification form needs enhancing to include reference to recording strategic risk and also to split and differentiate between controls and intended responses, i.e. actions to be taken to further manage the risk. Splitting controls from response measures and recording these in their correct sections. 			<p>long it will take for ISD to complete the changes.</p> <p>Splitting of controls from response measures will be retrospectively applied to all open risks in IPSO. Update RB – IPSO updated. Awaiting ISD to confirm when e-form can be amended.</p>	Complete	R Baldwin	
1.3	<p>The Terms of Reference for the Strategic Tasking and Co-ordination Group, Information Assurance Board and Chief Officers Group should be reviewed to ensure that all contain appropriate inclusion as to their responsibilities for reviewing associated risks and the frequency when this is undertaken.</p>	Low	Y	<p>Revised wording will be prepared for the Chairs of the respective meetings</p>	Complete	R Baldwin	
1.4	<p>Work to continue to revisit risks to ensure that there is an effective split between actual controls and identified response measures on the database for each risk. This should be actioned by risk owners at their next review date.</p>	Low	Y	<p>As per action 1.2 IPSO will be amended accordingly. Where necessary risk owners will be asked to provide the required information. Update RB – IPSO updated.</p>	Complete	R Baldwin	
1.5	<p>Whilst assurance sources and types of assurance outputs are being captured there is no formal process whereby 'actual' assurance outputs are being recorded and used to inform/validate current controls risks assessments and scores. We would recommend that outputs can be recorded in the existing box where the assurance source is recorded but just need these to be clearly detailed.</p>	Medium	Y	<p>This will be raised with the owners of each respective risk at the next review date. Update RB – IPSO updated.</p>	Complete	R Baldwin	
1.6	<p>To ensure standardisation and the ability to verify that effective risk management processes are being followed at departmental level all departments should use the IPSO risk management database as prescribed within the Risk Management procedures. This would enable the Force Risk and Business Continuity Advisor, as manager of the database, to oversee inclusion of a risk and to ensure the integrity of key areas such as:</p> <ul style="list-style-type: none"> Controls are recorded appropriately. Risk descriptors are sufficient. Sources of assurance are identified. Actual assurance sources identified. <p>This issue should be discussed by the Chief Officers Group and a formal decision made to enforce all departments to use IPSO for all risk management functions. Where use continues by Departments of their own risk management spreadsheets/ databases there is a danger that by allowing this there is a loss of oversight by the Force Risk and Business Continuity Advisor. Whilst we accept that responsibility for managing risks at departmental level remains with the relevant Head of Department and Risk Co-ordinator we would nevertheless comment that there should be a form of overview by the Force Risk and Business Continuity Advisor to ensure compliance and that there is an effective mechanism operating that engenders a bottom up approach to identifying and managing risk. This overview should also be used to ensure the</p>	Medium	Y	<p>This issue will be raised with the Chief Officers Group at the next meeting where risk is due to be discussed.</p> <p>Update RB – Provision of a centralised system for managing risk registers is being considered as part of the Corporate Services review that is scheduled to be completed during 2015.</p>	31 May 2015	R Baldwin	

	'correct' recording of risks within the system.						
1.7a	Once the Joint Independent Audit Committee have determined their future reporting requirements from both the Force and OPCC consideration should be given to including these within their Terms of Reference.	Low	Y	A recommendation will be made to the Chair of the Committee once the reporting requirements have been agreed.	TBC	R Baldwin	
1.7b	To inform and feed the Annual Governance Statement we would recommend that an end of year synopsis report on risk management is produced and submitted to the Joint Independent Audit Committee. (This would mirror the process being proposed by the OPCC)	Low	Y	An end of year report will be produced for the Committee once the required format and content has been agreed with the Chair.	31 May 2015	R Baldwin	

Estates Strategy / Management – 5.14/15

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
1.1	<p>Whilst we accept that the decision to continue using Pick Everard given their history, expertise and knowledge of the estate, in accordance with Contract Standing Orders the fact that despite Pick Everard being on the framework agreement with 'Scape' there is nevertheless the requirement to either:</p> <ul style="list-style-type: none"> Undertake a mini tender using suppliers listed on the framework, or In this instance given, if the organisations decides it is appropriate to continue using Pick Everard then completion of a Single Tender Approval (STA) Request form and approval in line with stated financial authorisation limits should have been undertaken. We would recommend that to cover future usage of Pick Everard an STA Request form is completed with an 'estimated' value of work and that this is then approved as required and used as a 'call off' agreement. 	Low	Y	Agreed	October 2014	S Bonner	

Force Control Room Business Continuity – 6.14/15

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
3.1	<p>The Force should consider documenting the missing information to improve the BCP:</p> <ul style="list-style-type: none"> A workflow of activities to clearly identify the action to take. Key contact information for both staff and third parties should be clearly documented 	Low	Y	The new plan is far more detailed than the previous version. Activity workflow is individually documented in contrast to the reviewed document. Key contact information is documented on the plan.	Complete	Steve Herbert	
3.2	A business impact analysis should be undertaken to determine recovery priorities and required resources and timeframes to recover business operations following a disruption.	Medium	Y	When the plan is finalised I will liaise with Richard Baldwin and discuss it to ensure compliance and compatibility with other force contingency. I will	28 February 2015	Steve Herbert	

Agenda Item 11(a)

	The BCP and backup arrangements should be reviewed upon completion of the business impact analysis to ensure recovery arrangements meet business objectives.			discuss business impact analysis with him.			
3.3	The Force should ensure that the Control Room Business Continuity Plan is reviewed and updated to ensure that the plan reflects the significant change to the department's telephony systems.	Low	Y	The new plan reflects the significant changes.	Complete	Steve Herbert	
3.4	To ensure that staff are aware of their business continuity responsibilities, these should be clearly documented within the business continuity plan.	Low	Y	Awareness of business continuity responsibilities will commence when the plan is confirmed and accepted by relevant parties. It is my intention to complete awareness through continuous professional development days with a presentation to all FCR staff. This will commence in the new year. Detailed communication to managers will commence shortly to reflect changes.	28 February 2015	Steve Herbert	
3.5	Upon completion of the Business Impact analysis exercise: The Force Control Room Business Continuity Plan should be reviewed for compatibility and alignment with the IT Disaster Recovery Plan.	Medium	Y	Compatibility and alignment with the IT disaster Recovery Plan will be considered prior to acceptance.	28 February 2015	Steve Herbert	
3.6	The Force should define a testing strategy and a future schedule for periodic testing of the FCR Business Continuity Plan.	Medium	Y	I have consulted with C/Insp Tennet and have agreed that testing of the plan should commence during January /February. Impact on normal business operations are considered inappropriate prior to this time. This will include the testing of contingency areas including Silver 3, Campbell Square and Wellingborough. All sites have been checked for operability within the last month with ISD professionals and deemed to be suitable for contingency use at this time. This testing will be ongoing to cover all relevant staff and test all parts of the FCR spectrum.	28 February 2015	Steve Herbert	

Key Financial Controls – 7.14/15

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
5.1	Restated recommendation 2013/14 Reconciliation should be undertaken on a periodic basis between the IT items on the Fixed Asset register back to local inventory records to ensure that it represents an accurate view of the assets held. Periodic verifications should be undertaken against the items held in the LANDesk system to ensure the accuracy of records is maintained. This could be done on a sample basis to identify the highest value items.	Medium	Yes accept a process is required	Unlikely to be implemented in the next 12 months.	2016/17	Nick Alexander	



COMMUNITY JUSTICE SECURITY



AGENDA ITEM 11(a)

Report to the Independent Audit Committee

03 March 2015

Audit Recommendations Update Report

RECOMMENDATION

The Committee is asked to note this report.

1 PURPOSE OF THE REPORT

- 1.1 This report provides the Audit Committee with an update on the implementation of internal audit recommendations.

2 OVERVIEW

2.1 2013/14 Audits

- 2.2 Thirteen audits were conducted by Baker Tilly during the financial year 2013-14.

- 2.3 Final reports have been received for all thirteen audits:

- Collaboration
- Equiniti Pensions Administration
- Governance
- Operational Areas- Seized Property or Lost and Found Property
- Business Continuity
- Operational Areas- Vetting
- Monitoring and Delivery of the Police and Crime Plan
- Procurement
- Change Management Programme
- Key Financial Controls
- Risk Management
- Data Security
- Follow Up

2.4 2014/15 Audits

- 2.5 Final Reports have been received for the following audits:

- Stock Management
- Firearms Licensing
- Risk Management

- Medium Term Financial Planning and Budget Setting
- Estates Strategy / Management
- Force Control Room Business Continuity
- Key Financial Controls

2.6 The attached audit dashboards show the recommendations made in the final reports for each audit together with updates received on the implementation of those recommendations.

FIONA DAVIES
Head of Corporate Services

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS
 None

HUMAN RESOURCES IMPLICATIONS
 None

RISK MANAGEMENT IMPLICATIONS
 None

ENVIRONMENTAL IMPLICATIONS
 None

Author: Richard Baldwin,
 Force Risk and Business Continuity Advisor

Chief Officer Portfolio Holder: Martin Jelley, Deputy Chief Constable

Background Papers: 2013-14 Summary of Internal Audit
 Recommendations for IJAC 03.03.15
 2014-15 Summary of Internal Audit
 Recommendations for IJAC 03.03.15



COMMUNITY JUSTICE SECURITY



AGENDA ITEM 11(a)

Report to the Independent Audit Committee

03 March 2015

Audit Recommendations Update Report

RECOMMENDATION

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FIONA DAVIES
Head of Corporate Services

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS
None

HUMAN RESOURCES IMPLICATIONS
None

RISK MANAGEMENT IMPLICATIONS
None

ENVIRONMENTAL IMPLICATIONS
None

Author: Richard Baldwin,
Force Risk and Business Continuity Advisor

Chief Officer Portfolio Holder: Martin Jelley, Deputy Chief Constable

Background Papers: 2013-14 Summary of Internal Audit
Recommendations for IJAC 03.03.15
2014-15 Summary of Internal Audit
Recommendations for IJAC 03.03.15

JOINT INDEPENDENT AUDIT COMMITTEE
3rd March 2015
OUTSTANDING AUDIT RECOMMENDATIONS

Agreed action on recommendations	Owner	Date	Comment	Status
Draft Estates Management / Strategy 21st August 2014				
<p>Whilst we accept that the decision to continue using Pick Everard given their history, expertise and knowledge of the estate, in accordance with Contract Standing Orders the fact that despite Pick Everard being on the framework agreement with 'Scape' there is nevertheless the requirement to either:</p> <ul style="list-style-type: none"> • Undertake a mini tender using suppliers listed on the framework, or • In this instance given, if the organisation decides it is appropriate to continue using Pick Everard then completion of a Single Tender Approval (STA) Request form and approval in line with stated financial authorisation limits should have been undertaken. <p>We would recommend that to cover future usage of Pick Everard a STA Request form is completed with an 'estimated' value of work and that this is then approved as required and used as a 'call off' agreement.</p>	<p>SB</p>	<p>October 2014</p>	<p>In the previous update report this item was shown as closed. However Procurement and Finance officers are not entirely content and discussions to clarify the position ongoing.</p>	<p>Re-opened</p>

Agreed action on recommendations	Owner	Date	Comment	Status
Draft Medium Term Financial Planning and Budget Setting 15th August 2014				
In order to ensure that all information within the Medium Term Financial Strategy is valid and up to date the Police and Crime Plan should be issued in a timely manner and the Strategy updated as required.	JN	February 2015	The Police and Crime Plan has recently been refreshed and published (September 2014) The financial strategy will be updated accordingly and formally approved in February 2015	Closed

Owners

JN John Neilson
 SB Stuart Bonner

Author:

John Neilson

END



cutting through complexity

External Audit Plan 2014/15

Office of the Police and Crime Commissioner
for Northamptonshire

Northamptonshire Chief Constable

February 2015

The contacts at KPMG in connection with this report are:

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This report is addressed to the Police and Crime Commissioner for Northamptonshire and Chief Constable for Northamptonshire (PCC and CC) and has been prepared for the sole use of the PCC and CC. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.audit-commission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact **Andrew Cardoza**, the appointed engagement lead to the PCC and CC audits, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 1st Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 03034448330.

