

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

**JOINT INDEPENDENT AUDIT COMMITTEE**

**20<sup>th</sup> June 2016 at 10.00am to 13.30pm**

**Small Dining Room, Wootton Hall, Northampton, NN4 0JQ**

**If you should have any queries in respect of this agenda, please contact Steve Dainty on 03000 111 222 Ext 347953**

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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<b>AGENDA</b>			
1	Apologies for non- attendance	JB	
2	Declarations of Interests	Members	
<b>FORCE AGENDA</b>			
3	Value for Money – <b>NO REPORT</b> (inc Code of Practice and 8 Principles)	DS	
4	Service Delivery Model (overarching report)	AF/RS	
5	Force Strategic Risk Register (inc Risk Management & Procedures)	AF/RB	
6	HMIC Reports – see <a href="http://www.hmic.gov.uk">www.hmic.gov.uk</a> <b>VERBAL</b>	AF	
<b>COMBINED AGENDA</b>			
7	Announcements from the Chair	JB	
8	Minutes and Matters Arising from the previous meeting	JB	
9	Matters Arising Action Log	JB	
10	Draft Statement of Accounts (inc draft Annual Governance Statements) – <b>DELETED FROM AGENDA</b>	NA	
11	Annual External Audit Letter	KPMG	
12	External Audit - Progress Report <b>VERBAL</b>	KPMG	
13	External Audit - Fee Letter	KPMG	
14	Internal Audit - Progress Report -	Mazars	
15	Internal Audit – Annual Report	Mazars	
16	Implementation of Audit recommendations a. Force b. OPCC	NA SD	
17	Counter Fraud	SD/NA	
18	Transformation & Accountability Boards <b>VERBAL</b>	JN	
19	Risk Management	JN	
20	Chairman’s Reports: a) Terms of Reference review b) Self-Assessment c) Annual Report	JB	
<b>OPCC AGENDA</b>			

<b>AGENDA</b>			
21	OPCC Risk Register and Assurance Map	JN	
<b>TO NOTE AGENDA</b>			
22	Treasury Management Update and Outturn 2015-16 <b>NO REPORT</b>	NA	
23	Items for escalation to the Commissioner and / or the Chief Constable	JB	
24	Agenda Plan for the next four meetings	SD	
25	Date and venue of next meeting 12 <sup>th</sup> September 2016 - 10:00am – 1:30pm – Greenwell Room	SD	

26	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	
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27	Resolution to exclude the public	JB	
	<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>		

28	Minutes of the previous private meeting	JB	
29	HMIC Reports - <b>VERBAL</b>	AF	

	Private Meeting of Committee Members with the Auditors (if required)	JB	
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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 15<sup>th</sup> June 2016***

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 J Beckerleg (Chair of the Committee)

Ms G Scoular

Mr M Pettitt

Mr A Knivett

**JOHN NEILSON**

**ACTING CHIEF EXECUTIVE & MONITORING OFFICER**

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# Service Delivery Model May 2016 COT Briefing





# Service Delivery Model

## Overview

- The principle aims of the Service Delivery Model (SDM) are to better protect people from harm and create a sense of team for operational policing
- The approach being undertaken is a cultural and systems led review that seeks to rebuild the system from start to finish to be more efficient
- There is a desire to create larger combined teams, operating 24/7 where required, as part of an Inspector led model that can effectively respond to demand with the right resource available to respond at the right time to better meet the needs of the public





# Service Delivery Model

## What has been achieved to date?

- Significant consultation has taken place with over 340 front line officers surveyed and engagement activities undertaken with key stakeholders
- Supported the design and development of the new Crime and Local Policing Command Structure
- Significant data collection work has been undertaken
- Engagement with Process Evolution to map and model proposals for child safeguarding, crime report management and response hubs/patrol areas
- Key concepts proposals have been produced that are now subject to further analysis with revised SDM governance and programme management



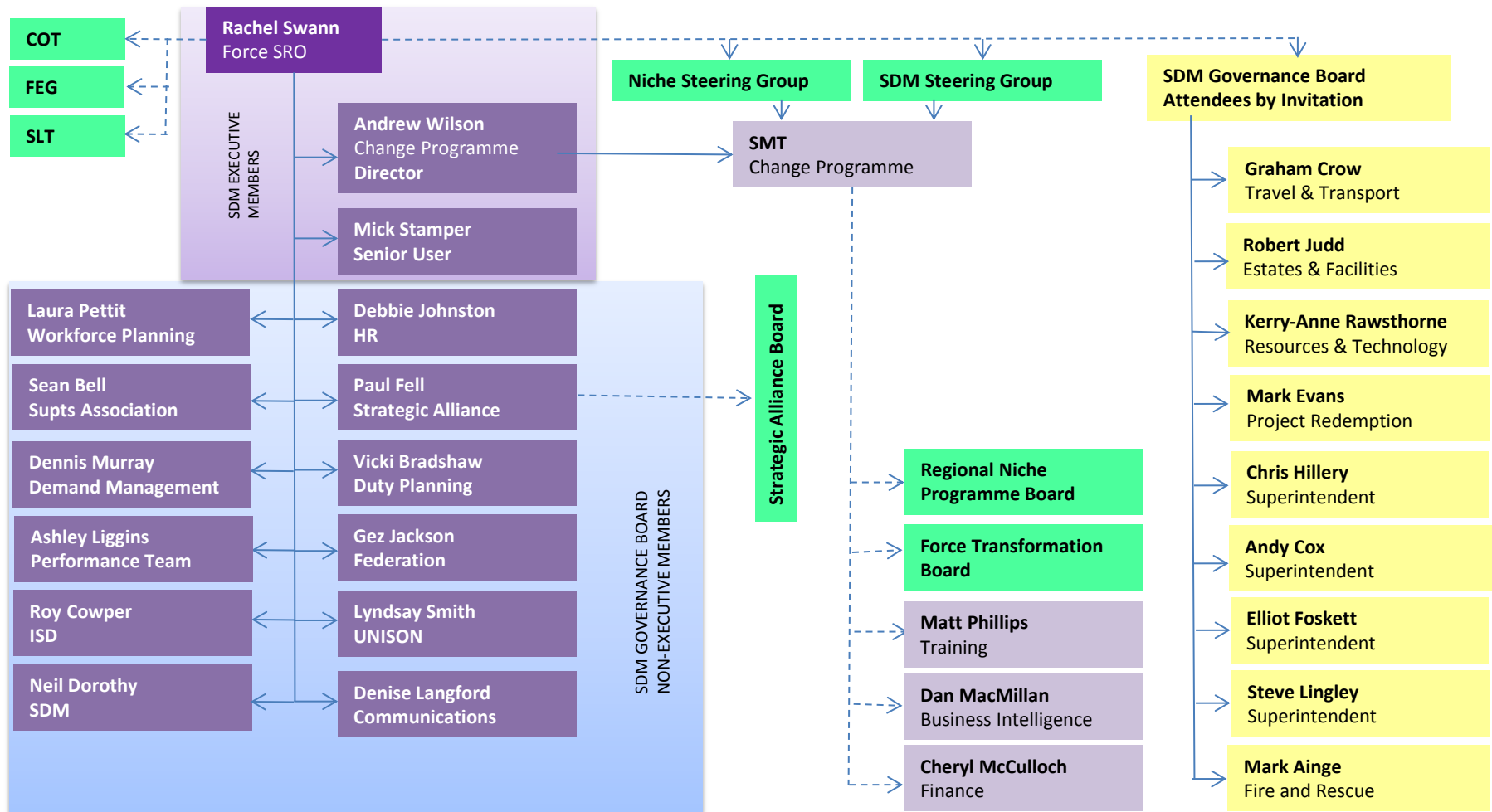
# Service Delivery Model

## **SDM Programme Governance**

- ACC Rachel Swann has taken on the SRO role
- The newly formed Change Delivery Team, amalgamating Niche and SDM, will manage design, consultation and implementation activity
- Key programme documents have been produced to cover the Blueprint, Communications Strategy, Stakeholder Engagement Analysis, Risk Log, Design Principles and an Equality Impact Assessment
- A SDM Governance Board has been established to oversee key decisions in consultation with key stakeholders, including Unions and Staff Associations



# Service Delivery Model





# Service Delivery Model

## SDM Programme Governance

- The revised approach has been endorsed at the Transformation Board whereby the Change Delivery Team will undertake a force wide central change control process as part of a continuous improvement programme that will consider whether the change will be progressed or not:
  - Yes to change - continue with local departmental delivery where no wider dependencies
  - Yes to change – but wider ramifications require implementation to be considered as part of the SDM review
  - Yes to change - but implementation to be considered as part of the Strategic Alliance programme
  - No to change - contradicts SDM/Strategic Alliance approach



# Service Delivery Model

## **Key Items for SDM Governance Board on 20 June 2016**

- Options appraisal and recommendations to define the Neighbourhood Policing offer
- Options appraisal and recommendations regarding the 24/7 Inspector led Leadership Model
- Business case regarding the Active Resource Management proposal to improve risk based deployment decisions
- Update paper regarding the Crime Investigation Management model (awaiting further analytical work)
- Interim PIU options appraisal, considering early alignment with proposed SDM secondary investigation model
- Options appraisal regarding alternatives to the Peer Support Team concept



# Service Delivery Model

## Neighbourhood Policing Offer

- An options appraisal and recommendations are being prepared to help define the Neighbourhood Policing offer (once agreed, this will allow the more detailed work to commence regarding Neighbourhood policing role functions and resource requirements) – for all options this includes redefining the role to engagement, problem solving and visibility:

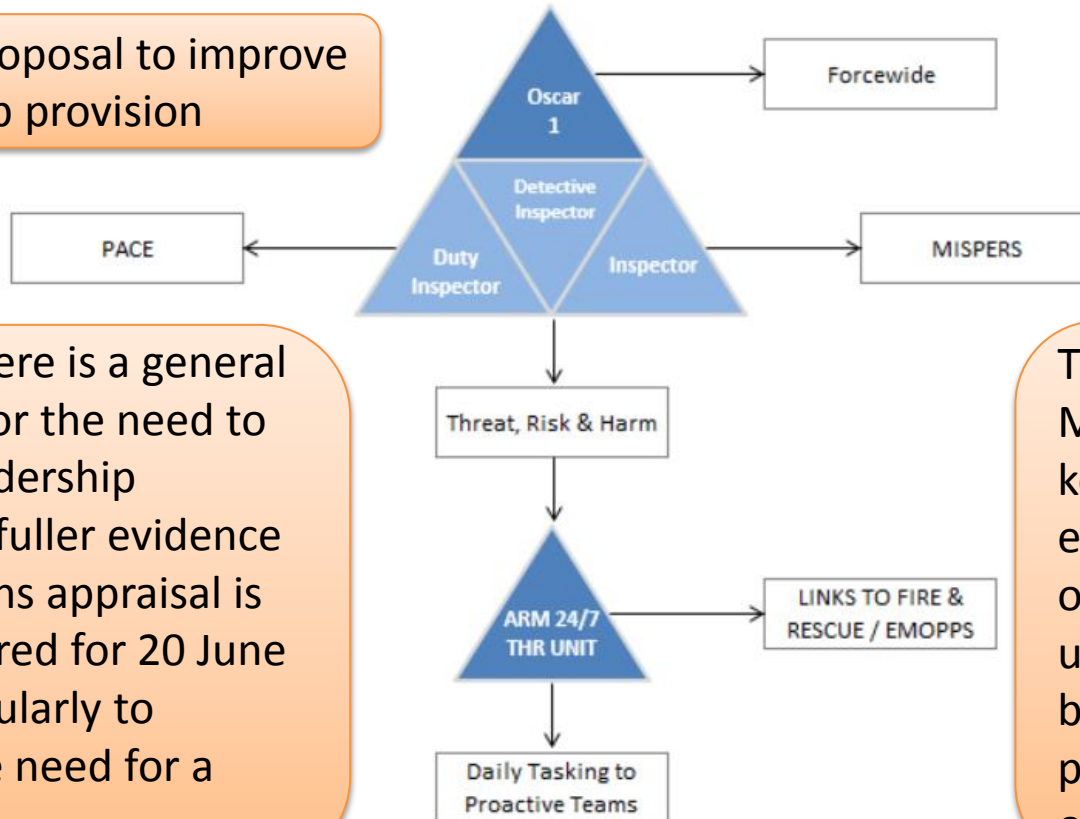
- 1) No change - dedicated teams as now but led by 4 dedicated community policing inspectors (albeit, this will not help release resources to enable changes proposed regarding crime investigation)*
- 2) Dedicated officer led teams on high risk wards only, informed by Crime Harm Index (PCSOs as the local face of Neighbourhood Policing elsewhere)*
- 3) Smaller dedicated local teams across larger geographic areas*
- 4) Central officer led problem solving team with PCSOs as the local face of Neighbourhood Policing*
- 5) Combination of options 2+4*
- 6) Combination of options 3+4*



# Service Delivery Model

## Inspector Led Model

Key concept proposal to improve 24/7 leadership provision



Although there is a general consensus for the need to improve leadership coverage, a fuller evidence based options appraisal is being prepared for 20 June 2016, particularly to consider the need for a 24/7 DI role.

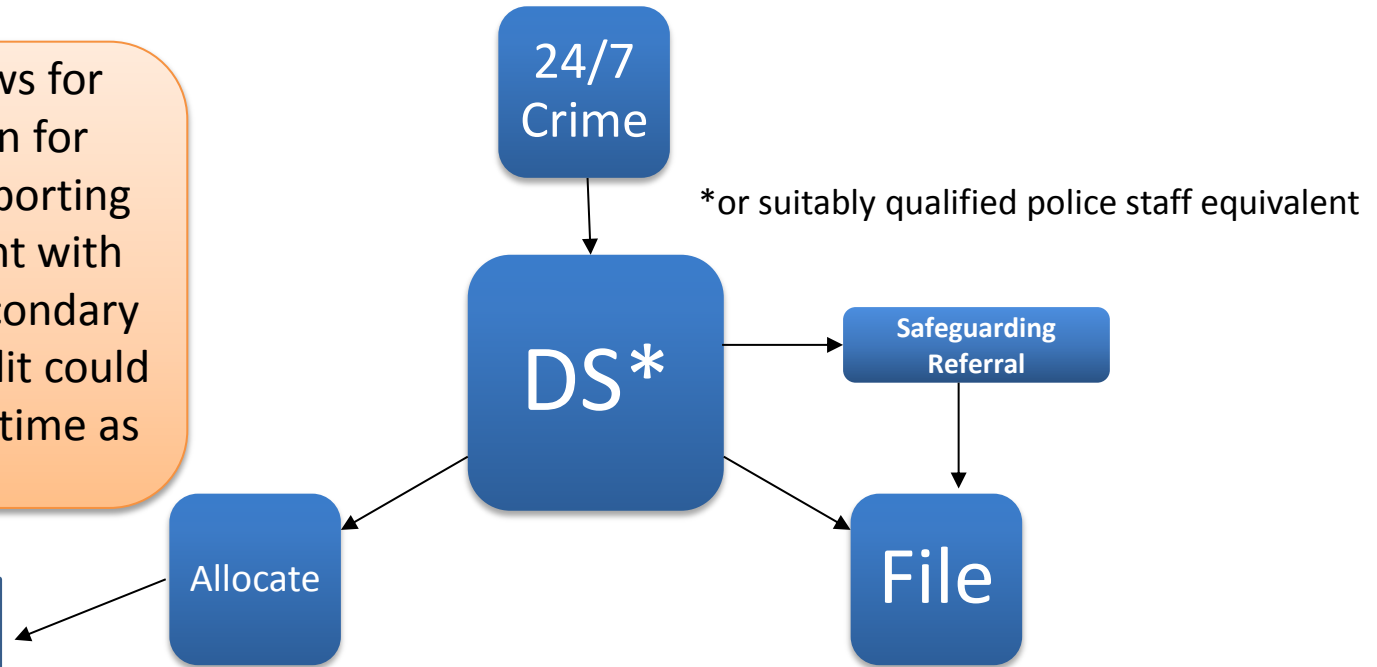
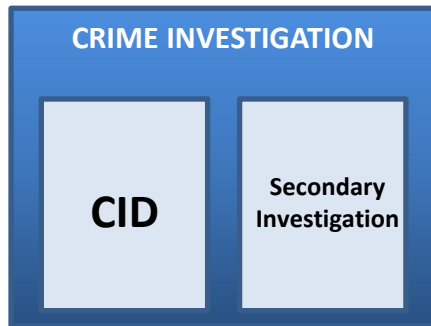
The Active Resource Management Team are key to supporting effective deployment of resource against understood demand. A business case is being prepared for discussion on 20 June 2016.



# Service Delivery Model

## Crime Investigation Management Process

The proposal allows for fast time allocation for investigation, supporting resource alignment with 24/7 demand. Secondary screening and audit could take place slower time as necessary



Dependency on the outcome of the Neighbourhood Policing review due to additional resource requirements. Interim PIU Review to consider alignment with Secondary Investigation model





# Service Delivery Model

## Peer Support Team Concept

- The concept originally proposed was intended to provide support for supervisors to improve outcomes regarding attendance / performance management, improve local resolutions / service recovery and provide Continuous Professional Development opportunities, particularly regarding the development of mentoring programmes for newly/temp promoted sergeants
- Outcomes widely supported but options appraisal being prepared for 20 June 2016 to consider alternative methods to achieve these outcomes that minimise abstractions of officers from the front line and further engage HR, EMCHRS L&D and PSD



# Service Delivery Model

## Key Enablers

- **Demand Analysis** – Development work is progressing with the Signals from Noise and BOXI/Crime Harm Index demand management tools to better understand demand
- **Process Analysis** - Development work is progressing with the Pathfinder process library and business modelling tool with the Business Intelligence Team
- **Shift pattern review** – working group being established but further progress is required regarding design and demand analysis – will consider Nightsafe review recommendations and include 'skills update' training days
- **Engagement with staff** – progressing support of BDAs with enhanced briefings



# Service Delivery Model

## Key Dependencies

- **Strategic Alliance** - The Change Delivery Team will work closely to ensure we maintain a consistent approach so SDM work does not have to be undone in quick time – SA milestones timeline required post discussion of the full SA business case in June to consider the TOM dependencies
- **Estates** - Further work is underway with Process Evolution to analyse the suitability of hub locations and ensure that sufficient response coverage can be provided countywide
- **Agile** – Engagement ongoing with Agile Programme Manager
- **Fleet** – Initial analysis complete with follow up required as part of detailed design phase
- **Specials and Volunteers** – SDM requirements being supported with consideration of direct recruitment of Specials into LRT, Neighbourhood and Crime roles



# Service Delivery Model

## Next Steps - Ongoing Activity

- Recruitment of temporary additional Corporate Performance and Business Intelligence staff to support demand and process analytical work
- Liaison with partner agencies (CPS / Court / EMAS) to consider opportunities to reduce unnecessary demand
- Engagement with the Early Intervention Programme
- Engagement with EMCJS regarding disclosure proposals
- Learning lessons from other force Service Delivery Transformation activity
- Preparation of Implementation Milestones Timeline following decisions made at the SDM Governance Board on 20 June 2016



## Northamptonshire Police Strategic Risk Register – June 2016

Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 81	Building work relating to the new school accommodation at FHQ damage the optic and copper cable link to FHQ causing a loss of key systems.	4	5	20	Some degree of contingency is provided by the DR site at Campbell Square this would only be accessible via the microwave link and the restricted capacity would lead to a significant degradation in service. A proposal has been suggested to relocate the cable to the other side of the drive where it would not be affected by the school building work.	4	5	20	Work on relocating the cable is due to begin in June with the cutover expected to be in the first two weeks of July. We are currently waiting for the OpenReach risk assessment and method statements to be signed off by Estates.	→
CR 60	Reduced capacity and/or capability (i.e., financial, etc.) to deliver transformational changes that enable the Police and Crime Plan could result 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. The Force and OPCC are collectively working to address human and financial resource challenges, in addition to identifying priority work streams within the transformation agenda (while returning business as usual elements of the portfolio back to the operational business).	4	4	16	Funding and resources discussions continue in advance of the new fiscal year where significant funding pressures exist.	→

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Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 61	Failure to deliver key outcomes of the Police and Crime Plan relating to the recruitment of Special Constables, Cadets and Volunteers could result in increased demand on the Force and reduce performance, budgetary pressure, loss of public confidence and possible adverse publicity.	3	5	15	The marketing and recruitment of Special Constables has been assigned to the OPCC and a private firm (Manpower), while the Force has retained the assessment and training of candidates. The Aspire Programme has moved the coordination, recruitment and operation of Cadets and Volunteers to the business.	3	4	12	The overall strength of the Special Constabulary continues to increase towards the target of 900. Northants currently has the largest Special Constabulary per head of population nationally.  As at 31 May 2016 the Force has 627 Specials, 675 Volunteers and 220 Cadets	→
CR 19	Less funding available, both from public and private sources to enable the force to prepare for population growth. Also changes in demand/ demographics from growth could result in increases followed by delayed Council Tax receipts.	5	5	25	Bids for Innovation funding have continued to be made, with the Commission increasing council tax by 1.99%, if collection rates & the precept continues to increase & this is available to the Force to use for frontline policing, this reduces this associated risks.	3	5	15	Investment requirements to the Strategic Alliance & delayed savings could result in pressures on ability to delivery uniform current service levels to increased demand and populous.	→