This document describes how we will deliver our audit work for the Police and Crime Commissioner for Northamptonshire and the Chief Constable for Northamptonshire

Scope of this report

This document supplements our *Audit Fee Letter 2014/15* presented to you in April 2014. It describes how we will deliver our financial statements audit work for both the Police and Crime Commissioner for Northamptonshire and the Chief Constable for Northamptonshire ('the PCC and CC'). It also sets out our approach to Value for Money (VFM) work for 2014/15.

We are required to satisfy ourselves that your accounts comply with statutory requirements and that proper practices have been observed in compiling them. We use a risk based audit approach.

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary.

Statutory responsibilities

Our statutory responsibilities and powers are set out in the *Audit Commission Act 1998* and the Audit Commission's *Code of Audit Practice*.

The Audit Commission will close at 31 March 2015. However our audit responsibilities under the *Audit Commission Act 1998* and the *Code of Audit Practice* in respect of the 2014/15 financial year remain unchanged.

The *Code of Audit Practice* summarises our responsibilities into two objectives, requiring us to audit/review and report on your:

- *financial statements (including the Annual Governance Statement)*: providing an opinion on your accounts; and
- *use of resources*: concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the Value for Money conclusions).

The Audit Commission's *Statement of Responsibilities of Auditors and Audited Bodies* sets out the respective responsibilities of the auditor and the PCC and CC.

Scope of this report (continued)

The Audit Commission will cease to exist on 31 March 2015. Details of the new arrangements are set out in Appendix 4. The PCC and CC can expect further communication from the Audit Commission and its successor bodies as the new arrangements are established. This plan restricts itself to reference to the existing arrangements.

Structure of this report

This report is structured as follows:

- Section 2 includes our headline messages, including any key risks identified this year for the financial statements audit and Value for Money arrangements Conclusions.
- Section 3 describes the approach we take for the audit of the financial statements.
- Section 4 provides further detail on the financial statements audit risks.
- Section 5 explains our approach to VFM arrangements work and sets out our initial risk assessment for the VFM conclusion.
- Section 6 provides information on the audit team, our proposed deliverables, the timescales and fees for our work.

Acknowledgements

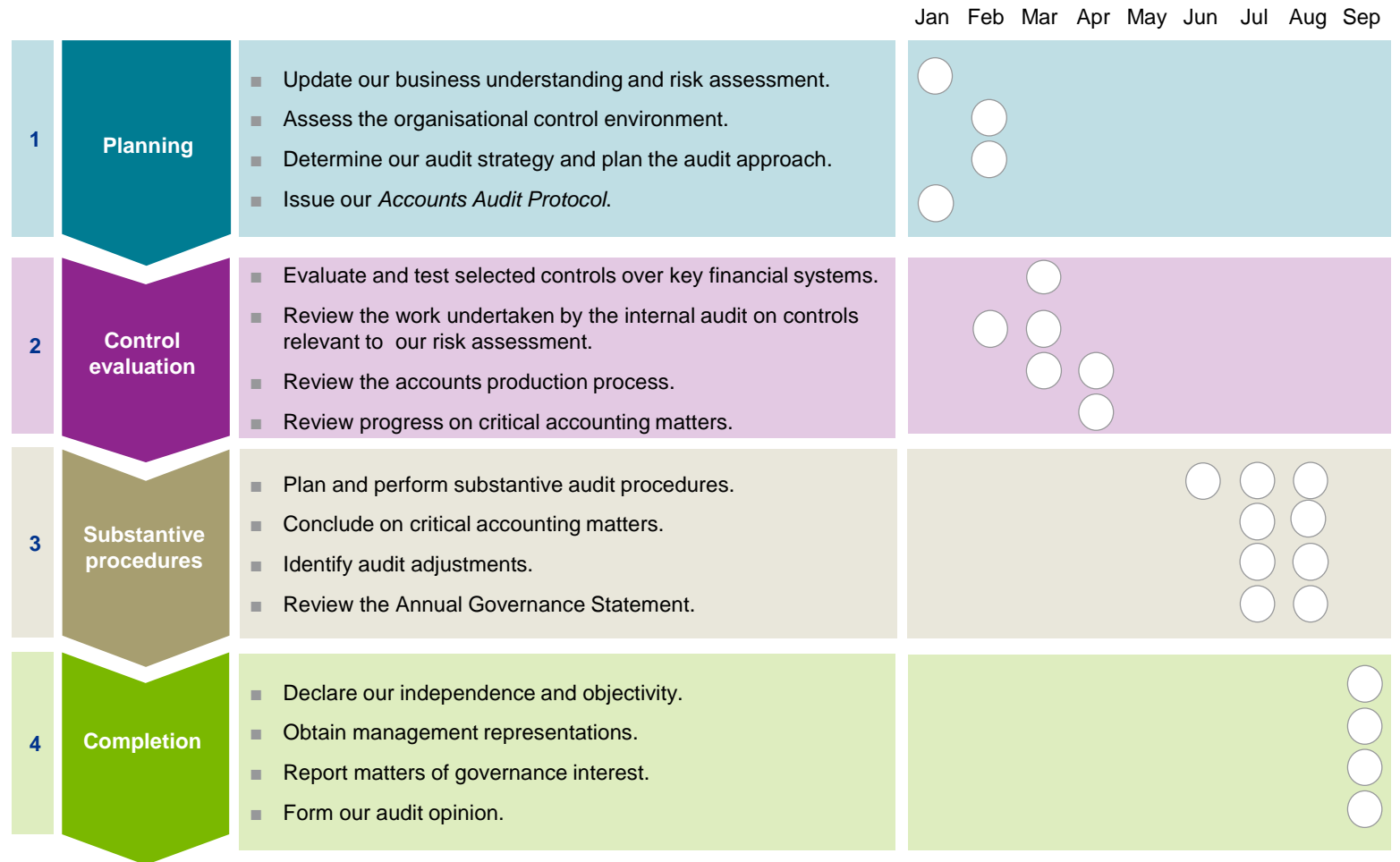
We would like to take this opportunity to thank officers and the Joint Independent Audit Committee for their continuing help and co-operation throughout our audit work.

Audit approach	<p>Our overall audit approach remains similar to last year with no fundamental changes . Our work is carried out in four stages and the timings for these, and specifically our on site work, have been agreed with the Chief Finance Officers of the OPCC and Force.</p> <p>Our audit strategy and plan remain flexible as risks and issues change throughout the year. We will review the initial assessments presented in this document throughout the year and should any new risks emerge we will evaluate these and respond accordingly.</p>
Key financial statements audit risks	<p>We have completed our initial risk assessments for the financial statements audits and have identified the following significant risk:</p> <ul style="list-style-type: none"> ■ Stage 2 Transfer – we will ensure that the transfer arrangements have been appropriately applied to the PCC and CC accounts. We will ensure that the appropriate staff and assets have been accounted for within the PCC and CC accounts. <p>This risk has been described in more detail on pages 10-11. We will assess the PCC and CC's progress in addressing the risk areas as part of our interim work and conclude this work at year end.</p>
VFM audit approach	<p>We have completed our initial risk assessments for the VFM conclusions and have identified the following significant risk at this stage.</p> <ul style="list-style-type: none"> ■ Achieving Ongoing Savings – we will continue to review achievement of savings plans to support our VFM work and monitor reports produced by HMIC to inform this. <p>This is described in more detail on pages 12-16. We will assess these risk areas as part of our interim work and conclude this work at year end.</p>
Audit team, deliverables, timeline and fees	<p>We have refreshed our audit team this year. Andy Cardoza joins the team as Director. Simon Lacey remains in position as Audit Manager and David Schofield remains in position as the Assistant Manager</p> <p>Our main year end audit is currently planned to commence in July. Upon conclusion of our work we will again present our findings to you in our <i>Report to Those Charged with Governance (ISA 260 Report)</i>.</p> <p>The planned fees for the 2014/15 audit are £39,055 (PCC) and £20,000 (CC) respectively. This is unchanged from the position set out in our <i>Audit Fee Letter 2014/15</i> and remains unchanged from the 2013/14 audit fee.</p>

We undertake our work on your financial statements in four key stages during 2015:

- **Planning** (January to February).
- **Control Evaluation** (February to April).
- **Substantive Procedures** (July to August).
- **Completion** (September).

We have summarised the four key stages of our financial statements audit process for you below:



During January and February 2015 we complete our planning work.

We assess the key risks affecting the PCC and CC's financial statements and discuss these with officers.

We assess if there are any weaknesses in respect of central processes that would impact on our audit.

We determine our audit strategy and approach, and agree a protocol for the accounts audit, specifying what evidence we expect the PCC and CC to support the financial statements.

Our planning work takes place in January and February 2015. This involves the following aspects:

Planning

- Update our business understanding and risk assessment including fraud risk.
- Assess the organisational control environment.
- Determine our audit strategy and plan the audit approach.
- Issue our *Accounts Audit Protocol*.

Business understanding and risk assessment

We update our understanding of the PCC and CC's operations and identify any areas that will require particular attention during our audit of the PCC and CC's financial statements.

We identify the key risks including risk of fraud affecting the PCC and CC's financial statements. These are based on our knowledge of the PCC and CC, our sector experience and our ongoing dialogue with PCC and CC staff. Any risks identified to date through our risk assessment process are set out in this document. Our audit strategy and plan will, however, remain flexible as the risks and issues change throughout the year. It is the PCC and CC's responsibility to adequately address these issues. We encourage the PCC and CC to raise any technical issues with us as early as possible so that we can agree the accounting treatment in advance of the audit visit.

We meet with finance officers on a regular basis to consider issues and how they are addressed during the financial year end closedown and accounts preparation.

Organisational control environment

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would impact on our audit.

In particular risk management, internal control and ethics and conduct have implications for our financial statements audit. The scope of the relevant work of your internal auditors also informs our risk assessment.

Audit strategy and approach to materiality

Our audit is performed in accordance with International Standards on Auditing (ISAs) (UK and Ireland). The Engagement Lead sets the overall direction of the audit and decides the nature and extent of audit activities. We design audit procedures in response to the risk that the financial statements are materially misstated. The materiality level is a matter of professional judgement and is set by the Engagement Lead.

In accordance with ISA 320 (UK&I) '*Audit materiality*', we plan and perform our audit to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. Information is considered material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

Further details on assessment of materiality is set out on page 6 of this document.

Our audit approach – planning (cont'd...)

We will issue our *Accounts audit protocol* following completion of our planning work. We issued the draft version in February 2015.

Accounts audit protocol

At the end of our planning work we will issue our *Accounts Audit Protocol*. This important document sets out our audit approach and timetable. It also summarises the working papers and other evidence we require the PCC and CC to provide during our interim and final accounts visits. The draft Prepared by Client list (PBC) was issued in February 2015.

In February 2015 we met with the Chief Accountant - Finance Team to discuss mutual learning points from the 2013/14 audit. These have been incorporated into our work plan for 2014/15. We revisit progress against areas identified for development as the audit progresses.

During February and March 2015 we will complete our interim audit work.

We will assess if controls over key financial systems were effective during 2014/15. We work with your Internal Audit team to avoid duplication.

We work with your finance team to enhance the efficiency of the accounts audit.

We will report any significant findings arising from our work to the Joint Independent Audit Committee

Our on site interim visit will be completed during February and March 2015. During this time we will complete work in the following areas:

Control Evaluation

- Evaluate and test controls over key financial systems identified as part of our risk assessment.
- Review the work undertaken by the internal audit function on controls relevant to our risk assessment.
- Review the accounts production process.
- Review progress on critical accounting matters.

Controls over key financial systems

We update our understanding of the PCC and CC's key financial processes where our risk assessment has identified that these are relevant to our final accounts audit and where we have determined that this is the most efficient audit approach to take. We confirm our understanding by completing walkthroughs for these systems. We then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Review of internal audit.

Where our audit approach is to undertake controls work on financial systems, we seek to review any relevant work internal audit have completed to minimise unnecessary duplication of work. This will inform our overall risk assessment process. Our audit fee is set on the assumption that we can place reliance on their work.

Accounts production process

We did not raise any recommendations in our *ISA 260 Report 2013/14* relating to the accounts production process.

We will again assess the PCC and CC's procedures in preparing for the closedown and accounts preparation.