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Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 71	<p>Grant reductions beyond 2015/16 have been announced as 1.3%, however, there is still an unknown top slicing effect, which could significantly increase this headline. The current range of possibilities are assumed to be -1.3% to -6% which varies the deficit in year one from £0.95m to £4.3.</p> <p>A 1.3% cut would still equate to a roughly £13m savings requirement due to inflationary and emerging issues pressures, with a further need to invest around £10m in capital across the 5 years of the MTFP.</p> <p>Strategic Alliance savings are currently being firmed up, however, investment costs are likely to delay benefits until year 3 (2018-19), which puts pressure on revenue budgets until then.</p>	4	5	20	<p>Following decisions relating to the Service Delivery Model, the ACPO Team will continue to have to make key staffing decisions in late 2015 in order to balance the Budget for 2016-17.</p> <p>Longer Term, need to develop an affordable Organisational Design. Strategic Alliance should mitigate the impact in terms of consolidation and integration opportunities.</p>	4	3	12	<p>Options for staff need to be considered based on a proper consideration of threat, harm and risk, activity and demand analysis.</p> <p>Investment needs to be focused on making staff more efficient in terms of visibility and response times and capable of making value adding decisions, as well as reducing and managing demand better.</p>	↓
CR 77	<p>The announcement of the Strategic Alliance, subsequent ending of PBS Consultation and the development of a new Service Delivery Model places additional pressure on already under resourced departments and increases the threat of staff attrition due to uncertainty over the future.</p>	5	3	15	<p>Agree a retention strategy. Recruit temporarily to key posts. Share post holders across 2/3 forces.</p>	4	3	12	<p>Some higher responsibility payments and retention payments have been authorised. Enabling service HR, Finance and IT are priorities in the Alliance work and all are very aware of this.</p>	→

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Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
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 identified and recorded a number of specific risks associated with the implementation. Response measures were identified for each of these risks and were monitored by the Programme Board. Most of those risks have been mitigated in preparation for and completion of implementation.	3	3	9	The implementation of Niche was completed as scheduled on 8 March including the successful transfer of historical records from FIS. Support and guidance will continue to be provided to operational users while they become more familiar with the system. Additional non-critical functionality and desired enhancements will be designed and delivered during an optimisation phase throughout the remainder of this year.	↓

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



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

**JOINT INDEPENDENT AUDIT COMMITTEE**

**MINUTES OF MEETING HELD ON**

**7 March 2016**

**(Excluding Exempt Items)**

**PRESENT**

Audit Committee Members

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

Northamptonshire Police and Crime Commission

J Neilson	Acting Chief Executive
S Dainty	Acting Chief Finance Officer and Section 151 Officer
F Kirtley-Paine	Governance Assistant

Northamptonshire Police

N Alexander	Chief Accountant Corporate Services
R Baldwin	Force Risk and Continuity Advisor
P Dawkins	Chief Financial Officer (Section 151)
A Cox	Superintendent, Head of Organisational Delivery
D Spencer	Chief Inspector, Corporate Development

Auditors

A Cardoza	KPMG
S Lacey	KPMG
B Welch	Mazars

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## **1. APOLOGIES FOR NON-ATTENDANCE**

N/A

## **2. DECLARATIONS OF INTEREST**

Members made the following declarations of interest

T Knivett      Member of the Police Disciplinary Panel

J Beckerleg    i) Worked for the Chief Fire Officers Association  
                  ii) Member of House of Lords Audit Committee

M Pettit        Daughter employed by Northamptonshire Police

## **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 welcomed P Dawkins – the Force statutory financial officer – who confirmed that he had been formally appointed to the position for Northamptonshire Police.

The Chair stated that he had recently met with the Police and Crime Commissioner and the Chief Constable and Deputy Chief Constable to follow up the statement produced after the previous Joint Independent Audit Committee. The Chair noted these had been very useful meetings, and had offered the Police and Crime Commissioner and the Chief Constable the opportunity to feedback to the Committee.

The Chair thanked everyone who had attended the workshop and the estates briefing which Committee members considered to be very worthwhile.

It was noted that a letter had been tabled by the Chair as a formal response to the recent estates consultation on behalf of the Committee. J Neilson updated the Committee stating that the Police and Crime Commissioner was minded to go ahead with the draft estates strategy, and that a press release had gone out explaining this. A formal response to the Committee's letter would follow. The Chair suggested that the estates strategy needed to be more comprehensive around the disposal of Wootton Hall Park and that the necessary advice should be sought concerning the proposed disposal of the site at below market value..

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In response to questions raised by M Pettit, J Neilson explained there were still a series of formal decisions which needed to be taken, after which the results of the consultation would be released, confirmed legal advice had been taken and no irreversible decisions have been taken. A Cardoza noted that they would in due course look at legal advice, the formal advice to the Commissioner and the value for money consideration.

<b>ACTION POINTS</b>	
<b>John Neilson</b>	Provide a formal response to the Committee's letter reply to the estates consultation
<b>KPMG</b>	Report back on the consideration of the legal advice, the formal advice to the Commissioner and the value for money consideration.

The Chair requested that Item 10 be moved (Draft Internal Audit Plan) to after Item 19 (OPCC Risk Register and Assurance Map) in the agenda, which was agreed.

#### **4. MINUTES OF THE MEETING HELD ON 2 December 2015**

M Pettit noted that in Item 2 Declarations of Interest his daughter's employment for Northamptonshire Police was missing.

A Cardoza informed the Committee that in Item 8 that the additional costs incurred would not exceed £15,000 at that time.

These changes and the Minutes of the meeting held on 2 December 2015 were agreed.

#### **5. MATTERS ARISING ACTION LOG**

In relation to Item 5 in the Minutes of the meeting held on 2 December 2015, M Pettit requested that the action in relation to value for money should be re-instated. It was agreed that this would be included on the agenda for the May 2016 workshop and would cover the 8 principles set out in Annex B of the Home Office publication 'financial Management Code of Practice for the Police Forces of England and Wales (October 2013).

In relation to items from the meeting on 9 September 2016, the Chair requested that Item 7 (second action) -Closedown Timetable 15-16 –be closed, and for Item 8 (Change Programme & Collaboration) asked whether there was a plan for completion. B Welch stated that this was within the Progress Report

[Type text]

The Chair noted that Item 11a could be closed because it would be considered at the next meeting when the annual governance statement was presented.

<b>ACTION POINTS</b>	
<b>Steve Dainty</b>	<b>To include value for money, based on the 8 Home Office principles, on the agenda for May workshop</b>

## **6. CLOSEDOWN 2014-15 AND 2015-16**

No further versions of the annual accounts 2014-15 were made available for this meeting.

The External Auditor's progress report – March 2016 – was considered with this item.

The Chair noted that the objective was to sign off the 2014-15 accounts. A revised draft set of accounts had been delivered to the External Auditors on Friday 4 March 2016 which were now awaiting final approval. Once these had gone through final checks these would be circulated to members for final clearance so that they could be recommended for signature. The External Auditor also stated that he was awaiting Letters of Representation from both PCC and Force and the accounts would need the appropriate signatures.

The Committee remained concerned that the accounts had still not been finalised and discussed the reasons for the delay in closing the 2014-15 accounts. Members were concerned about the possible impact of the organisations' reputation and whether there were implications for the overall arrangements for financial management. The Committee was re-assured by both Chief Financial Officers that lessons had been learned and that their teams would work more closely with the external auditor in the future. In addition there additional staff had been recruited overcome some of the capacity issues.

The 2015-16 closedown timetable was tabled on the day and therefore could not be discussed. Members agreed to provide comments but recognised that it was not their role to become involved in the detail. There were key points at which the JIAC members would expect to be involved.

<b>ACTION POINTS</b>	
<b>Nick Alexander</b>	<b>Circulate final version of accounts to the Committee so that Members can recommend them for signature</b>

[Type text]

## 7. EXTERNAL AUDIT – AUDIT PLAN 2015-16

S Lacey introduced the report, and updated the Committee on the process being undertaken for 2015-16.

A Cardoza noted that the materiality would be £2.8million and that should there be any significant change the Committee would be notified.

The Committee noted the audit focus on the Multi Force Shared Service and also wanted the accounting treatment reviewed for the 2015-16 accounts.

In relation to the identified risks the Committee considered that Estates Strategy / Capital programme should be considered.

The Committee **noted** the report.

## 8. INTERNAL AUDIT PROGRESS REPORT

The Chair drew attention to the number of reports providing only limited assurance (about 70%-80%) and asked whether this could result in anything other than overall limited assurance in the annual report. B Welch indicated that the overall position would be reviewed at the year end.

The Chair requested that in Appendix A2 the planned dates should not change during the year and should be compared with the actual dates achieved to enable Members to assess if the programme was on track. Also the report should only include completed audits where there is a management response. The core financials report would come back to the Committee once it was finalised.

The Committee discussed the conclusions of the 'Change Programme' review that had been undertaken. The review did not offer an auditors pinion and so the assurance that the Committee was able to draw from this work was limited.

ACTION POINTS	
Brian Welch	<b>Future reports to include completed audits only and progress reporting to report against original planned dates</b>

## 9. IMPLEMENTATION OF AUDIT RECOMMENDATIONS

[Type text]

N Alexander introduced the report and noted it was important that problems were identified and addressed.

The Chair noted concerns around outstanding actions in relation to business continuity and the Force Control Room. R Baldwin explained that a report was being compiled at the moment but was happy that the FCR was fairly resilient. The Chair agreed to raise this with the Chief Constable as part of the meeting's feedback.

The Committee **noted** the report.

## **10. DRAFT INTERNAL AUDIT PLAN 2016-17**

Taken after item 18

## **11. MTFS 2016-21**

S Dainty noted that there had been a better settlement than anticipated, but the strategy for 2016-17 was to allocate funds to the Force as if there had been a 5% cut in government funding. This would allow a reserve to be created to provide funds for the changes and transformation the Force and PCC were going through.

S Dainty informed the Committee that Appendix 2 was incorrect and would circulate the correct version.

<b>ACTION POINTS</b>	
<b>Steve Dainty</b>	<b>Circulate correct version of Appendix 2</b>

## **12. DRAFT TREASURY MANAGEMENT STRATEGY**

N Alexander introduced the report and explained that this was still in draft and certain figures required updating. The Chair requested that appendix 3 be revised.

The Chair noted that there was a guarantee included by UK Government for which he could not find the source and requested that this was supplied to the Committee.

The strategy was not agreed but would be corrected and re-circulated for approval by Members before the next meeting.

<b>ACTION POINTS</b>	
<b>Nick Alexander</b>	<b>Update and circulate the revised report</b>
<b>Nick Alexander</b>	<b>Circulate source for UK Government guarantee</b>

[Type text]

### **13. GOVERNANCE REVIEW**

J Neilson apologised that the final set of draft documents were not yet completed, but advised the Committee that a lot of ground work had already been done and that processes were being strengthened. It was agreed that this item would be carried forward to the June 2016 meeting of the Committee.

### **14. COLLABORATION – SUMMARY REPORT**

S Dainty noted that they had received reports from Baker Tilly (now RSM) on collaboration work, and the intention was for Chief Finance Officers for PCCs to meet to discuss the way forward at a meeting in March 2016. Discussions took place on the completeness of the collaboration list which would be kept under review and updated as required. The Chair proposed an in-depth examination of one specific area to confirm the results of the self-assessment which underpinned Baker Tilly's work. Areas not covered by Baker Tilly needed to be considered.

It was agreed to wait upon the outcome of the CFO's meeting and to include this topic on the May 2016 workshop.

The Committee was re-assured by the circulation of the collaboration agreements, the Baker Tilly work and the follow up work being discussed.

<b>ACTION POINTS</b>	
<b>Steve Dainty</b>	<b>To update the Committee on the outcomes from the CFO meeting so that it could decide whether to put forward an in-depth review on a specific area.</b>
<b>Steve Dainty</b>	<b>To include collaboration on the May 2016 workshop agenda</b>

### **15. FINANCE REPORT 2015-16**

S Dainty introduced the report and noted that the forecast underspend was £3million; which would be transferred into the new capital and transformation reserve. The Chair asked whether the delay in the implementation of NICHE had incurred additional costs. N Alexander explained that NICHE had not overspent.

The Committee **noted** the report.

[Type text]

## 16. FORCE STRATEGIC RISK REGISTER

R Baldwin introduced the report, and explained that not much had changed since the last meeting. It was commented that CR71 had reduced, and that as the NICHE go live date was 8 March 2016 it was expected this would be removed from the register by the next meeting. M Pettit asked whether there would be a risk relating to the estates strategy. R Baldwin responded there would be and it is currently in draft.

There was a discussion about how corporate risks were identified, particularly given the variety of major changes taking place, e.g. estates, transformation, strategic alliance. It was explained that these were not currently shown on the corporate risk register but were held on the risk register for the transformation programme.

Members of the Committee felt that this resulted in major risks not appearing on the corporate risk register and that the arrangements for escalating risks needed to be reviewed. D Spencer agreed he would discuss this with Andy Frost and suggested the possibility of introducing a Risk Board.

ACTION POINTS	
Dave Spencer	<b>To raise with DCC Frost</b> <b>I. How risks are identified and escalated</b> <b>II. Transformation Programme risks</b> <b>III. Risk Board</b> <b>IV. Including all major risks, whatever the origin, on the corporate risk register.</b>

## 17. FORCE RISK POLICY AND PROCEDURES

R Baldwin noted that this was behind schedule due to the need to include new recommendations, and requested the report be deferred until the June meeting.

The Chair agreed to **defer** the report.

## 18. TRANSFORMATION AND ACCOUNTABILITY BOARDS

J Neilson provided an introduction to this report and explained the functions of the Accountability and the Transformation Boards. He also noted there might be scope to provide an informal session in the next few months to brief the Committee on the work being undertaken. In response to points raised by T Knivett it was agreed that J Neilson would arrange to meet him to address his concerns.

ACTION POINTS	



[Type text]

<b>John Neilson</b>	<b>To meet with T Knivett to discuss assurance concerns</b>
---------------------	---

## **19. OPCC RISK REGISTER AND ASSURANCE MAP**

J Neilson discussed the report, and commented that overall the level of risk had shifted favourably in all respects. The Chair noted similar concerns around the inclusion of all risks (see Item 16) on the OPCC risk register.

<b>ACTION POINTS</b>	
<b>John Neilson</b>	<b>To consider:</b> <b>I. How risks are identified and escalated</b> <b>II. Transformation Programme risks</b> <b>III. Including all major risks, whatever the origin, on the corporate risk register.</b>

## **10. DRAFT INTERNAL AUDIT PLAN 2016-17 (taken out of order)**

B Welch introduced the report, and commented that within Appendix A the audits are now cross referenced to risks. However this may need to be reviewed given the major risks which were beginning to emerge around transformation and collaboration.

M Pettit commented that there should be a switch of plan days between closure of accounts, as he felt eight days was too many and the excess days should be used days for capital expenditure and to include the estates strategy.

G Scoular noted her concern regarding basic fundamental controls. The Chair noted that the Committee would come back to this to receive assurance as the year progresses.

## **20. SKILLS AUDIT**

The Chair introduced the report and noted that most areas within the Committee's scope had some cover, and that it was useful to have individuals from a wide background. The audit identified one area – counter fraud – which required further development and was on the Committee's 2015/16 action plan. It was requested that this was included as a topic for the next meeting or as a workshop item to help

[Type text]

educate the Committee. The Chair also noted the importance to recruit new people onto the Committee with a range of experiences and not just accountants.

<b>ACTION POINTS</b>	
<b>Steve Dainty</b>	<b>Include Counter Fraud in next workshop or agenda item</b>

## **21. PEOPLE STRATEGY**

J Neilson updated the Committee on recent development within the Office of the Police and Crime Commissioner. The Chair asked whether they would receive an update on the strategy, and J Neilson stated that this could be brought to the May workshop when there would be more certainty on OPCC arrangements following the Commissioner elections.

<b>ACTION POINTS</b>	
<b>Steve Dainty</b>	<b>Include People Strategy in May workshop</b>

## **22. HMIC Reports**

D Spencer introduced the report which detailed the inspections conducted by HMIC since 2014. He noted that there were currently 37 live recommendations, of which 17 had been made in the last few weeks following the PEEL inspections. D Spencer explained his role in chasing updates and escalating recommendations, and described ownership of the package within the Force.

The Committee welcomed the report and we re-assured by the arrangements to follow through actions on recommendations

## **23. ITEMS FOR ESCALATION TO THE COMMISSIONER AND/OR THE CHIEF CONSTABLE**

The Chair noted that the following would be included in the summary presented to the Commissioner and the Chief Constable:

Confirmation of Chief Financial Officers  
Closure of accounts  
Progress regarding collaboration  
Business Continuity  
and the identification and escalation of major risks.

[Type text]

#### **24. AGENDA PLAN FOR THE NEXT FOUR MEETINGS**

The Chair noted the inclusion of Counter Fraud as an agenda item.

#### **25. DATE AND VENUE OF NEXT MEETING**

10.00am 20<sup>th</sup> June 2016 in the Greenwell Room, Force HQ, Northampton

#### **26. ANY OTHER BUSINESS**

None

#### **27. RESOLUTION TO EXCLUDE THE PUBLIC FROM 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.

**There being no items for the private agenda the meeting closed**

**THE MEETING CONCLUDED AT 13:36**

**JOINT INDEPENDENT AUDIT COMMITTEE**  
**20<sup>th</sup> June 2016**

**Matters Arising Log**

Minute	Action	Who	Comment	Status
<b>Meeting held on 9<sup>th</sup> September 2015</b>				
6	Include a report on the outcome of Baker Tilley's work (Collaborations) on a future agenda of the Committee when appropriate.	JN	Workshop between Audit Chairs, C Exec's and CFO's being arranged by Lincolnshire	Open
<b>Meeting held on 7<sup>th</sup> March 2016</b>				
3	Provide a formal response to the Committee's letter reply to the estates consultation	JN	Formal response circulated	Closed
	Report back on the consideration of the legal advice, the formal advice to the Commissioner and the value for money consideration.	AC	Documents received and reviewed by KPMG who are comfortable with arrangements for the legal, valuation advice and that the PCC has acted on such advice in line with the Police & Crime plan	Closed
5	To include value for money, based on the 8 Home Office principles, on the agenda for May workshop	SD	Excluded from Workshop Agenda. Included on today's Agenda	Closed
6	Circulate final version of accounts to the Committee so that Members can recommend them for signature	NA	2014-15 Accounts now signed off	Closed
8	Future reports to include completed audits only and progress reporting to report against original planned dates	BW	Actioned	Closed
11	Circulate correct version of Appendix 2	SD	Actioned	Closed
12	Update and circulate the revised report	NA	Actioned	Closed
	Circulate source for UK Government guarantee	NA	Omitted from Final document	Closed
14	To update the Committee on the outcomes from the CFO meeting so	SD	Actioned. Workshop	Open

Minute	Action	Who	Comment	Status
	that it could decide whether to put forward an in-depth review on a specific area.		being arranged – see above	
	To include collaboration on the May 2016 workshop agenda	SD	Actioned	Closed
16	To raise with DCC Frost I. How risks are identified and escalated II. Transformation Programme risks III. Risk Board IV. Including all major risks, whatever the origin, on the corporate risk register.	DS	Actioned and discussed at May 2016 workshop	Closed
18	To meet with T Knivett to discuss assurance concerns	JN	Actioned	Closed
19	To consider: I. How risks are identified and escalated II. Transformation Programme risks III. Including all major risks, whatever the origin, on the corporate risk register.	JN	Actioned and discussed at May 2016 workshop	Closed
20	Include Counter Fraud in next workshop or agenda item	SD	Actioned	Closed
21	Include People Strategy in May workshop	SD	Agreed with Chair that as Agenda was busy this item would be excluded.	Closed

JB - John Beckerleg

JN - John Neilson

GJ - Gary Jones

SD - Steve Dainty

NA – Nick Alexander

RB- Richard Baldwin

AC – Andy Cardoza

BW – Brian Welch

PCC – Police and Crime Commissioner

CC – Chief Constable

DS – Dave Spencer

Author:

Steve Dainty



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# Annual Audit Letter 2014/15

**Police and Crime Commissioner for  
Northamptonshire**

**Chief Constable for Northamptonshire**

**April 2016**

AGENDA ITEM 11

**The contacts at KPMG in connection with this report are:**

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## Report sections

- Headlines

## Appendices

1. Key issues and recommendations
2. Summary of reports issued
3. Audit fees

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7

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psa.co.uk](http://www.psa.co.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.

We are committed to providing you with a high quality service. 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 engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

**This report summarises the key findings from our 2014/15 audit of the Northamptonshire Police and Crime Commissioner (PCC) and Northamptonshire Chief Constable (CC).**

**Although this letter is addressed to the Northamptonshire Police and Crime Commissioner and Northamptonshire Chief Constable, it is also intended to communicate these issues to key external stakeholders, including members of the public.**

**Our work covers the audit of the PCC and CC 2014/15 financial statements and the 2014/15 VFM conclusion.**

<p><b>VFM conclusion</b></p>	<p>We issued an unqualified conclusion for the Police and Crime Commissioner's (PCC) and Chief Constable's (CC) arrangements to secure value for money (VFM conclusion) for 2014/15 on 23 March 2016. The issuing of the VFM conclusion was delayed because we have incurred significant delays in completing our audit due to a number of errors and omissions in the versions of the accounts presented to us for audit. We reported this in our ISA260 reported to the Joint Independent Audit Committee (JIAC) on 9 September 2015. We have continued to report progress on the completion of the 2014/15 financial statements audit through our '2014/15 External audit progress report and technical updates in November 2015 and March 2016'. This now means that we are satisfied that PCC/CC have proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the PCC/CC's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p>
<p><b>VFM risk areas</b></p>	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks. We identified one risk:</p> <ul style="list-style-type: none"> <li>• Budget Savings – along with other forces significant budget savings are required in future years.</li> </ul> <p>We have reviewed the action taken to address the ongoing financial pressures. The PCC/CC achieved its planned savings target for 2014/15 and has identified plans to achieve saving in 2015/16.</p> <p>We were satisfied that sufficient work in relation to this risk was being carried out by the PCC/CC to mitigate the audit risks for our VFM conclusion. We concluded that we did not need to carry out any specific additional work ourselves.</p>
<p><b>Audit opinion</b></p>	<p>We issued an unqualified opinion on the financial statements of the PCC (which incorporated the financial statements of the CC), and the separate financial statements of the Chief Constable on 23 March 2016. This means that we believe that both sets of financial statements give a true and fair view of the financial position of the respective bodies and of their expenditure and income for the year.</p>



We provide a summary of our key recommendations in Appendix 1.