Critical accounting matters

We will discuss the work completed to address the specific risks we identified at the planning stage. Wherever possible, we seek to review relevant workings and evidence and agree the accounting treatment as part of our interim work.

If there are any significant findings arising from our interim work we will present these to the Joint Independent Audit Committee.

During July 2015 we will be on site for our substantive work.

We complete detailed testing of accounts and disclosures and conclude on critical accounting matters, such as specific risk areas. We then agree any audit adjustments required to the financial statements.

We also review the Annual Governance Statements for consistency with our understanding.

We will present our joint ISA 260 Report to the Joint Independent Audit Committee in September 2015.

Our final accounts visit on site has been scheduled for a 2 week period in July 2015. During this time, we will complete the following work:

Substantive Procedures

- Plan and perform substantive audit procedures.
- Conclude on critical accounting matters.
- Identify and assess any audit adjustments.
- Review the Annual Governance Statement.

Financial Statements

We will provide an opinion on the following financial statements:

- The Chief Constable's single entity accounts; and
- The Police and Crime Commissioner's Group accounts (which consolidate the PCC and CC single entity accounts).

Substantive audit procedures

We complete detailed testing on significant balances and disclosures. The extent of our work is determined by the Engagement Lead based on various factors such as our overall assessment of the PCC and CC's control environments, the effectiveness of controls over individual systems and the management of specific risk factors.

Critical accounting matters

We conclude our testing of key risk areas identified at the planning stage and any additional issues that may have emerged since.

We will discuss our early findings of the PCC and CC's approach to address the key risk areas with the PCC's Chief Finance Officer and CC's Finance staff on an ongoing basis, prior to reporting to the Joint Independent Audit Committee.

Audit adjustments

During our on site work, we will meet with key finance staff on a weekly basis to discuss the progress of the audit, any differences found and any other issues emerging.

At the end of our on site work, we will hold a closure meeting, where we will provide a schedule of audit differences and agree a timetable for the completion stage and the accounts sign off.

To comply with auditing standards, we are required to report uncorrected audit differences to the Joint Independent Audit Committee. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

Annual Governance Statement

We are also required to satisfy ourselves that the PCC and CC's Annual Governance Statements comply with the applicable framework and is consistent with our understanding of your operations. Our review of the work of internal audit and consideration of your risk management and governance arrangements are part of this.

We report the findings of our audit of the financial statements work in our ISA 260 Report, which we will issue in September 2015.

In addition to the financial statements, we also review the PCC's Whole of Government Accounts pack.

We may need to undertake additional work if we receive objections to the accounts from local electors.

We will communicate with you throughout the year, both formally and informally.

Whole of Government Accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2014/15 have not yet been confirmed.

Elector challenge

The Audit Commission Act 1998 gives electors certain rights. These are:

- the right to inspect the accounts;
- the right to ask the auditor questions about the accounts; and
- the right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the Audit Commission's fee scales.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Joint Independent Audit Committee. Our deliverables are included on page 20.

Independence and objectivity confirmation

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Police and Crime Commissioner and the Chief Constable supported by the Joint Independent Audit Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 *Integrity, Objectivity and Independence* requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Appendix 1 provides further detail on auditors' responsibilities regarding independence and objectivity.

Confirmation statement

We confirm that as of the [date of this report](#) in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.

In this section we set out our assessment of the significant risks or other key areas of audit focus of the PCC and CC's financial statements for 2014/15.

For each key risk/significant risk area we have outlined the impact on our audit plan.

Professional standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our *ISA 260 Report*.

- Management override of controls – Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- Fraudulent revenue recognition – We do not consider this to be a significant risk for PCCs and CCs as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

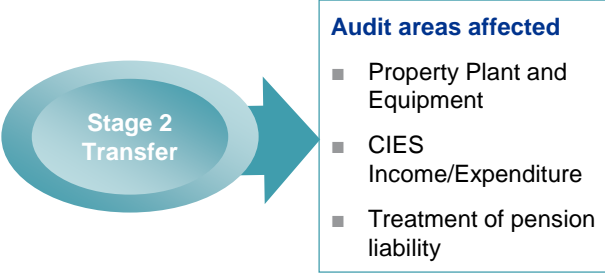
Appendix 3 covers more details on our assessment of fraud risk.

The table below sets out the significant risks we have identified through our planning work that are specific to the audit of the PCC and CC's financial statements for 2014/15.

We will revisit our assessment throughout the year and should any additional risks present themselves we will adjust our audit strategy as necessary.

In this section we set out our assessment of the significant risks or other key areas of audit focus of the PCC and CC's financial statements for 2014/15.

For each key risk/significant risk area we have outlined the impact on our audit plan.

Key audit risks/Area of other audit focus	Impact on audit
 <p>Audit areas affected</p> <ul style="list-style-type: none"> ■ Property Plant and Equipment ■ CIES Income/Expenditure ■ Treatment of pension liability 	<p>Risk</p> <p>The Police Reform and Social Responsibility Act 2011 (schedule 15 part 3) allows PCC's and Chief Constables to agree a transfer scheme for staff and assets from the PCC to the CC. As such, the Home Office required a transfer scheme to be submitted for each local police area for implementation by 1 April 2014.</p> <p>It is likely that at least some staff or assets will be transferred to Chief Constable, but it is up to each PCC and CC to agree their own transfer scheme and these arrangements will differ between local police areas.</p> <p>CIPFA issued LAAP Bulletin 98A regarding the Closure of the 2013/14 Accounts and considered the treatment of staff and asset transfer for Stage 1. The Bulletin also introduced the consideration of such treatments for the Stage 2 transfers.</p> <p>Our proposed audit work</p> <p>As part of our audit, we will ensure the Police and Crime Commissioner and Chief Constable is aware of the latest guidance and review the judgements it has made. This will include :</p> <ul style="list-style-type: none"> ■ Determining whether the PCC and CC have identified the appropriate staff and assets to transfer, including pension liabilities. ■ Considering the PCC and CC application of the relevant accounting standards to account for these and challenging its judgements where necessary; and ■ Obtain a copy of the approved transfer scheme and ensure that the accounting treatment for the stage 2 transfer is in line with the approval and where appropriate consistent with the stage 1 treatment and the 2013-14 financial statements.

Our approach to VFM work follows guidance provided by the Audit Commission.

Background to approach to VFM work

In meeting their statutory responsibilities relating to economy, efficiency and effectiveness, the Commission's *Code of Audit Practice* requires auditors to:

- plan their work based on consideration of the significant risks of giving a wrong conclusion (audit risk); and
- carry out only as much work as is appropriate to enable them to give a safe VFM conclusion.

To provide stability for auditors and audited bodies, the Audit Commission has kept the VFM audit methodology unchanged from last year. There are only relatively minor amendments to reflect the key issues facing the PCCs and CCs this year.

The approach is structured under two themes, as summarised below.

Specified criteria for VFM conclusion	Focus of the criteria	Sub-sections
The organisation has proper arrangements in place for securing financial resilience .	The organisation has robust systems and processes to: <ul style="list-style-type: none"> ■ manage effectively financial risks and opportunities; and ■ secure a stable financial position that enables it to continue to operate for the foreseeable future. 	<ul style="list-style-type: none"> ■ Financial governance ■ Financial planning ■ Financial control
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness .	The organisation is prioritising its resources within tighter budgets, for example by: <ul style="list-style-type: none"> ■ achieving cost reductions; and ■ improving efficiency and productivity. 	<ul style="list-style-type: none"> ■ Prioritising resources ■ Improving efficiency and productivity

We will follow a risk based approach to target audit effort on the areas of greatest audit risk.

Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.



Each of these stages are summarised further below.

VFM audit stage	Audit approach
VFM audit risk assessment	<p>We consider the relevance and significance of the potential business risks faced by all PCCs and CCs, and other risks that apply specifically to the PCC and CC. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> the PCC and CC's own assessment of the risks it faces, and its arrangements to manage and address its risks; information from the HMIC VFM profile tool; evidence gained from previous audit work, including the response to that work; and the work of HMIC and other inspectorates and review agencies.

Our VFM audit will draw heavily on other audit work which is relevant to our VFM responsibilities and the results of last year's VFM audit.

We will then form an assessment of residual audit risk to identify if there are any areas where more detailed VFM audit work is required.

VFM audit stage	Audit approach
Linkages with financial statements and other audit work	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the PCC and CC's organisational control environment, including the PCC and CC's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
Assessment of residual audit risk	<p>It is possible that further audit work may be necessary in some areas to ensure sufficient coverage of the two VFM criteria.</p> <p>Such work may involve interviews with relevant officers and /or the review of documents such as policies, plans and minutes. We may also refer to any self assessment the PCC and CC may prepare against the characteristics.</p> <p>To inform any further work we must draw together an assessment of residual audit risk, taking account of the work undertaken already. This will identify those areas requiring further specific audit work to inform the VFM conclusion.</p> <p>At this stage it is not possible to indicate the number or type of residual audit risks that might require additional audit work, and therefore the overall scale of work cannot be easily predicted. If a significant amount of work is necessary then we will need to review the adequacy of our agreed audit fee.</p>
Identification of specific VFM audit work	<p>If we identify residual audit risks, then we will highlight the risk to the PCC and CC and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> ■ considering the results of work by the PCC and CC, HMIC and other inspectorates and review agencies; and ■ carrying out local risk-based work to form a view on the adequacy of the PCC and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Where relevant, we may draw upon the range of audit tools and review guides developed by the Audit Commission.

We have completed our initial risk assessment and identified one risk to our VFM conclusion at this stage. This relates the likely impact on the ongoing financial resilience of the PCC/CC and the need to achieve ongoing savings. We will update our assessment throughout the audit.

We will conclude on the results of the VFM audit through our ISA 260 Report.

VFM audit stage	Audit approach
Delivery of local risk based work	<p>Depending on the nature of the residual audit risk identified, we may be able to draw on audit tools and sources of guidance when undertaking specific local risk-based audit work, such as:</p> <ul style="list-style-type: none"> ■ local savings review guides based on selected previous Audit Commission national studies; and ■ update briefings for previous Audit Commission studies. <p>The tools and guides will support our work where we have identified a local risk that is relevant to them. For any residual audit risks that relate to issues not covered by one of these tools, we will develop an appropriate audit approach drawing on the detailed VFM guidance and other sources of information.</p>
Concluding on VFM arrangements	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the PCC and CC's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
Reporting	<p>On the following page, we report the results of our initial risk assessment.</p> <p>We will report on the results of the VFM audit through our <i>ISA 260 Report</i>. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>If considered appropriate, we may produce a separate report on the VFM audit, either overall or for any specific reviews that we may undertake.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the PCC and CC's arrangements for securing VFM), which forms part of our audit report.</p>

We have identified one specific VFM risks.

We will carry out additional risk-based work in the following areas:

- **Budget savings and the use of reserves.**

In some cases we are satisfied that external or internal scrutiny provides sufficient assurance that the PCC and CC's current arrangements in relation to these risk areas are adequate.


In line with the risk-based approach set out on the previous page, we have

- assessed the PCC and CC's key business risks which are relevant to our VFM conclusion;
- identified the residual audit risks for our VFM conclusion, taking account of work undertaken in previous years or as part of our financial statements audit;

- considered the results of relevant work by the PCC and CC, the Audit Commission, HMIC and other inspectorates and review agencies in relation to these risk areas; and
- concluded to what extent we need to carry out additional risk-based work.

Below we set out our preliminary findings in respect of those areas where we have identified a residual audit risk for our VFM conclusion.

We will report our final conclusions in our *ISA 260 Report 2014/15*.

Key VFM risk	Risk description and link to VFM conclusion	Preliminary assessment
	<p>Northamptonshire Police along with all forces have significant budget savings to make over the coming years. Plans are in place to achieve these savings and these were reviewed as part of last years VFM assessment.</p> <p>We will review ongoing saving plans and processes as part of our VFM audit work linking this to any further HMIC or external body reports in relation to VFM such as the PEEL review.</p>	<p>We will continue to monitor all HMIC reports undertaken at Northamptonshire Police and review your saving plans as part of our VFM work. This will also include reviewing the VFM self assessment and evidence that you provide to us as part of the audit.</p>

Your audit team has been drawn from our specialist public sector assurance department. Both Simon Lacey and David Schofield part of the Northamptonshire audit last year.

Contact details are shown on page 1.

The audit team will be assisted by other KPMG specialists as necessary.



Andy Cardoza
Director

“My role is to lead our team and ensure the delivery of high quality external audit opinions. I will be the main point of contact for the Joint Independent Audit Committee, the Police and Crime Commissioner and the Chief Constable.”



Simon Lacey
Manager

“I am responsible for the management, review and delivery of the audit and providing quality assurance for any technical accounting areas. I will work closely with John to ensure we add value. I will liaise with the PCC’s Chief Finance Officer, the CC’s Finance Staff and Head of Internal Audit..”



David Schofield
Assistant Manager

“I will be responsible for the on-site delivery of our work. I will liaise with the Finance staff and will supervise the work of our audit assistants.”

Deliverable	Purpose	Committee dates
Planning		
External Audit Plan (Joint for PCC and CC)	<ul style="list-style-type: none"> ■ Outlines our audit approach. ■ Identifies areas of audit focus and planned procedures. 	February 2015
Control evaluation and Substantive procedures		
Report to Those Charged with Governance (ISA 260 Report) (Joint for PCC and CC)	<ul style="list-style-type: none"> ■ Details control and process issues arising ■ Details the resolution of key audit issues. ■ Communicates adjusted and unadjusted audit differences. ■ Highlights performance improvement recommendations identified during our audit. ■ Comments on the PCC and CC's value for money arrangements. 	September 2015
Completion		
Auditor's Report (separate reports for the PCC and CC)	<ul style="list-style-type: none"> ■ Provides an opinion on your accounts (including the Annual Governance Statements). ■ Concludes on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion). 	September 2015
Whole of Government Accounts (PCC only)	<ul style="list-style-type: none"> ■ Provides our assurance statement on the PCC's WGA pack submission. 	October 2015
Annual Audit Letter (Joint for PCC and CC)	<ul style="list-style-type: none"> ■ Summarises the outcomes and the key issues arising from our audit work for the year. 	November 2015

We will be in continuous dialogue with you throughout the audit.

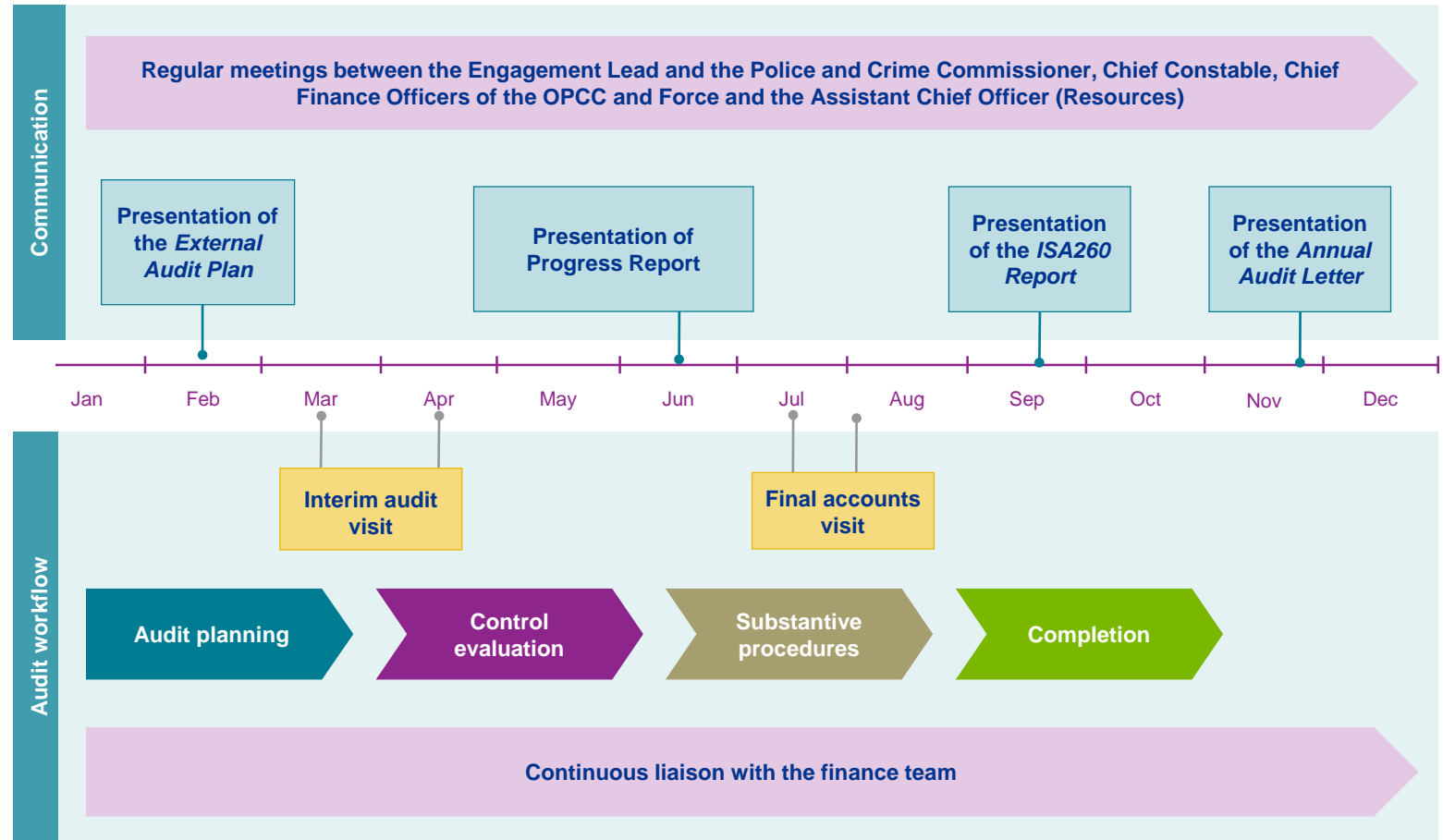
Key formal interactions with the Joint Independent Audit Committee are :

- February – External Audit Plan;
- September – ISA 260 Report;
- November – Annual Audit Letter.

We work with the finance team throughout the year.

Our main work on site will be our:

- Interim audit visits during February and March.
- Final accounts audit during July.



Key: ● Audit Committee meetings.

The fee for the 2014/15 audit of the PCC and CC is £59,055. The fee has not changed from that set out in our *Audit Fee Letter 2014/15* issued in April 2014.

Our audit fee remains indicative and based on you meeting our expectations of your support.

Meeting these expectations will help the delivery of our audit within the proposed audit fee.

Audit fee

Our *Audit Fee Letter 2014/15* presented to you in April 2014 first set out our fees for the 2014/15 audit. We have not considered it necessary to make any changes to the agreed fees at this stage.

Element of the audit	2014/15 (planned)	2013/14 (actual)
Police and Crime Commissioner	£39,055	£39,055
Chief Constable	£20,000	£20,000
Total	£59,055	£59,055

Our audit fee includes our work on the VFM conclusion and our audit of the PCC and CC's financial statements. The planned audit fee for 2014/15 is £59,055. This is the same as the audit fee for 2013/14.

Audit fee assumptions

The fee is based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. In setting the fee, we have assumed:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2013/14;
- you will inform us of any significant developments impacting on our audit;
- you will identify and implement any changes required under the *CIPFA Code of Practice on Local Authority Accounting in the UK 2014/15* within your 2014/15 financial statements;
- you will comply with the expectations set out in our *Accounts Audit Protocol*, including:
 - the financial statements are made available for audit in line with the agreed timescales;

- good quality working papers and records will be provided at the start of the final accounts audit;
- requested information will be provided within the agreed timescales; and
- prompt responses will be provided to queries and draft reports;
- internal audit meets appropriate professional standards;
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Meeting these expectations will help ensure the delivery of our audit within the agreed audit fee.

The Audit Commission requires us to inform you of specific actions you could take to keep the audit fee low. Future audit fees can be kept to a minimum if the PCC and CC achieve an efficient and well-controlled financial closedown and accounts production process which complies with good practice and appropriately addresses new accounting developments and risk areas.

Changes to the audit plan

Changes to this plan and the audit fee may be necessary if:

- new significant audit risks emerge;
- additional work is required of us by the Audit Commission or other regulators; and
- additional work is required as a result of changes in legislation, professional standards or financial reporting requirements.

If changes to this plan and the audit fee are required, we will discuss and agree these initially with the Chief Finance Officer.

This appendix summarises auditors' responsibilities regarding independence and objectivity.

Independence and objectivity

Auditors are required by the Code to:

- carry out their work with independence and objectivity;
- exercise their professional judgement and act independently of both the Commission and the audited body;
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and
- resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors' functions under the Code. If the PCC or CC invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as work carried out under section 35 of the Audit Commission Act 1998.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of Commission-related work, and senior members of their audit teams should not take part in political activity.
- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.

- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Firms are expected to comply with the requirements of the Commission's protocols on provision of personal financial or tax advice to certain senior individuals at audited bodies, independence considerations in relation to procurement of services at audited bodies, and area wide internal audit work.
- Auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission.
- Auditors are expected to comply with the Commission's policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the Commission's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the standing guidance.

Appendix 2: KPMG Audit Quality Framework

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG.

The diagram summarises our approach and each level is expanded upon.

At KPMG we consider audit quality is not just about reaching the right opinion, but how we reach that opinion. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. It is about the processes, thought and integrity behind the audit report. This means, above all, being independent, compliant with our legal and professional requirements, and offering insight and impartial advice to you, our client.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG. We use our seven drivers of audit quality to articulate what audit quality means to KPMG.

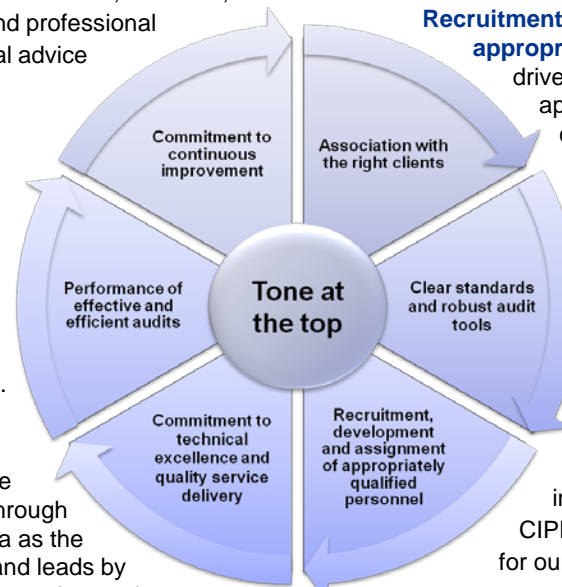
We believe it is important to be transparent about the processes that sit behind a KPMG audit report, so you can have absolute confidence in us and in the quality of our audit.

Tone at the top: We make it clear that audit quality is part of our culture and values and therefore non-negotiable. Tone at the top is the umbrella that covers all the drivers of quality through a focused and consistent voice. Andy Cardoza as the Engagement Lead sets the tone on the audit and leads by example with a clearly articulated audit strategy and commits a significant proportion of his time throughout the audit directing and supporting the team.

Association with right clients: We undertake rigorous client and engagement acceptance and continuance procedures which are vital to the ability of KPMG to provide high-quality professional services to our clients.

Clear standards and robust audit tools: We expect our audit professionals to adhere to the clear standards we set and we provide a range of tools to support them in meeting these expectations. The global rollout of KPMG's eAudIT application has significantly enhanced existing audit functionality. eAudIT enables KPMG to deliver a highly

technically enabled audit. All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.



Recruitment, development and assignment of appropriately qualified personnel:

One of the key drivers of audit quality is assigning professionals appropriate to the PCC and CC's risks. We take care to assign the right people to the right clients based on a number of factors including their skill set, capacity and relevant experience.

We have a well developed technical infrastructure across the firm that puts us in a strong position to deal with any emerging issues. This includes:

- A national public sector technical director who has responsibility for co-ordinating our response to emerging accounting issues, influencing accounting bodies (such as CIPFA) as well as acting as a sounding board for our auditors.
- A national technical network of public sector audit professionals is established that meets on a monthly basis and is chaired by our national technical director.
- A dedicated Department of Professional Practice comprised of over 100 staff that provide support to our audit teams and deliver our web-based quarterly technical training.