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 2.

<p><b>Financial statements audit</b></p>	<p>We identified one audit risks affecting the PCC/CC 2014/15 financial statements:</p> <ul style="list-style-type: none"> <li>• Stage 2 Transfer – review of the accounting treatment following staff transfer.</li> </ul> <p>We reviewed the accounting treatment and disclosure and found this had been addressed appropriately.</p> <p>We did not identify any material misstatements but identified one uncorrected audit difference which members agreed with management not to amend within the financial statements. The PCC/CC made a number of non material adjustments of the financial statements, mostly as a result of omissions in original versions of the accounts and changes required to working papers and of a presentational nature.</p> <p>We have made four recommendations in our 2014/15 ISA260 report to strengthen the ownership of the final accounts preparation process, quality review of the draft accounts and production of the financial statements supporting working papers.</p>
<p><b>Annual Governance Statement</b></p>	<p>We reviewed your <i>Annual Governance Statements</i> and concluded that they were both consistent with our understanding of your governance arrangements put in place by both the PCC and CC.</p>
<p><b>Whole of Government Accounts</b></p>	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority’s pack was consistent with the audited financial statements.</p>
<p><b>High priority recommendations</b></p>	<p>We raised two high priority recommendations as a result of our 2014/15 audit work. These are detailed in Appendix 1 together with the action plan agreed by management. We will formally follow up these recommendations as part of our 2015/16 work.</p> <ul style="list-style-type: none"> <li>• The JIAC should ensure they receive a complete version of the accounts which they can effectively review; and</li> <li>• The Finance Team should ensure that versions of the accounts presented for audit have been subject to effective internal quality review.</li> </ul>
<p><b>Certificate</b></p>	<p>We issued our certificate on 23 March 2016 for both the PCC and the CC.</p> <p>The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission’s <i>Code of Audit Practice</i>.</p>
<p><b>Audit fee</b></p>	<p>Our combined fee for 2014/15 was £59,055 excluding VAT. However, as reported in our 2014/15 ISA260 report additional work was required to complete the audit due to version control, links to working papers and ineffective quality reviews. These matters have been reported to the Joint Independent Audit Committee (JIAC) and as a consequence we are currently discussing a proposed additional fee of around £20,000 plus VAT. Further details contained in Appendix 3.</p>

## Appendix 1: Key issues and recommendations

This appendix summarises the high priority recommendations that we identified during our 2014/15 audit, along with your responses to them.

Lower priority recommendations are contained, as appropriate, in our other reports, which are listed in Appendix 2.

No.	Issue and recommendation	Management response / responsible officer / due date
1	<p><b>Accounts Presented to the JIAC</b></p> <p>The version of the accounts presented to the JIAC on the 24 June 2015 were not complete and were only for the PCC. The subsequent version 1 of the statement of accounts that we received for audit were reviewed at the start of the audit and included a series of errors, omissions and inconsistencies between the PCC/Group/CC accounts. This version also omitted to include entries in relation to a 2014/15 valuation and 2014/15 entries for the pension fund.</p> <p><b>Recommendation</b></p> <p>The JIAC should ensure that they receive a complete version of the accounts which they are able to effectively review and raise questions with management regarding their accounts being presented for audit.</p>	

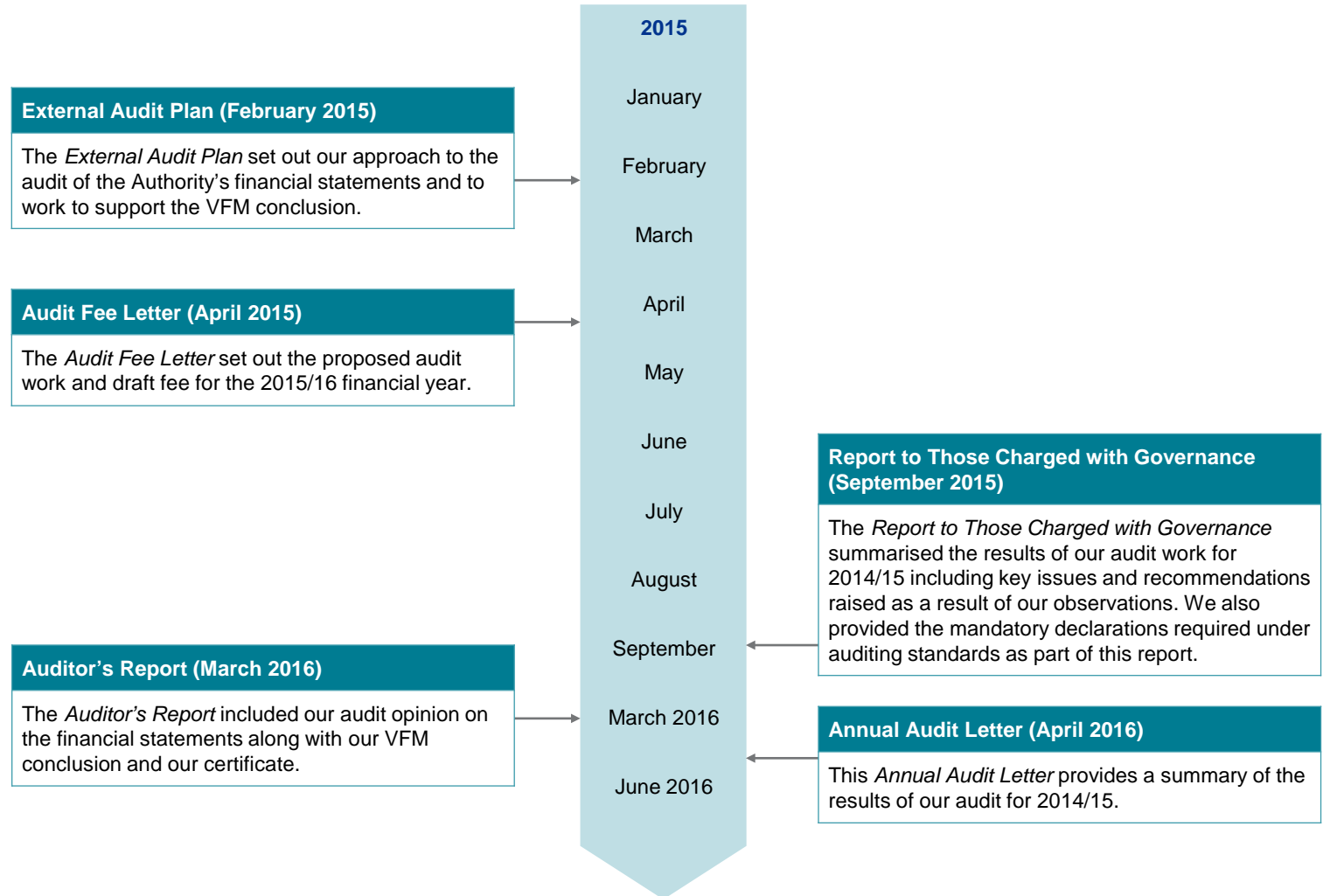
This appendix summarises the high priority recommendations that we identified during our 2014/15 audit, along with your responses to them.

Lower priority recommendations are contained, as appropriate, in our other reports, which are listed in Appendix 2.

No.	Issue and recommendation	Management response / responsible officer / due date
2	<p><b>Quality and Completeness of the Accounts</b></p> <p>At the commencement of the audit on 29 June we reviewed the accounts previously presented to the JIAC and provided for audit. We identified a series of errors, omissions and inconsistencies with the presentation and accuracy of the accounts. These were discussed and provided feedback to the Finance team on the 9 July 2015. In view of the amount of errors and inconsistencies we agreed to leave site and arranged to reschedule the audit when the omissions had been addressed.</p> <p><b>Recommendation</b></p> <p>The Finance team should ensure that the version of the accounts presented to the JIAC and presented for audit have been subject to a fully documented internal quality and completeness check to ensure that all requirements of the SORP have been included.</p>	<p>I agree that a quality check should have been completed before presentation to the JIAC, although it is worth pointing out that there is no requirement to present the accounts to the JIAC. The intention was to complete this in the week leading up to the 6th July when the Audit team were originally due to arrive. The Audit team from KPMG came in a week earlier than expected, this was accepted by the Finance team as other dates available were far too late, and the Finance team were finishing off working papers and were expected to answer queries at the same time and this was a compounding factor in errors and omissions not being corrected in time.</p> <p><b>Responsible Officer</b> – Joint Head of Finance Nottinghamshire/Northamptonshire Police</p> <p><b>Due Date</b> – March 2016</p>

## Appendix 2: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



**This appendix provides information on our final fees for the 2014/15 audit.**

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

**External audit**

Our final fee for the 2014/15 is £59,055 (Police and Crime Commissioner for Northamptonshire £20,000 and Chief Constable for Northamptonshire £39,055) is yet to be determined because we are currently discussing a proposed additional fee of £20,000 (plus VAT) with Public Sector Audit Appointments. The planned fee was £59,055 and our proposed revised fee is £79,055. The detailed reasons for this increase were reported to you on the 9 September 2015 in our ISA260 (Audit Highlights Report).

Our additional fees are still subject to final determination by Public Sector Audit Appointments and we will finalise these discussions with the Section 151 Officers.

**Other services**

We did not charge any additional fees for other services.



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# Local Authority Corporate Risk Register Analysis

**Police & Crime Commissioner  
for Northamptonshire and  
Northamptonshire Chief  
Constable**

**April 2016**

# Local authority corporate risk register analysis

## Background

Risk management is a critical management tool to manage, assess and prioritise risks therefore enabling resources to be applied to minimise, monitor and control the probability and/or the impact of negative events.

An important component of the risk management process is the corporate risk register, which identifies those risks which are critical for management to minimise, monitor and control.

KPMG has used its extensive audit client base to undertake Corporate/Strategic risk register analysis. The exercise compared the corporate risk registers from a range of local authorities covering:

- Police bodies;
- Fire and Rescue Services;
- Single Tier Councils;
- County Councils; and
- District Councils.

The outcome highlights the most frequently featured risks across local authority risk registers and changes from 2014 when a similar exercise was carried out.

We also considered the arrangements in place to maintain and review risk registers at the local authorities and fire and police bodies.

Finally, we considered the degree to which risk registers are used as an integrated management and assurance tool, which is especially important given other parts of the Public Sector are increasingly using tools such as Board Assurance Frameworks and Assurance Mapping.