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

Quality must build on the foundations of well trained staff and a robust methodology.

Commitment to technical excellence and quality service delivery:

Our professionals will keep you up to date and provide accurate technical solutions and together with our specialists are capable of solving complex audit issues and delivering valued insights.

Our audit team draws upon specialist resources including Forensic, Corporate Finance, Transaction Services, Advisory, Taxation, Actuarial and IT. We promote technical excellence and quality service delivery through training and accreditation, developing business understanding and sector knowledge, investment in technical support, development of specialist networks and effective consultation processes.

Performance of effective and efficient audits: We understand that how an audit is conducted is as important as the final result. Our drivers of audit quality maximise the performance of the engagement team during the conduct of every audit. We expect our people to demonstrate certain key behaviors in the performance of effective and efficient audits. The key behaviors that our auditors apply throughout the audit process to deliver effective and efficient audits are outlined below:

- timely Engagement Lead and manager involvement;
- critical assessment of audit evidence;
- exercise of professional judgment and professional scepticism;
- ongoing mentoring and on the job coaching, supervision and review;
- appropriately supported and documented conclusions;
- if relevant, appropriate involvement of the Engagement Quality Control reviewer (EQC review);
- clear reporting of significant findings;
- insightful, open and honest two-way communication with those charged with governance; and
- client confidentiality, information security and data privacy.

Commitment to continuous improvement: We employ a broad range of mechanisms to monitor our performance, respond to feedback and understand our opportunities for improvement.

Our quality review results

We are able to evidence the quality of our audits through the results of Audit Commission reviews. The Audit Commission publishes information on the quality of work provided by KPMG (and all other firms) for audits undertaken on behalf of them (<http://www.audit-commission.gov.uk/audit-regime/audit-quality-review-programme/principal-audits/kpmg-audit-quality>).

The latest Annual Regulatory Compliance and Quality Report (issued June 2014) showed that we are meeting the Audit Commission's overall audit quality and regularity compliance requirements.

We are required to consider fraud and the impact that this has on our audit approach.

We will update our risk assessment throughout the audit process and adapt our approach accordingly.

Members /Officers responsibilities

- Adopt sound accounting policies.
- With oversight from those charged with governance, establish and maintain internal control, including controls to prevent, deter and detect fraud.
- Establish proper tone/culture/ethics.
- Require periodic confirmation by employees of their responsibilities.
- Take appropriate action in response to actual, suspected or alleged fraud.
- Disclose to Joint Independent Audit Committee and auditors:
 - any significant deficiencies in internal controls.
 - any fraud involving those with a significant role in internal controls.

KPMG's identification of fraud risk factors

- Review of accounting policies.
- Results of analytical procedures.
- Procedures to identify fraud risk factors.
- Discussion amongst engagement personnel.
- Enquiries of management, Joint Independent Audit Committee and others.
- Evaluate controls that prevent, deter, and detect fraud.

KPMG's response to identified fraud risk factors

- Accounting policy assessment.
- Evaluate design of mitigating controls.
- Test effectiveness of controls.
- Address management override of controls.
- Perform substantive audit procedures.
- Evaluate all audit evidence.
- Communicate to Joint Independent Audit Committee and relevant finance staff

KPMG's identified fraud risk factors

- We will monitor the following areas throughout the year and adapt our audit approach accordingly.
 - Revenue recognition.
 - Management override of controls.

Appendix 4: Transfer of Audit Commission's functions

The Audit Commission will be writing to audited bodies and other stakeholders in the coming months with more information about the transfer of the Commission's regulatory and other functions.

From 1 April 2015 a transitional body, Public Sector Audit Appointments Limited (PSAA), established by the Local Government Association (LGA) as an independent company, will oversee the Commission's audit contracts until they end in 2017 (or 2020 if extended by DCLG). PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for publishing the Commission's value for money profiles tool will also transfer to PSAA.

From 1 April 2015, the Commission's other functions will transfer to new organisations:

- responsibility for publishing the statutory Code of Audit Practice and guidance for auditors will transfer to the National Audit Office (NAO) for audits of the accounts from 2015/16;
- the Commission's responsibilities for local value for money studies will also transfer to the NAO;
- the National Fraud Initiative (NFI) will transfer to the Cabinet Office; and
- we are still awaiting confirmation of where the Commission's counter-fraud function will transfer to.

This appendix provides the Joint Independent Audit Committee with highlights of the main technical issues which are currently having an impact in police.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Police and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

TECHNICAL UPDATE				
Accounting for Injury Benefits – Firefighters and Police Officers.	●		Transfer of Audit Commission responsibilities from 1 April 2015	●
National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies	●		The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work.	●
Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements	●		NAO VFM study looking at the financial sustainability of Police Forces.	●
Audit commission consultation for the 2015/16 proposed work programme and scale fees	●		HMIC have published a report looking at the integrity of crime data in police forces in England and Wales.	●

Area	Level of Impact	Comments	KPMG perspective
Accounting for Injury Benefits – Firefighters and Police Officers	<p style="text-align: center;">● High</p>	<p>In 2006, the Firefighters' Compensation Scheme (England) Order came into force. One of its effects was to change the way injury benefits were funded and accounted for in respect of firefighters who had retired due to injury.</p> <p>The Department for Communities and Local Government (DCLG) has identified instances where some authorities have incorrectly charged injury benefits to the pension fund account and consequently DCLG may have overpaid top-up grant. The Fire Finance Network is currently discussing proposals with DCLG for all fire authorities and county councils with fire responsibilities to provide DCLG with statements of assurance to confirm that they are accounting correctly for injury benefits and are taking steps to correct any previous errors which may have occurred.</p> <p>The guidance made available to KPMG by both the Audit Commission and DCLG was clear that injury benefits are not a charge to the Firefighters Pension Fund, and are not covered by top-up grant.</p> <p>For further information see the DCLG guidance at https://www.gov.uk/government/publications/firefighter-pensions-financial-arrangements-guidance.</p> <p>The Police (Injury Benefit) Regulations 2006 made similar provisions in respect of injury benefits for police officers.</p> <p>The Home Office did not issue specific guidance on police injury benefits.</p>	<p><i>The committee may wish to seek assurances these costs are being accounted for appropriately and that where errors have been made, there are plans to address them.</i></p>

Area	Level of Impact	Comments	KPMG perspective
National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies	<p style="text-align: center;">●</p> <p style="text-align: center;">Medium</p>	<p>On Friday 19 September 2014 the National Audit Office (NAO) launched its consultation on the draft Code of Audit Practice for the audit of local public bodies. Subject to Parliamentary approval, the Code will take effect from 1 April 2015 for audit work relating to the 2015/16 financial year onwards.</p> <p>The NAO is seeking views and comments on the draft Code. In particular, the views of audited bodies are being sought on how valuable the work carried out each year on value-for-money arrangements is. The closing date for consultation responses was Friday 31 October 2014.</p> <p>For more information visit http://www.nao.org.uk/keep-in-touch/our-surveys/consultation-code-audit-practice/</p>	<p><i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i></p>
Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements	<p style="text-align: center;">●</p> <p style="text-align: center;">Medium</p>	<p>CIPFA and CIPFA/LASAAC have recently consulted on the Simplification and streamlining of the presentation of local authority financial statements.</p> <p>The consultation focused on the reporting of local authority performance and therefore on the comprehensive income and expenditure statement, the movement in reserves statement and the segmental reporting requirements specified in the Code of practice on local authority accounting in the United Kingdom. As an important part of reporting performance, it also considered the narrative reporting requirements which would accompany the financial statements.</p> <p>The consultation closed on 19 September 2014.</p>	<p><i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Audit commission consultation for the 2015/16 proposed work programme and scale fees.</p>	<p>● Low</p>	<p>On the 13th October 2014 The Audit Commission published for consultation the 2015/16 proposed work programme and scales of fees.</p> <p>Separate documents cover the Commission's work programme at local government and police bodies, and at health bodies. The consultation sets out the work that auditors will undertake at principal audited bodies for 2015/16, with the associated scales of fees. The Department for Communities and Local Government (DCLG) has asked the Audit Commission to set fees for 2015/16 before the Commission's closure on 31 March 2015.</p> <p>They are proposing to reduce scale fees by a further 25 per cent from 2015/16. They do not plan to make changes to the overall work programme. The fee reduction will apply to all principal bodies, with the exception of 15 local government bodies whose scale audit fees are already below £20,000, and of the fees for pension fund audits at local authorities.</p> <p>The 25 per cent fee reduction has been achieved as a result of the recent procurement exercise to retender the work undertaken under the older contracts with audit firms, and is in addition to the 40 per cent cut in fees made by the Commission in 2012. These savings are part of the legacy the Commission will leave behind after March 2015, with the lowest total audit fees for 25 years.</p> <p>The Commission is also making further rebates in respect of audit fees to audited bodies, returning another £6 million to most principal bodies, excluding CCGs.</p> <p>The rebates will be paid by cheque directly to audited bodies in October 2014. The rebates result from the efficient management of the Commission's closure. The Commission's Board will consider in March 2015 the amount of any final rebate on audit fees.</p> <p>The consultation closes on Friday 9 January 2015. The Commission will publish the final work programme and scales of fees for 2015/16 in March 2015.</p> <p>The consultation documents, and the lists of individual scale fees, are available on the Audit Commission website: http://www.audit-commission.gov.uk/audit-regime/audit-fees/201516propwpsf/</p>	<p><i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i></p>

Area	Level of Impact	Comments	KPMG perspective
Transfer of Audit Commission responsibilities from 1 April 2015	<p style="text-align: center;">●</p> <p style="text-align: center;">Low</p>	<p>The work that auditors will carry out on 2015/16 accounts will be completed under the new Code of Audit Practice that the National Audit Office (NAO) is developing. Under the Local Audit and Accountability Act 2014 the Commission's responsibility to prepare and publish a Code transfers to the NAO.</p> <p>From 1 April 2015, Public Sector Audit Appointments (PSAA), set up by the Local Government Association as an independent company, will oversee the Audit Commission's audit contracts until they end in 2017, or 2020 if extended by DCLG. PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for housing benefit subsidy certification and for publishing the Commission's value for money profiles tool will also transfer to PSAA.</p> <p>The Commission's other functions will also transfer to new organisations, with local value for money studies as well as responsibility for the Code of Audit Practice transferring to the National Audit Office, the National Fraud Initiative to the Cabinet Office, and the counter-fraud functions to Chartered Institute of Public Finance and Accounting (CIPFA).</p> <p>The Audit Commission will be writing to audited bodies and other stakeholders in the coming months with more information about the transfer of the Commission's functions and where to find details on specific questions.</p>	<p><i>The committee may wish to enquire of officers whether they have received any such communications from the Audit Commission and the details of any response.</i></p>

Area	Level of Impact	Comments
<p>The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work.</p>	<p style="text-align: center;">● For information</p>	<p>The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work. The guidance supports auditors' work on arrangements to secure VFM at the following types of audited body:</p> <ul style="list-style-type: none"> ■ NHS trusts; ■ clinical commissioning groups (CCGs); ■ single-tier, county and district councils; ■ fire and rescue authorities; ■ the Greater London Authority, the London Legacy Development Corporation and Transport for London; ■ police bodies; and ■ other local government bodies. <p>The key principles underpinning the Commission's approach on the conclusion on arrangements to secure VFM continue to be that it:</p> <ul style="list-style-type: none"> ■ enables auditors to fulfil their responsibility under the Audit Commission Act 1998, relating to an audited body's arrangements to secure economy, efficiency and effectiveness; and ■ is applied proportionately to reflect the size, capacity and performance of different types of audited body and, as far as possible, consistently across all sectors of the Commission's regime. <p>The main changes in the update for 2013/14 are set out in section 1.1 of the guidance. These are:</p> <ul style="list-style-type: none"> ■ sections 1 and 2 updated to reflect changes relating to the Commission's closure in March 2015; ■ sector context and risk indicators updated for sections 3 to 6; ■ section 4 on Clinical Commissioning Groups (CCGs) updated to apply the specified reporting criteria, recognising that 2014/15 represents CCGs' second full year of operations; and ■ section 8 on reporting updated to emphasise further the type of conclusions that can be issued at different bodies, and when these may or may not be appropriate. <p>The updated guidance is now available on the Audit Commission's website: http://www.audit-commission.gov.uk/audit-regime/codes-of-audit-practice/value-for-money-conclusion/</p>

Area	Level of Impact	Comments
<p>NAO VFM study looking at the financial sustainability of Police Forces.</p>	<p>● For information</p>	<p>The National Audit Office (NAO) is conducting a value for money study looking at the financial sustainability of police forces in England and Wales. The fieldwork for the study started in October 2014 and continues until February 2015 with a planned publication date of June 2015.</p> <p>The study includes visits to a number of police forces in England and Wales which are now getting started and will take place until the end of February. The police areas in England selected by NAO for a visit are:</p> <ul style="list-style-type: none"> ■ The Metropolitan Police; ■ West Midlands Police; ■ West Yorkshire Police; ■ Avon and Somerset Police; ■ Nottinghamshire Police; ■ Lincolnshire Police; and ■ West Mercia Police and Warwickshire Police (to be covered as a single case study).

Area	Level of Impact	Comments
<p>HMIC have published a report looking at the integrity of crime data in police forces in England and Wales</p>	<p>● For information</p>	<p>Her Majesty's Inspectorate of Constabulary (HMIC) has published a report looking at the integrity of crime data in police forces in England and Wales.</p> <p>The report concludes that overall, police are failing to record a significant proportion of the crimes reported to them each year by the public. The picture at a local level is more mixed, however, with some forces doing very well while others are performing very poorly. The report also notes that since the inspection took place, some forces have already taken significant steps to improve practices.</p> <p>The report can be found on the HMIC website: http://www.justiceinspectorates.gov.uk/hmic/wp-content/uploads/crime-recording-making-the-victim-count.pdf</p> <p>The local reports can be found on the HMIC website: http://www.justiceinspectorates.gov.uk/hmic/publication/crime-data-integrity-force-reports/</p>



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JOINT INDEPENDENT AUDIT COMMITTEE
3rd March 2015

PROGRESS REPORT ON AGREED ACTIONS IN THE OPCC ANNUAL GOVERNANCE STATEMENT 2013-14

	ACTION	OWNER	PROGRESS	END DATE
1	Refresh the Police and Crime Plan	IB	Complete – refreshed plan taken to the Police and Crime Panel and published in September 2014.	Closed
2	Publish a separate Medium Term Plan for the Commission	JN	Separate cash limit figures for the OPCC have been agreed and approved in the MTFP to 2020. Spending plans include 3% annual efficiency savings. Published January 2015	Closed
3	Strengthen the effectiveness of the Commissioner’s Board for Transformation and Delivery	IB	Complete – Board abolished and replaced by re-configured Aspire Programme Board effective from August 2014	Closed
4	Ensure the Regional initiative on middle and back office functions is effectively governed	IB JN	Work continues with Regional Chief Executives and CFOs. Original date of Autumn 2014 has passed; End date now extended to March 2015.	January 2015
5	Develop a new approach to the management and development of the Commission’s staff – including Leadership capacity [OPCC People Strategy]	JN	In progress	March 2015
6	Establish a new officer group in the OPCC to take responsibility for improvements to the governance framework and processes and delivery of agreed changes	IB	A schedule of proposed changes is being developed. Agreed changes will then be managed through the officer group.	March 2015

	ACTION	OWNER	PROGRESS	END DATE
7	A greater focus on Anti-fraud and corruption, including the approval of a revised policy for the Commission	JN	Not yet commenced.	March 2015
8	Review Audit Committee Terms of Reference and make recommendations to the Audit Committee	JN	Done – taken to the Committee meeting in June 2014	Closed
9	Develop and seek approval to a revised Risk Management Policy for the OPCC	JN	Report on Committee agenda December 2014	Closed
10	Share details of further work to develop an Assurance Map with the Audit Committee during 2014	IB JN	Further update on March agenda	March 2015

Owners

IB Iain Britton OPCC Chief Executive

JN John Neilson OPCC Director for Resources, Governance and Transformation

Author

John Neilson

END



Joint Audit Committee (JAC) Finance Highlight Report

1 Medium Term Financial Position

- The force has a current savings plan versus estimated cumulative deficit as shown below.

	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
Legacy Savings	632	176			0
Project Balance Savings	2,962	3,054	1,575	865	0
Plan B Savings	2,482				0
Ranking Restructure and reduction in PCSO's	805	477	578	494	0
Long Term (LT) Strategic Option (Bal)	436	1,597	1,887	0	0
Total Savings	7,317	5,304	4,040	1,359	0
Cumulative Savings	7,317	12,621	16,660	18,019	18,019
Cumulative Deficit	(7,322)	(12,682)	(16,698)	(20,351)	(23,935)
Cumulative Surplus / Deficit	(5)	(61)	(38)	(2,332)	(5,916)

- Confidence levels are high for Legacy, Balance and Ranking Restructuring savings, with Plan B confidence levels now high.
- Possibilities around saving the remaining £5.9m include

Source	SRO	Saving £m
EMOPPS Full Business Case V1.6 October 2014*	CC Neil Rhodes	1.07
WFM Full Business Case, Page 10 Table 2*	DCC Peter Goodman	0.15
PBS Project Discussion Document Page 5	Fiona Davies	0.78
Indicative Procurement Savings LP	Business as Usual	0.44
Agile Working Estates Option (48% space saving)	John Neilson	1.50
Further 2 forces Joining MFSS	ACO PBS	0.49
Further 2 forces Joining PBS	ACO PBS	1.56
Total		£5.99

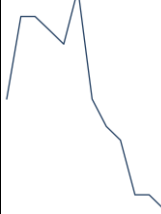

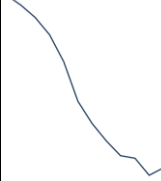


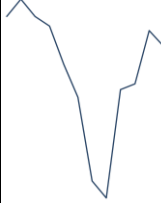




*Assumes Officer reductions in Northants














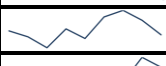

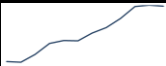
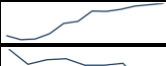
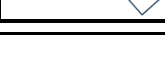

- 4 year Capital Budget investing £47m now agreed.

2 In year position

- The Force is forecast to under-spend by £0.056m.
- The force and NOPCC have a carry-forward from 2013-14 of £1.544m
- 2014-15 Budget deficit of £5.8m, savings already achieved by Project Balance
- Forecast levels of total reserves at 31.03.14, £16.14m, Gen Reserves £4.12m.

Data for period ending: January 2015

Indicator	Mar-13	Current Status	Trend (12 months)	Commentary
CUSTOMERS				
Victim satisfaction	81.5%	83.4%		A continuing declining trend in the satisfaction with the overall service for victims (excluding ASB victim) over the last 12 months. A reduction in satisfaction with the overall service is due to a reduction in the satisfaction with the actions taken and follow-up from victim of vehicle and violence crime. Satisfaction with the overall service for victim of vehicle has seen a significant reduction of -11% when compared to the previous year, where there was a peak in performance due to the 100% attendance policy for vehicle crime. Satisfaction for victims of violence has returned to the stable level, where it has been seen last year. Victim of burglary continuing to see an increase in the satisfaction and continuing stabilise the performance for other victim groups.
Public confidence (Police only)	82.6%	81.0%		Confidence in the police is continuing to show a declining trend. Over the last 12 months 81% were confident in the police to deal with things that matter to the community. This has reduced significantly by -4.3% in comparison to 112 months ago. The reduction is also considered to be statistically significant despite a reduction in sampling. Iquanta (Sep. 14) ranked the Force 6th in MSG a declining MSG ranking from previous quarter (Jun 14 - 5th). East Northants is currently the lowest at 72% and has seen a marked decline in the last quarter, with Northampton the highest at 85%. The future policing approach at Oundle (East Northants) is an opportunity to reverse the declining trend on this sector.
Public confidence (Police and Council - joint measure)	63.3%	56.1%		Confidence in the police and local council showing a declining trend over the last 6 months, 56.1% agreed the police and the local council are dealing with ASB and crime issues. This had reduced significantly by -7% over the last 12 months. A significant reduction across all districts (except Corby). South Northants and Daventry are the lowest CSPs at present and requirement improvement. Furthermore, the reduction is statistically significant despite a reduction in the volume of people being surveyed. Positively, Iquanta (Jun 14) shows the Force ranked 2nd in the MSG and 2.6% above the MSG average.
Complaints from the public	38	30		The number of public complaints this month dropped from 46 in December to 30 this month the lowest number since June 14. Averaging at 38 complaints per month over last year.
Whistle Blowing	8	11		The number of whistle blowing reports (by month) has increased over the last 2 months but not considered an exception. Averaging at 6 per month over the last year.
Call answering times				
999 (Definition of service level: 90% in 10 seconds)	93.6%	92.0%		Service level has consistently been achieved for the past 2 months with 90% of 999 calls able to be answered within 10 seconds. It is believed that the improved staffing has helped to achieve the target. Despite this the cumulative 12 month figure has been affected by the sustained months below target with a -2.8% difference from the previous 12 months. Performance needs to be sustained to improve the cumulative figure. For this reason this area will remain as Amber until it can be demonstrated that the performance has improved over the longer term. This is especially noted due to the expected cyclical increases in call volumes during the spring and summer months.
Non emergency (Triage) (Definition of service level: 80% in 30 seconds)	87.4%	86.4%		Service level has been achieved consecutively for four months for triage calls. This service is demonstrating sustainability and provides an effective risk assessment for all calls in the first instance. Triage call handling is staffed by available call handlers within the room and also by the demand management team.
Non emergency (post Triage) (Definition of service level: 80% in 30 seconds)	87.4%	70.4%		Performance has improved in this area since September but still remains below that from 12 months ago and the target set. Based on the last 2 months worth of data it is shown that service level is at its lowest between the hours of 09:00 and 14:00 and 18:00 - 19:00. Whilst some of these occasions are due to increased demand this is not always the case. Highest abandoned call rates are seen between these hours too. Focus on what happens with public calls within the hours of 09:00-14:00 would help with improving performance in this area.
Response times (% attended within service level)				
G1 (Attend rural G1s in under 20 minutes, urban G1s in under 15 minutes)	83.0%	82.4%		January has seen a large improvement in the ability to arrive within service level with 86.3% of arrival times within 15 minutes from when the incident was confirmed. This is the highest % in the last year. It is possible the reduction in volumes of urban grade 1 incidents has helped to achieve this figure although it is believed other factors are also helping to achieve this including the availability of officers and vehicles. This level of performance needs to be sustained to improve performance over the long term and provide a service to the public to continue to mitigate risk.
G2 (Attend all G2s in under 60 minutes)	53.5%	58.3%		This month 58.3% of incidents arrived within the target of 60 minutes from when the incident was confirmed. This is the highest proportion of incidents that have achieved service level in the past 2 years. Performance is moving in the right direction for this area and needs to be sustained to move towards levels seen 2 years ago (above 75%).