## Purpose

Organisations should use the comparative information to help consider:

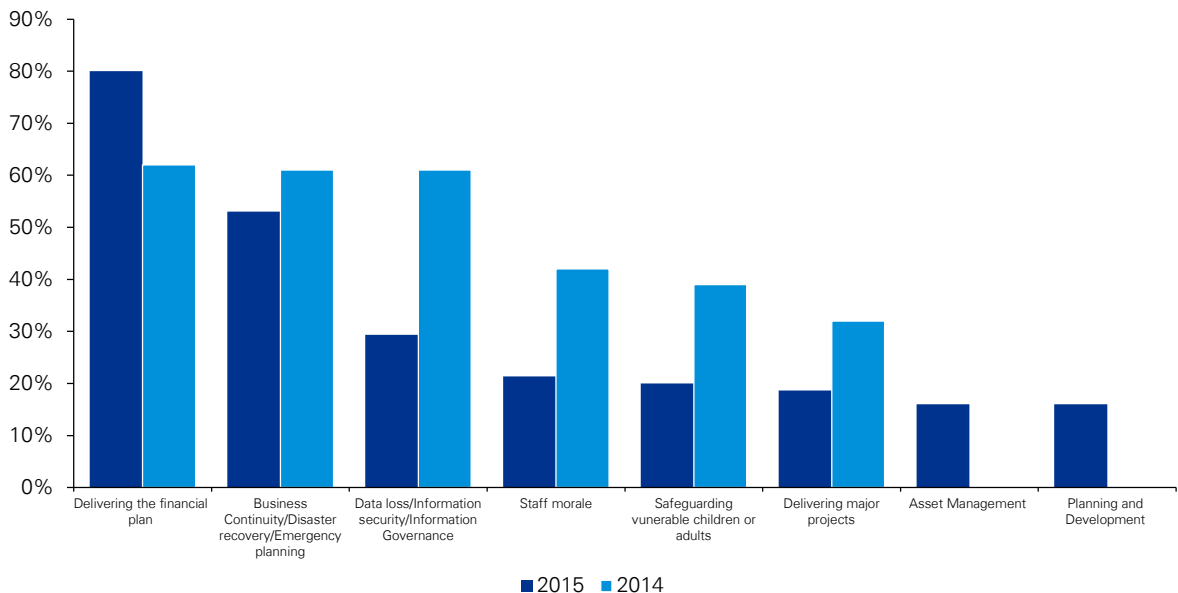
- Whether there are potential risks that may have been omitted from their own risk register;
- Whether potential risks are given sufficient priority;
- The mechanics of the risk management process at their organisations; and
- How managing risks and providing assurance can be developed further.

Our aim is that our clients, both Members and Officers, find this paper useful when considering what risks to include or not include in their risk registers and helping to keep those registers live and up to date. We hope that it will also help our clients, such as yourselves, to take a fresh look at their risk registers and facilitate a healthy and robust challenge as a result of being able to compare and contrast between yourselves and other similar organisations. Officers may wish to review their own risk registers in light of the comparative information contained here and Members may in turn wish to seek assurance from Officers that the contents of this report have been duly considered.



# Local authority corporate risk register analysis (cont.)

## Most frequently featured risks across all authority types



The top three residual risks occurring most frequently are:

- Delivering the medium term financial plan/saving targets/delivering funding cuts;
- Business continuity/disaster recovery incidents/emergency planning; and
- Data loss/information security/information governance risks.

A much higher number of bodies (80% compared to 62% in 2014) identified **Delivering the medium term financial plan/saving targets/delivering funding cuts** as a risk, although this is still not as high as might be expected given the significant reduction in grants seen in recent years and on-going financial pressures.

Risks in relation to **Business continuity and disaster recovery** were identified in 53% of risk registers (compared to 61% in 2014) and **Data loss/information security and information governance** were identified in 29% of risk registers (compared to 61% in 2014). So whilst these risks remain high in terms of frequently occurring risks – It is noticeable that both risks occur less often than in prior years. This fall is a surprise but may be as a result of investments in arrangements reducing the residual risks across the sector.

The risk that no longer features in the above analysis is **Partnership arrangements/governance**, which is surprising given the emergence and growth of initiatives such as the Better Care Fund.

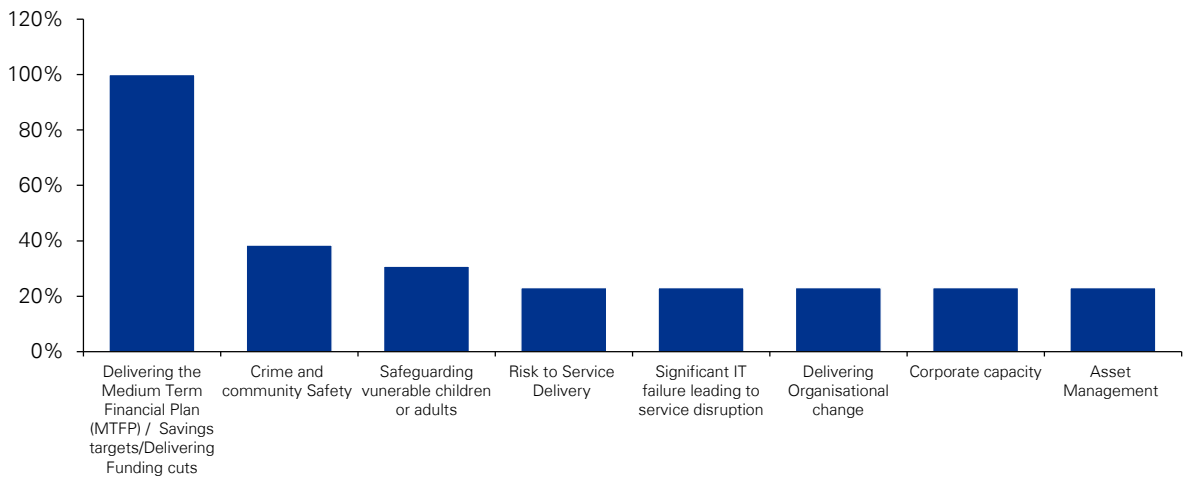
Compared to the same analysis last year, the following risks are new for 2015:

- Asset management; and
- Planning and development issues.

# Local authority corporate risk register analysis (cont.)

## Most frequently featured risks across Police and Crime Commissioners (PCC) and Chief Constables (CC)

The chart below shows the eight most frequently identified risks at PCC and CCs included in the exercise.

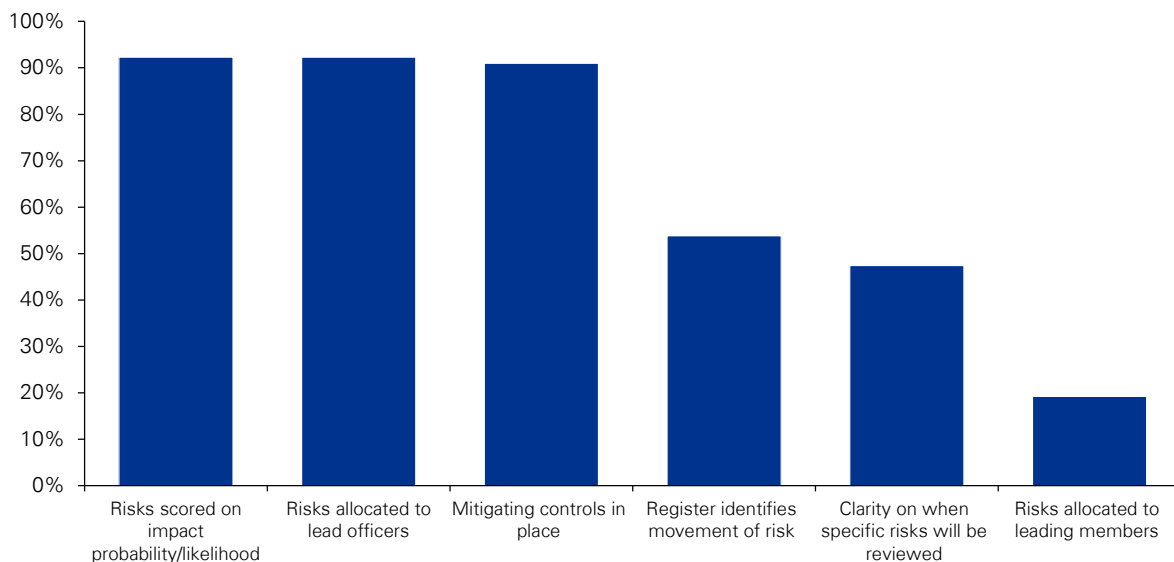


Whilst we see **Delivery of the Medium Term Financial Plan** as the frequent common risk in both the cross authority analysis and police bodies analysis, the specialist nature of police focuses risks towards **Crime and community Safety**. **Safeguarding vulnerable children and adults** was seen as a significant risk in 30% of risk registers against a background of the significant reputational and business impact of safeguarding cases.

Given the difficulties reported by many PCCs and CCs in **Service Delivery** this was only noted in 23% of registers. We also noted that Staff morale was a less prevalent risk in police risk registers compared to the all authorities analysis but that **Corporate Capacity and Delivering Organisational change** was more of a concern.

# Local authority corporate risk register analysis (cont.)

## Survey Responses on Risk Register Reporting and Responsibilities



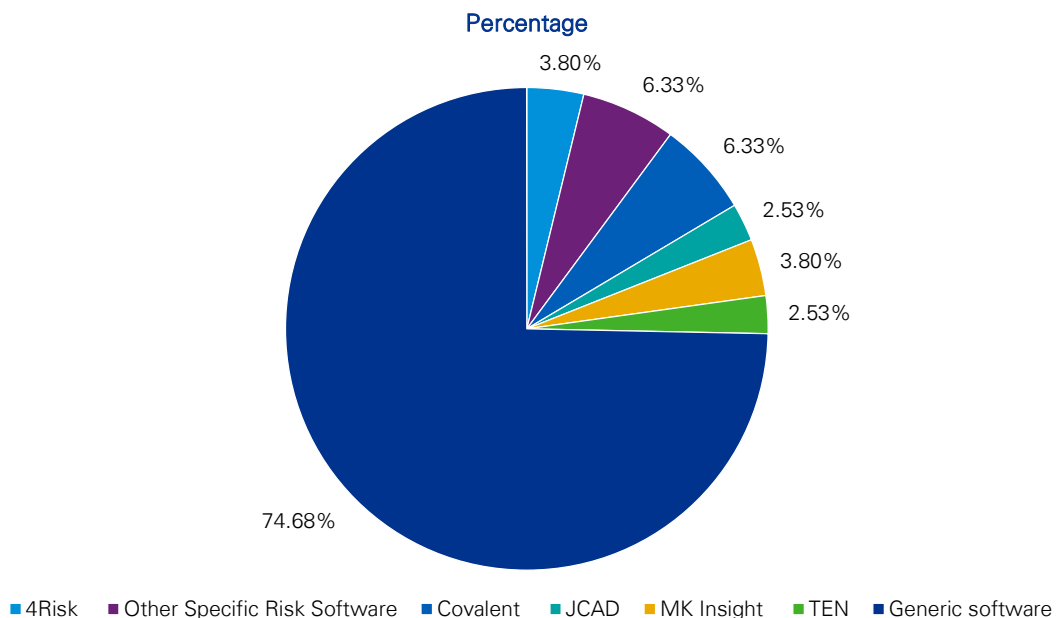
The chart above analyses the risk registers reviewed across all authorities. As expected, a high level of registers score risks on impact, probability and the controls in place and risks are allocated to lead officers.

However, less risk registers clarify when a risk is to be reviewed, which could result in the risk not being dealt with appropriately and provides less assurance. Further to this, risks do not appear to be regularly/widely allocated to lead members, which could reduce the scrutiny of these risks.

# Local authority corporate risk register analysis (cont.)

## Software used to support risk management

The chart below shows that 75% of authorities do not use specific risk management software, often preferring to use spreadsheet systems to record the risks. These systems are potentially less robust compared to specific software. Of the authorities that do use specific software, the most commonly used packages are Covalent, 4risk and MK Insight.



## Moving forward

It is noted that in the wider Public Sector many bodies are now using Board Assurance Frameworks/Assurance Mapping. Assurance mapping is the process where risk reports set out the controls and assurances in place to confirm that risks are being addressed. Setting out the assurances can give lead Officers and Members confirmation that assurance is in place and that the quality of the assurance is sufficient against the risk.

Our work has identified limited use of such tools in the local authority sector.

- Risks were linked to strategic objectives in 57% of reports;
- Assurances were reported in 53% of the reports; and
- Effectiveness of controls were reported in 49% of the reports.

These are important elements of assurance mapping processes and our work suggests there is significant scope for local authorities to develop in this area.



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Chief Finance Officer  
Northamptonshire Police and Crime  
Commissioner  
Force Headquarters  
Wootton Hall  
Northampton  
NN4 OJQ

Our ref A/Fee/2016-17

Contact Simon Lacey

6 April 2016

Dear Steve

### **Annual audit fee 2016/17**

I am writing to confirm the audit work and fee that we propose for the 2016/17 financial year at Northamptonshire Police and Crime Commissioner. Our proposals are based on the risk-based approach to audit planning as set out in the Code of Audit Practice and Public Sector Audit Appointments Ltd's (PSAA's) published work programme and fee scales.

### ***Planned audit fee***

The planned audit and certification fees for 2016/17 are shown below, along with a comparison to the prior year's fee. All fees are exclusive of VAT.

<b>Audit area</b>	<b>Planned fee 2016/17</b>	<b>Planned fee 2015/16</b>
Code of Audit Practice audit fee	<b>£29,291</b>	£29,291

PSAA has set the 2016/17 scale fees at the same level as for 2015/16, thereby preserving the 25 per cent reductions that were applied that year which in turn was in addition to the savings of up to 40 per cent in scale audit fees 2012/13. The planned fee is in line with the scale fee.

As we have not yet completed our audit for 2015/16 the audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

### ***Redistribution of Audit Commission surplus***

Following completion of the Audit Commission's 2014/15 accounts, PSAA received a payment



in respect of the Audit Commission's retained earnings. PSAA will distribute this and any other surpluses from audit fees to audited bodies, on a timetable to be established by the PSAA Board.

This distribution will be made directly by PSAA and not via KPMG. Based on current information, PSAA anticipates that the amount of the redistribution is likely to be in the order of 15% of the scale fee.

### ***Factors affecting audit work for 2016/17***

We plan and deliver our work to fulfil our responsibilities under the Code of Audit Practice (the Code) issued by the National Audit Office (NAO). Under the Code, we tailor our work to reflect local circumstances and our assessment of audit risk. We do this by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks, as well as considering any changes affecting our audit responsibilities or financial reporting standards.

Under the Code, we have a responsibility to consider an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources and to do this we will undertake appropriate value for money (VFM) audit work. The 2016/17 fees have been set on the basis that the NAO's Code and supporting guidance does not change the level of work required on the VFM audit. Should this not be the case, or if new or increased significant VFM audit risks arise that require further audit work, additional fees will be necessary over and above the scale fee. Any such additional fees will be subject to approval through PSAA's fee variation process.

### ***Assumptions***

The indicative 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. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified for the current year's audit. A more detailed audit plan will be issued later this year. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If we need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report for the Joint Independent Audit Committee, outlining the reasons why the fee needs to change.

We expect to issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 2. A statement of our independence is included at Appendix 3.



The proposed fee excludes any additional work we may agree to undertake at the request of Northamptonshire Police and Crime Commissioner. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

***Our team***

The key members of our audit team for the 2016/17 audit are:

<b>Name</b>	<b>Role</b>	<b>Contact details</b>
Andrew Cardoza	Director	andrew.cardoza@kpmg.co.uk 07711 869957
Simon Lacey	Manager	simon.lacey@kpmg.co.uk 07557 077454
David Schofield	Assistant Manager	david.schofield@kpmg.co.uk 07971 107170

***Quality of service***

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact me and I will try to resolve your complaint. If you are dissatisfied with your response please contact the national contact partner for all of KPMG's work under our contract with PSAA, Andy Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to:

Public Sector Audit Appointments Limited  
3rd Floor  
Local Government House  
Smith Square  
London  
SW1P 3HZ

Yours sincerely

Andrew Cardoza  
Director, KPMG LLP

## **Appendix 1 – Audit fee assumptions**

In setting the fee, we have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2015/16;
- you will inform us of significant developments impacting on our audit work;
- internal audit meets the appropriate professional standards;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on local Authority Accounting within your 2016/17 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes; and
- 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.

Improvements to the above factors may allow reductions to the audit fee in future years. Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by KPMG, PSAA, the NAO or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

## Appendix 2: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Joint Independent Audit Committee.

<b>Planned output</b>	<b>Indicative date</b>
External audit plan	March 2017
Report to those charged with governance (ISA260 report)	September 2017
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	September 2017
Opinion on Whole of Government Accounts return	September 2017
Annual audit letter	November 2017

### **Appendix 3 – Independence & objectivity requirements**

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 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.

Further to this auditors are required by the NAO's Code of Audit Practice to:

- Carry out their work with integrity, independence and objectivity;
- Be transparent and report publicly as required;
- Be professional and proportional in conducting work;
- Be mindful of the activities of inspectorates to prevent duplication;
- Take a constructive and positive approach to their work;
- Comply with data statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information.

PSAA's Terms of Appointment 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 PSAA audit work 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.
- Auditors appointed by the PSAA should not accept engagements which involve commenting on the performance of other PSAA auditors on PSAA work without first consulting PSAA.
- Auditors are expected to comply with the Terms of Appointment policy for the Engagement Lead to be changed on a periodic basis.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the Terms of Appointment.

**Confirmation statement**

We confirm that as of April 2016 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.



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

Internal Audit Progress Report 2015/16 & 2016/17

June 2016

Presented to the Joint Independent Audit Committee meeting of: 20<sup>th</sup> June 2016

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## 01 Introduction

- 1.1 The purpose of this report is to update the Joint Independent Audit Committee (JIAC) as to the progress in respect of the Operational Plan for the year ended 31<sup>st</sup> March 2016, together with progress on delivering the 2016/17 Internal Audit Plan which was considered and approved by the JIAC at its meeting on 7<sup>th</sup> March 2016.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).



## 02 Summary of internal audit work to date

2.1 We have issued three final reports in respect of the 2015/16 plan since the last progress report to the JIAC, these being in respect of the Core Financials, Change Programme and Specials Programme – Advertising & Marketing Expenditure, the latter being an additional audit to that in the approved plan. Summaries of the Core Financials and Change Programme reports were provided in the progress report presented at the 7<sup>th</sup> March 2016 meeting of the JIAC. Further details in respect of the Specials Programme – Advertising & Marketing Expenditure report are provided in Appendix A1.

Northamptonshire 2015/16 Audits	Report Status	Assurance Opinion		Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Risk Management	Final	Force - Limited	OPCC – Limited	2	3	6	11
Procurement	Final	Local - Satisfact ory	EMSCU – Limited	2	6	1	9
Core Financials	Final			3	5	3	11
Change Programme	Final	N/A		-	-	-	-
Specials Governance	Final			-	2	-	2
Detained Cash	Final			1	5	2	8
Specials Programme – Advertising & Marketing Expenditure	Final	N/A		-	-	-	-
<b>Total</b>				<b>8</b>	<b>21</b>	<b>12</b>	<b>41</b>

- 2.2 As reported in the last progress report, Internal Audit were tasked with undertaking four audits of collaborative arrangements across the region. At the time of writing we have issued one final report, in respect of Forensics, whilst draft reports have been issued in respect of the other three audits and we are awaiting management's comments. Further details are provided in Appendix 1, including the scope of the three reports that are currently in draft, the details of which will be presented at the next JIAC.

Collaboration 2015/16 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Forensics	Final	Satisfactory	-	3	2	5
Officers in Kind	Draft					
Covert Payments	Draft					
PCC Board Governance	Draft					
<b>Total</b>			<b>0</b>	<b>3</b>	<b>2</b>	<b>5</b>

- 2.3 Work in respect of the 2016/17 internal audit plan is underway and, to date, we have issued one final report in respect of the Victims Code of Practice, whilst the draft report in respect of Complaints Management currently awaits management's response. Further details are provided in Appendix 2.

Northamptonshire 2016/17 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Victims Code of Practice	Final	Limited	-	7	3	10
Complaints Management	Draft					
<b>Total</b>			<b>0</b>	<b>7</b>	<b>3</b>	<b>10</b>

- 2.4 We are in the process of agreeing the scopes of a number of audits that will be carried out over the coming months. These include Governance, Firearms Licensing and Financial Planning / Savings Programme. Further details are provided within Appendix A4.

## 03 Performance 2015/16

3.1 The following table details the Internal Audit Service performance for the year ending 31<sup>st</sup> March 2016 measured against the key performance indicators that were set out within Audit Charter. This list will be developed over time, with some indicators either only applicable at year end or have yet to be evidenced.

No	Indicator	Criteria	Performance
1	Annual report provided to the JIAC	As agreed with the Client Officer	Achieved
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (7/7) <sup>1</sup>
5	Issue of final report	Within 5 working days of agreement of responses.	100% (7/7) <sup>1</sup>
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	Achieved
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (7/7) <sup>1</sup>
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	N/A

<sup>1</sup> Core Financials – issued as one report, although split into five areas / opinions.

# Appendix A1 – Summary of Reports 2015/16

## Final Reports

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued to date:

### **Specials Programme – Advertising & Marketing Expenditure**

In addition to the approved Internal Audit Plan for 2015/16 for the Office of the Northamptonshire Police and Crime Commissioner and Northamptonshire Police, Internal Audit were requested by OPCC Senior Management to undertake an audit of the controls and processes in place in respect of Marketing spend incurred as part of the ongoing Specials Programme. Concerns were raised by Finance officers regarding the authorization of spend against the marketing budget. This was identified as an issue by the OPCC, who had carried out an internal evaluation of arrangements prior to referral to Internal Audit for an independent review.

It has been agreed with Senior Management within the OPCC that the outcome of this review would be communicated in an 'Advisory Memorandum' format rather than an assurance report. The specific areas that formed part of this review included: initial governance arrangements; compliance with Financial Regulations, Contract Standing Orders and Procurement Policies; and effectiveness of governance and procurements arrangements going forward.