Indicator	Mar-13	Status	Trend	Commentary
PEOPLE				
Workforce strength				
Officers	1267.69	1224.76		The force establishment is 1220 officers and is managed through strategic workforce planning to keep numbers just above this level. The current strength is nearing that target with an increase in leavers during the last couple of months.
Constables	945.12	929.47		The number of constables has fluctuated over the last 12 months but has shown a decreasing trend over the 2 months. This rank is expected to increase as we flatten the management structure.
Sergeants	224.07	206.74		The number has slowly fallen over the last 12 months, in line with the target operating model requirements.
Inspectors	62.5	56.55		Inspectors have seen a long term reduction in line with the planned reductions in this rank according to the future direction/model of the Force. The recent increase is equivalent to only 1 officer.
Chief Inspectors	20	18		This rank has seen a reduction over time in line with the planned reductions of Chief Inspectors according to the future direction of the Force. Recent numbers are stable
Superintendents	10	9		This rank has reduced by 1 compared with March 2013 but the recent increases reflect temporary superintendents to cover strategic roles e.g. Aspire.
Chief Superintendents	2	1		This rank is stable following a reduction from 2 to 1 in September
ACPO	4	4		This is stable in line with the future direction of the Force
PCSOs	126.84	125.17		The number of PCSOs is showing a decreasing trend over the last 6 months and is slightly below the YTD average of (126.1)
Operational Frontline		1050.64		86.0% of officers are in frontline roles, with a further 7.0% in operational support roles and the remaining 3.0% in back office roles. The decline in numbers of operational frontline reflects the reduction in overall officers above - the % is stable.
Operational Support		84.77		This is consistent with previous years and other forces using HMIC data.
Business Support		31.80		The difference in totals with officer strength is due to where a function as not been assigned or the Home office code is 62 Other.
Police Staff	856.67	852.18		Police staff numbers have shown a sharp reduction in the last quarter with further reductions planned as voluntary redundancy staff leave the organisation. Further savings are needed during 2015/16 and the potential joint function between Northants and Notts is likely to deliver further savings through leavers. This will impact on departments and the ability of the force to provide some functions in the same way as they are currently. Programme Aspire is looking at ways to transform the organisation and empower people to self serve.
Operational Frontline		511.05		52.0% of police staff are in frontline roles (forensic officers, PCSOs), with a further 20.0% in operational support (control room, intelligence) and the remaining 27.0% in back office roles. All elements will be reviewed as part of the financial savings required.
Operational Support		198.92		
Business Support		260.77		The Difference in totals are where a function as not been assigned or the Home office code is 62 Other
Special constables	226	410		Stable volumes in the last quarter. In the recent value for money profiles the Force had the highest rate of special constables per capita nationally. Further intakes are planned for 2015 to take numbers towards the target set by 2016.
Volunteers	185	715		Significant increase in volume of volunteers over the last 12 months due to active recruitment and the expansion of community Speed Watch.
Cadets		135		The number of cadets increased in January but remains below the YTD average.



Independent Joint Audit Committee Dashboard

February 2014



Indicator	Mar-13	Status	Trend	Commentary
PEOPLE				
Sickness (average days lost)				
Officers	6.81 (p.a)	0.79		Officer sickness has remained high over the last 6 months and January averaged 0.79 days per officer per month. YTD of 7.88 which is above the whole of 2013/14
Staff	8.4 (p.a)	0.73		Staff sickness has risen over the last 4 months having historically been very low. This month's average is a YTD high of 0.73 days per staff. Overall staff sickness average YTD is 6.6 days per person compared to 8.4 days Mar 2013.
Officers on Recuperative duties	33	38.14		3.1% of officers are currently on recuperative duty. The total has fallen over the last 12 months but is above that at the end of 2013/14. However, these officers are making a positive contribution to the force and adding value.
Officers on Restricted duties	52.29	55.28		4.5% of officers are currently on restricted duty. These officers are still making an active contribution and supporting their colleagues freeing up other officers time. Totals have fallen in the last 12 months but slightly up on the figure from nearly 2 years ago.
Turnover				
Officers		0.7%		Remains low. January is consistent with 0.7% slightly above the YTD average.
Staff		1.1%		Staff turnover has risen in January having previously been below 1.0% in the 2 previous months
Staff survey results (conducted January-February 2014)	<p>1,498 members of staff completed the survey, which is a response rate of 62%. Quality of supervision was found to be high across the board with supporting and fair, listening and trust core themes. Within reward and recognition, respondents were in the middle of the range indicating it varies between roles, departments and individuals. Most staff feel they are empowered to do a good job although officers were lower than staff and PCSOs. The majority of the workforce were positive towards the public and citizen focus, albeit officers were on average less likely to score positively. Senior leadership was more mixed but on the whole more positive. In health and wellbeing, officers were more likely to respond negatively citing work life balance, shift patterns and staff shortages as their main reasons. There was a higher level of uncertainty for police staff which impacted on their attitudes towards change. In terms of diversity, everyone scored this highly and felt the force addresses discrimination effectively. Other question areas generally scored well. In relation to the PCC, a third of the overall staff had met him personally and 30% felt he was doing an excellent or good job.</p>			



Independent Joint Audit Committee Dashboard

February 2014



Force priorities	Yr. End Mar-14	Status	Trend	Commentary
BUSINESS				
All Crime reduction	-12%	7.0%		All Crime has continued to reduce over the last 3 years, although we are now recording an increase of 7% over the last 12 months following the improvements made at the start of this financial year regarding crime recording. We are ranked 30th nationally for rate per 1000 people. Absolute volumes have fallen 8.6% compared with the baseline. Nationally, all crime is also increasing at 1.1% with 25 forces recording increases.
All Crimes resolved (cumulative rate)	29.3%	26.7%		Resolutions volumes of resolutions have fallen over the last 6 months and this combined with increased crime has resulted in the rate declining. We have achieved a national rank of 29th which is deteriorating. Maintaining this for the rest of the year will be the focus.
Violence reduction	-11.0%	37.0%		Violence levels continue to increase and the force is now showing an increase of +37% in the last 12 months, higher than that in the baseline year. The increase is higher than the national trend (+15.9%) and the MSG (+13.3%). Homicides and most serious violence remain low. We are 37th nationally, a drop of 2 places on last month. Assault with injury accounts for 46.9% of all violence and assault without injury accounts for 39.9% over the last 12 months. Nationally there is a strong increase of 21% so although we exceed this we are not out of kilter with many other forces.
Serious Acquisitive Crime reduction	-18%	-15.0%		A strong performance on SAC with large reductions being maintained. The level of reduction is broadly consistent since the beginning of 2014/15 although we are slowing. We have improved to 30th nationally, and continue to exceed the national and MSG reduction of around -9.7%.

Finance Dashboard

	Status	Dir. of Travel	Confid. Level	
Forecast Revenue Expenditure	●	⇒	n/a	See Traffic Light System below
Forecast against £5.8m savings target 2014-15	●	⇒	5	Weighted Average Confidence Level out of 5
Forecast against £7.2m savings target 2015-16	●	↑	3.5	Weighted Average Confidence Level out of 5

Key for the traffic light system

- Actuals are tracking profiled budget and variance/ forecast year-end position is either under budget or less than 0.5% of budget. Needs minimal monitoring. **(In non accounting terms this means everything is ok and spend is where it should be at this time of year)**
- Variance/ forecast year-end position is between 0.5% and 1% over budget. This needs close monitoring to ensure actuals are moved back into line with profile. **(In non accounting terms either what you have spent so far or where we are expected to be at the end of the year is at least 0.5% overbudget).**
- Variance/ forecast year-end position is greater than 1% over budget. The spends on this budget need investigating and actions put in place to try and manage the finances back to within 1% of budget. **(In non accounting terms this is not good and if this is not actively managed the unit will not meet its performance target)**

AGENDA PLAN – PUBLIC AGENDA - NEXT FOUR MEETINGS

JUNE	SEPTEMBER	DECEMBER	MARCH
Apologies	Apologies	Apologies	Apologies
Declarations	Declarations	Declarations	Declarations
Minutes of previous meeting	Minutes of previous meeting	Minutes of previous meeting	Minutes of previous meeting
Matters arising action log	Matters arising action log	Matters arising action log	Matters arising action log
Implementation of Audit recommendations	Implementation of Audit recommendations	Implementation of Audit recommendations	Implementation of Audit recommendations
	Internal Audit – Annual report		Draft Internal Audit Plan
Internal Audit – progress report	Internal Audit – progress report	Internal Audit – progress report	Internal Audit – progress report
Internal Audit - Charter			
External Audit – progress report	External Audit – progress report	External Audit – progress report	External Audit – progress report
AGS actions - progress	AGS actions - progress	AGS actions - progress	AGS actions - progress
Finance Dashboard	Finance Dashboard	Finance Dashboard	Finance Dashboard
Performance Dashboard	Performance Dashboard	Performance Dashboard	Performance Dashboard
Force Strategic Risk Register	Force Strategic Risk Register	Force Strategic Risk Register	Force Strategic Risk Register
		MTFP and Budget update	MTFP and Budget update
HMIC reviews – update	HMIC reviews – update	HMIC reviews – update	HMIC reviews – update
External Audit – Fee letter?		OPCC Risk Policy	
Treasury Management update and outturn report	Treasury Management update	Treasury Management update	Draft Treasury Management strategy
Draft Statement of Accounts	Final accounts / AGS / ISA 260 etc.	Annual External Audit Letter	
Committee self- assessment			
Committee Annual Report			
Items for escalation to the Commissioner and / or the Chief Constable	Items for escalation to the Commissioner and / or the Chief Constable	Items for escalation to the Commissioner and / or the Chief Constable	Items for escalation to the Commissioner and / or the Chief Constable
Agenda plan for the next four meetings	Agenda plan for the next four meetings	Agenda plan for the next four meetings	Agenda plan for the next four meetings
Date venue and time of next meeting	Date venue and time of next meeting	Date venue and time of next meeting	Date venue and time of next meeting
Resolution to exclude the public	Resolution to exclude the public	Resolution to exclude the public	Resolution to exclude the public

Bold = non Standing items

AGENDA PLAN – PRIVATE AGENDA

NEXT FOUR MEETINGS

JUNE	SEPTEMBER	DECEMBER	MARCH
OPCC Strategic Risk Register	OPCC Strategic Risk Register and Annual report	OPCC Strategic Risk Register	OPCC Strategic Risk Register
HMIC reviews – update	HMIC reviews – update	HMIC reviews – update	HMIC reviews – update

Private meeting with Auditors	Private meeting with Auditors	Private meeting with Auditors	Private meeting with Auditors
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Bold = non Standing items

To be programmed

Briefings on current issues

Counter fraud policy

**NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and
NORTHAMPTONSHIRE CONSTABULARY**

JOINT INDEPENDENT AUDIT COMMITTEE

MINUTES OF MEETING HELD ON

3rd DECEMBER 2014

(EXEMPT Items)

PRESENT

Audit Committee Members

J Beckerleg (in the Chair)
M Pettitt
T Knivett

Northamptonshire Police and Crime Commission

I Britton Chief Executive
J Neilson Director for Resources, Governance and Transformation
S Dainty Strategic Resources Officer and Deputy Chief Finance Officer

Northamptonshire Police

M Jelley Deputy Chief Constable
F Davies Head of Corporate Services
G Jones Head of Finance and Asset Management

Auditors

P Green Baker Tilly
J Gorrie KPMG
S Lacey KPMG

23. MINUTES OF THE PRIVATE MEETING HELD ON 10th SEPTEMBER 2014

The Committee **approved** the minutes.

24. OPCC RISK REGISTER

John Neilson introduced the report, noting that the register had been updated and reflected the draft Risk Management Policy, assurance mapping and the recent recommendations of Internal Audit

The Committee **noted** the report.

25. HMIC REPORTS

Mr Jelley added some further detail to his earlier report under item 17 of this agenda.

The Committee **noted** the report.

END

OFFICE OF THE POLICE AND CRIME COMMISSIONER

STRATEGIC RISK REGISTER
At 24th February 2015

	Risk	Current	Previous	Direction	Assurance
1	PCCs are 'going concerns'	10		NO CHANGE	Adequate
2	Government agenda understood etc.	4		NO CHANGE	Adequate
3	Appropriateness of the OPCC priorities	4		NO CHANGE	Strong
4	Confidence in delivery of priorities	12	16	FAVOURABLE	Strong
5	Understanding of roles and responsibilities	12	16	FAVOURABLE	Adequate
6	Legal and governance requirements met	8		NO CHANGE	Adequate
7	Stable and sustainable budget and MTFP	12	15	FAVOURABLE	Adequate
8	CC serves full term	4		NO CHANGE	Strong
9	Authorisation of contracting	9		NO CHANGE	Adequate
10	Confidence in OPCC	9		NO CHANGE	Adequate
11	Hearts and Minds	9		NO CHANGE	Adequate

RISKS ARISING FROM ASSUMPTIONS

RISK 1	Police Commissions are ‘going-concerns’								
Risk Owner	Chief Executive								
Risk Indicators	<ul style="list-style-type: none"> a. Government announcements b. Informed commentators suggest changes in prospect 								
Controls	PCC ‘intelligence’ through networks such as Chief Executives’ association, Home Office contacts etc.								
Assurances / Source / Line	<p>Staff supervisions and feedback / 1st</p> <p>Regular briefings to Commissioner by Chief Executive / 2nd</p> <p>Occasional briefings from auditors and regulators / 3rd</p>								
Assurance level	Adequate								
Risk Score	<table border="0"> <tr> <td>Probability</td> <td>Impact</td> <td>Risk Score</td> <td>Previous</td> </tr> <tr> <td>2</td> <td>5</td> <td>10</td> <td>10</td> </tr> </table>	Probability	Impact	Risk Score	Previous	2	5	10	10
Probability	Impact	Risk Score	Previous						
2	5	10	10						
RAG level									
Risk Direction	No change								
Actions / Owner / Timescale	Continue to keep under review / CE / ongoing								
Comments	Differences of view of major political parties becoming clearer as General Election in May 2015 looms.								
Contingency plan	Re-shape when potential likely alternatives emerge								

RISK 2**Government agenda understood and stable**

Risk Owner

Chief Executive

Risk Indicators

Indications of significant policy shift

Controls

PCC 'intelligence' through networks such as Chief Executives' association, Home Office contacts etc.

Assurances / Source / Line

Staff supervisions and feedback / 1stRegular briefings to Commissioner by Chief Executive / 2ndOccasional briefings from auditors and regulators / 3rd

Assurance level

Adequate

Risk Score

Probability	Impact	Risk Score	Previous
1	4	4	4

RAG level

Risk Direction

No change

Actions / Owner / Timescale


Continue to keep under review / CE / ongoing

Comments

No change apparent in government posture re PCCs

Contingency plan

Re-shape priorities appropriately

RISK 3	Continuing appropriateness of the OPCC priorities								
Risk Owner	Chief Executive								
Risk Indicators	<p>Insight from public engagement indicates new demands or incompatibility with current priorities</p> <p>Significant policy shift by government</p> <p>Adverse media and / or stakeholder feedback</p> <p>Any change in relevant local policy drivers</p> <p>Changes in current performance</p>								
Controls	<p>Public engagement and insight therefrom</p> <p>PCC 'intelligence' is broadly based</p> <p>Strategic planning processes</p> <p>Performance management arrangements</p>								
Assurances / Source / Line	<p>Latest engagement feedback reports / 1st</p> <p>Performance reports / 2nd</p> <p>Delivery Unit reports / 2nd</p> <p>Refresh of Police and Crime Plan / Chief Executive / 2nd</p> <p>Latest national policy intelligence / 3rd</p>								
Assurance level	Strong								
Risk Score	<table border="1"> <thead> <tr> <th>Probability</th> <th>Impact</th> <th>Risk Score</th> <th>Previous</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>4</td> <td>4</td> <td>4</td> </tr> </tbody> </table>	Probability	Impact	Risk Score	Previous	1	4	4	4
Probability	Impact	Risk Score	Previous						
1	4	4	4						
RAG level									
Risk Direction	No change								
Actions / Owner / Timescale	n/a								
Comments	Recent review of the Police and Crime Plan did not result in material shifts in policy priority profile.								
Contingency plan	Re-shape priorities appropriately								

RISKS ARISING FROM CAPABILITY

RISK 4 **We are confident that the OPCC priorities will be delivered, on time.**

Risk Owner Chief Executive

Risk Indicators
Lack of plans
Concerns over adequacy of plans
Slippage in achieving milestones

Controls
Performance management arrangements
Change management governance arrangements

Assurances / Source / Line
Performance reports – staff performance management / 1st and 2nd
Service delivery performance / 2nd
Delivery Unit reports / 2nd
Aspire Board and Programme Boards / 2nd
External reports by non-Executive Directors / 3rd
Internal Audit / 3rd

Assurance outcome / level **Strong**

Risk Score	Probability	Impact	Risk Score	Previous
	3	4	12	16

RAG level
Risk Direction

Favourable

Actions / Owner / Timescale
Significant progress recently through joint work with Force on programme and financial planning and control on Aspire. Recent external reports on Estates, Specials and Futures programme and external work on the Institute. Estates – Agile work is on target / Director RGT / ongoing

Comments
Significant progress gives grounds for increasing confidence.

Contingency plan
Strengthen leadership of programmes
Secure necessary capability

RISK 5	Roles and responsibilities of staff, and their priorities, are fully understood across the Commission			
Risk Owner	Chief Executive			
Risk Indicators	Informal feedback from staff			
	Lack of or ambiguity on staff priorities			
	Falling short of targets			
	Evidence of overloading staff			
Controls	Supervision arrangements			
	Staff Performance management arrangements			
	Informal staff engagement by senior management			
Assurances / Source / Line	Supervision and staff appraisal reports / 1 st & 2 nd			
	Anecdotal feedback to senior management / 2 nd			
	Portfolio framework of staff responsibilities / 2 nd			
	Internal Audit / 3 rd			
Assurance outcome / level	Adequate			
Risk Score	Probability	Impact	Risk Score	Previous
	3	4	12	16
RAG level	Favourable			
Risk Direction	Favourable			
Actions / Owner / Timescale	A People Strategy for the OPCC in in development / CE & Director RGT / April 2015			
Comments	A number of managerial actions have been taken; senior managers responsibilities have been reviewed; and objectives for 2015-16 are being drafted.			
Contingency plan	Ad hoc senior management interventions			

RISK 6**The OPCC meets all legal and proper governance requirements**

Risk Owner

Chief Executive

Risk Indicators
ControlsStakeholder feedback
Supervision arrangements

Staff Performance management arrangements

Informal staff engagement by senior management

Assurances / Source / Line

Staff supervision and appraisal / 1stCorporate policies / Statutory officers oversight / 2ndAnnual Governance Statement / 2ndInternal Audit Annual Report / 3rdPolice and Crime Panel scrutiny & feedback / 3rdExternal independent review / 3rd

Assurance outcome / level

Adequate

Risk Score

Probability	Impact	Risk Score	Previous
2	4	8	8

RAG level

Risk Direction

No change

Actions / Owner / Timescale

A People Strategy for the OPCC is in development / CE & Director RGT / March 2015.

The Scheme of Governance will be reviewed in line with best practice / Director RGT / April 2015

Comments

Contingency plan

Secure expert advice as and when necessary

Rectify breaches as quickly as reasonably possible

RISK 7**Stable and sustainable deliverable OPCC
Budget and MTFP**

Risk Owner

Director for Resources, Governance and Transformation

Risk Indicators

Government announcements indicating material changes

Forecast deficits

Use of one off financing to balance budgets

Controls

Budget monitoring processes

Budget and Financial Planning processes

Broadly- based 'intelligence'

Assurances / Source / Line

Managerial budget monitoring / 1stProfessional networks / 3rdInternal audit and Inspectorate reports / 3rdProgress reports to Commissioner / 2ndExternal independent review / 3rd

Assurance outcome / level

Adequate

Risk Score

Probability	Impact	Risk Score	Previous
3	4	12	15

RAG level

Risk Direction

Favourable

Actions / Owner / Timescale

Keep implementation of MTFP and Budget under close review and review spending plans for later years / Director RGT / May 2015


Comments

The Budget 2015-16 is balanced and agreed. Final 2 years of plan have deficits – but mitigated to some degree by favourable tax base numbers.

Contingency plan

As a minimum Year 1 Budget must be balanced, using Reserves if necessary.

CFO statutory powers.

RISK 8	Chief Constable serves full contractual term
Risk Owner	Chief Executive
Risk Indicators	CC indicates otherwise External investigations of CC
Controls	Commissioner oversight of CC
Assurances / Source / Line	Performance Review meeting outcomes PCC – CC / 1 st Statutory officers' oversight / 2 nd Audit and Inspectorate reports / 3 rd External investigation reports / 3 rd
Assurance outcome / level	Strong
Risk Score	Probability Impact Risk Score Previous 1 4 4 4
RAG level	
Risk Direction	No change
Actions / Owner / Timescale	n/a
Comments	CC is contracted to July 2015
Contingency plan	Succession and recruitment arrangements

RISK 9	Any contracting with Employees is properly authorised								
Risk Owner	CE / Director for Resources, Governance and Transformation								
Risk Indicators	Concerns raised by staff, regulators or others								
Controls	Procurement policies and practice Register of Interests Financial Regulations and practice. Anti-fraud and corruption policies								
Assurances / Source / Line	Review of Register of Interests / 1 st Approvals of contracts / orders / 1 st Monthly review transactions / 2 nd Statutory officers' oversight / 2 nd Audit and Regulator reviews and reports / 3 rd								
Assurance outcome / level	Adequate								
Risk Score	<table border="1"> <thead> <tr> <th>Probability</th> <th>Impact</th> <th>Risk Score</th> <th>Previous</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>3</td> <td>9</td> <td>9</td> </tr> </tbody> </table>	Probability	Impact	Risk Score	Previous	3	3	9	9
Probability	Impact	Risk Score	Previous						
3	3	9	9						
RAG level									
Risk Direction	No change								
Actions / Owner / Timescale	Conclude review of a specific transaction with Force / CE / March 2015 Secure approval to revised anti-fraud and corruption policy for OPCC / Director RGT / March 2015								
Comments									
Contingency plan	Robust investigation								

RISK 10	The public have high and widespread confidence in the OPCC			
Risk Owner	CE Assistant CE [KB]			
Risk Indicators	Feedback – adverse and favourable State of national debate and context re PCCs			
Controls	OPCC Communication Strategy and Plans			
Assurances / Source / Line	Management Information and review meetings / 1 st Oversight by Chief Executive / 2 nd Regulator reports / 3 rd			
Assurance outcome / level	Adequate			
Risk Score	Probability 3	Impact 3	Risk Score 9	Previous 9
RAG level	No change			
Risk Direction	No change			
Actions / Owner / Timescale	Visibility campaign / continuing public engagement / ACE / ongoing			
Comments	General Election looming			
Contingency plan	Flexible and rapid response to ‘events’			

RISK 11	The OPCC has won the ‘hearts and minds’ across the Force and Commission staff			
Risk Owner	CE			
Risk Indicators	Feedback – adverse and favourable			
	State of national debate and context re PCCs			
	Failure to deliver objectives on time, or to budget			
Controls	OPCC Communication Strategy and Plans			
	Staff management and briefings			
	Aspire Board and associated relationships OPCC – Force			
Assurances / Source / Line	Management Information and review meetings / 1 st			
	Oversight by Chief Executive / 2 nd			
	Aspire Board reports / 2 nd			
	Regulator reports / 3 rd			
Assurance outcome / level	Adequate			
Risk Score	Probability 3	Impact 3	Risk Score 9	Previous 9
RAG level	No change			
Risk Direction	No change			
Actions / Owner / Timescale	A People Strategy for the OPCC in in development / CE & Director RGT / March 2015.			
	Joint work with Force on strengthening Aspire programme management.			
Comments	2015 will be a crucial year for delivery of key change programmes.			
Contingency plan	Flexible and rapid response to ‘events’			

**OPCC
Draft Assurance Map**

Risk	Assurances			Level	Score
	First level	Second level	Third level		
1 PCCS are 'going concerns'	Staff supervisions and feedback	Chief Executive briefings	Occasional briefings by auditors, regulators etc.	Adequate	10
2 Government agenda understood etc.	Staff supervisions and feedback	Chief Executive briefings	Occasional briefings by auditors, regulators etc.	Adequate	4
3 Appropriateness of the priorities	Engagement feedback	Performance reports Delivery Unit reports Police and Crime Plan	National intelligence	Strong	4
4 Confidence in delivery	Performance reports Staff performance management	Staff management Performance reports Delivery Unit reports	Non-executive Director reports Internal Audit	Strong	12
5 Understanding of roles etc.	Staff performance management	Staff performance management	Internal Audit	Adequate	12
6 Legal and governance compliance	Staff performance management	Staff management Corporate policies Statutory Officers' oversight	Internal Audit Annual report Police and Crime Panel scrutiny External reviews	Adequate	8
7 Stable Budget and MTFP	Budget holder oversight	CFO reports to Commissioner and Panel Statutory officer oversight	Internal Audit Regulator reports	Adequate	12
8 Chief Constable serves full term	Performance reports	Statutory officer oversight	Audit and other external reports	Strong	4
9 Authorisation of contracting	Review of transactions Register of Interests	Approval of contracts Statutory officer oversight	Internal Audit	Adequate	9
10 Confidence in OPCC	Staff performance management	Oversight by Chief Executive	Stakeholder feedback Regulator reports	Adequate	9
11 Hearts and Minds	Staff performance management	Oversight by Chief Executive	Stakeholder feedback Regulator reports	Adequate	9

At 25th February 2015