We concluded that, overall, there was a lack of a robust governance process and compliance with Financial Regulations, Standing Orders and procurement policies at the outset of the programme. The staff with responsibility for the delivery of the initial marketing campaign are no longer working under this remit and a new management structure has been introduced. It is evident that improvements are being embedded and a more transparent process is in operation. It should be ensured that a robust approach to budget monitoring, management oversight of procurement process and analysis of the approach to marketing, alongside associated costs, continues to be driven forward.

The audit acknowledges an improvement in the control environment and that controls are being embedded in each process to ensure that initial issues identified do not re-occur. However, we made some recommendations to ensure continued best practice going forward and these are listed below:

- There should be clear governance arrangements, including a comprehensive project plan, in respect of all Programmes and the individual streams of expenditure embedded from the outset.

This supports transparent and robust monitoring and reporting within the programme of actual expenditure against forecast to ensure budgets, risk and decisions are well managed, value for money is achieved and overspends are not incurred.

- Purchase orders should be raised to support all expenditure. Invoices should not be authorised for payment without an approved purchase order with the supplier and verification that the appropriate budget is available to meet the expenditure with the resource available.
- Consultation should be made with EMSCU prior to any commitment to expenditure for goods or services which exceeds procurement thresholds. Effective forecasting should be carried out at the start-up of any programme and reviewed on a regular basis to ensure costs of the life of a programme are considered in line with procurement rules.

Where expenditure is expected to exceed £10,000, three formal written quotations should be obtained. If actual expenditure is then considered to exceed the threshold of £25,000 (be it one off spend or an accumulation over the life of the contract) the tender process should be initiated with advice from EMSCU.

Any procurement for goods and services which is forecast to exceed £172,000 should follow the OJEU procurement rules and regulations. Breach or failure to adhere to these limits should be monitored, with related consequences for staff embedded in Force and OPCC policy.

- The continued use of Soapbox should continue to be monitored to in terms of the monthly payments made to ensure that the initial 'agreed' estimation of commitment is not exceeded and remains well controlled/ managed.

Management have confirmed that all actions have been implemented.

## Forensics

<b>Assurance Opinion</b>	Satisfactory
--------------------------	--------------

<b>Recommendation Priorities</b>	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	3
Priority 3 (Housekeeping)	2

The East Midlands Special Operations Unit (EMSOU) is a regional tasking structure which has, for more than a decade, made use of expertise and resources from within the East Midlands police forces to investigate many of the most serious crimes which affect the region. EMSOU is an amalgamation of certain key resources provided by the forces to be deployed throughout the region as and when there is an investigative need. Forensic Services (EMSOU-FS) is one of five main branches of EMSOU's work.

Our audit considered the following area objectives:

- *Governance, Performance Monitoring and Accountability* - There are effective arrangements in place to ensure performance (both operational and financial) is effectively monitored with regular reporting and accountability measures through an appropriate governance structure.
- *Expenditure and budget management processes* - Roles and responsibilities in respect of budget management and oversight of expenditure are appropriate. Appropriate internal control systems and delegations exist to ensure that expenditure from the retained Force Forensic budgets is appropriately managed and there are adequate controls around the ordering, receipting and payment processes in respect of those budgets.
- *Work for external bodies and associated income* - Work for external bodies is appropriately approved, managed and monitored. Processes ensure that debtors are raised for the provision of services provided by Forensics and that income is subsequently realised within the associated budget.

We raised three priority 2 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- The current dip sampling process should be documented to include the percentage of invoices subject to verification each month and the approach taken for selection of the sample. In addition, the outcome of the checks should be evidenced to provide assurance that these have been completed and reliance can be placed on this risk-based approach.

It is noted, however, that the new marketing approach proposed for Forensic Services for implementation in August 2016, would negate the need for the dip sampling process in this regard, as procurement would be based on a fixed annual contract value rather than the current 'pay as you go' model.

- Official orders should be raised for goods or services or alternatively be agreed within the list of exemptions approved by Derbyshire Police.
- All works for external bodies (current and future) should be formalised in an agreement to include outline agreed services, associated charges and insurance arrangements. This should be approved by the Director of Finance (where works are not expected to exceed £200k per annum).

Management confirmed that all actions will be undertaken by 30<sup>th</sup> June 2016.

### **Draft Reports**

In this section we provide brief summaries of the scope of those audits for which the reports are currently in draft. Management are currently considering their responses and full details will be included in the next progress report once the final reports have been issued.

### **Officers in Kind**

The audit review considered the following control objectives:

- There are clear and agreed procedures in place between EMSOU and each regional force with regards the funding model for officers in kind.
- Costings in respect of officer in kind funding are understood, accurate, supported by a clear funding model and are communicated to the regional forces in a timely manner.
- Estimates of each forces contribution are given at the outset and supported by monthly outturn projections.
- Charges made to the regional forces are supported by clear documentation / funding assumptions.
- Variations to the number and grade of officers provided by each regional force are taken into account within the funding model, including year-end adjustments.
- There is clear, timely and complete management information in place to support the funding model and to enable forces to manage their budgets.
- Each regional force has sound budget processes in place that enable them to manage officer in kind payments, including projected year-end adjustments.
- The current accounting procedure and process for the treatment of Officers in Kind is an efficient and effective model for the secondment of officers working in regional units.

### **Covert Payments**

The audit review considered the following control objectives:

- Procedures and policies are in place to support the effective administration of the function and are communicated to all relevant staff.
- There are clear and understood procedures in place for the authorization and setting up of bank accounts.
- Transfers between bank accounts are approved and documented.
- Systems and data are adequately protected to reduce the risk of them being open to abuse.
- New and amended vendor details can only be processed by authorised officers.
- There are agreed and effective processes in place for the authorisation of covert payments.
- Payments made in respect of covert activities are valid and appropriate.
- There are effective controls in place with regards accounting for covert payments.
- Timely and accurate management / payment information is available to support the delivery of covert activities.

## PCC Board Governance

Our audit considered the following area objectives:

- *Governance Arrangements* - There are defined arrangements for the Board with documented roles and responsibilities, accountability and decision making processes. Structure of meetings is effective and outcomes, actions and decisions are well documented.
- *Collaboration Arrangements* - There is effective oversight of Section 22 collaboration arrangements to ensure the effective use of resources and delivery of required outcomes.
- *Decision Making* - Decision making processes are clearly defined and operate effectively to ensure transparency in terms of value for money and effective use of resources.
- *Change Management* - Horizon scanning is undertaken to ensure informed change managements. Considerations of changes in responsibility and 'churn' of officers is embedded with the board operations.
- *Performance Management and Accountability* - There is a consistent approach to performance management and ensuring accountability of Chief Constables. Financial planning and budget approval for regional collaboration is consistent and effective.

## Appendix A2 – Summary of Reports 2016/17

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued to date:

### Victims Code of Practice

<b>Assurance Opinion</b>	Limited
<b>Recommendation Priorities</b>	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	7
Priority 3 (Housekeeping)	3

We raised seven priority 2 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- Officers should be reminded that all victims should be issued with written acknowledgement that they have reported a crime in line with their VCOP entitlements. This should include their crime reference number and the basic details of the offence.

In addition, the Force should establish how these requirements can be met for telephone resolutions and explore the possibility of letters or email in these cases, with evidence maintained on the Niche system to support this acknowledgement has been provided.

- Officers should be reminded to complete the Accept/ Decline options in Niche to ensure that only those victims who agree to support are referred to Voice. Clarification on treatment of business/ organisations as victims should also be provided to ensure a named point of contact is established, where applicable, to accommodate their referral for support.

Performance reporting in respect of the completion of the Accept and Decline (Opt In / Opt Out) field within Niche should be introduced. This should highlight where this field has not been completed and minimise the risk of referrals/ data sharing being actioned where there is no consent to do so.

As an alternative, the implementation of a mandatory field to support the Opt In model should be revisited with the other forces to establish whether there is any support to request a system change. This should consider the cost of making this field mandatory against the resource that would be utilised in the compensating controls.

- Dedicated VCOP training should be rolled out to all officers to ensure they are fully aware of victim's entitlements and Northamptonshire processes for ensuring these entitlements are met.

Findings and recommendations as a result of the internal audit review should be considered in designing the training.

- A dedicated Right to Review policy should be documented for Northamptonshire to provide an open and transparent process which enables a victim of crime to have a decision not to prosecute their case reviewed.

This will ensure that appropriate decisions are made with regard to case outcomes and will seek to improve victim satisfaction and public confidence in the service. The review process should accord with the policing principles of openness, fairness and accountability, as set out in the Code of Ethics.

- A process should be introduced whereby the number of records transferred from the Niche system and subsequently created in the Victim Support CMS (and ADT) systems are reconciled to ensure referrals do not 'drop out' as part of the data transfer process.



Victim Support and ASSIST Trauma Care should refine what information they require to be included on the initial referral data and this be communicated to the Niche Team (via the OPCC Head of Commissioning) to ensure complete information is received going forward to enable timely and appropriate support to be given to victims.

This should include consideration of priority crime types which are not currently received by victim support.

- The dip sampling process being embedded by Voice should be enhanced to ensure the key entitlements of VCOP have been met.

In addition, the process should be supported by a documented methodology to include - frequency, required approach, sample selection/ size, evidence of checks and action to be taken where issues have been identified.

Enhancements recommended in this report should be actioned by Voice following communication with the OPCC Head of Commissioning.

- Formal targets should be introduced to ensure that victims are referred to a support worker on a timely basis and to enable monitoring of this process to highlight where victims remain unsupported for a period of time outside of this target.

Performance in this area should be included in the reporting mechanisms back to the OPCC.

Management confirmed that all actions will be undertaken by December 2016.

## Appendix A3 Internal Audit Plan 2015/16

Auditable Area	Planned Fieldwork Date	Actual Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
<b>Core Assurance</b>						
Risk Management	Sept 2015	Sept 2015	Sept 2015	Oct 2015	Dec 2015	Final report issued.
Procurement	July 2015	Aug / Sept 2015	Oct 2015	Feb 2016	March 2016	Final report issued.
<b>Core Financial Systems</b>						
Budgetary Control	Nov 2015 – Feb 2016	Nov 2015	Dec 2015	March 2016	March 2016	Final report issued.
Payroll	Nov 2015 – Feb 2016	Nov 2015	Dec 2015	March 2016	March 2016	Final report issued.
Cash, Bank & Treasury	Nov 2015 – Feb 2016	Nov 2015	Dec 2015	March 2016	March 2016	Final report issued.
General Ledger	Nov 2015 – Feb 2016	Nov 2015	Dec 2015	March 2016	March 2016	Final report issued.
Income & Debtors	Nov 2015 – Feb 2016	Nov 2015	Dec 2015	March 2016	March 2016	Final report issued.
Payment & Creditors	Nov 2015 – Feb 2016	Nov 2015	Dec 2015	March 2016	March 2016	Final report issued.

Auditable Area	Planned Fieldwork Date	Actual Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
<b>Strategic &amp; Operational Risk</b>						
IT Health Check	Jan 2016	Cancelled	N/A	N/A	N/A	Deferred to 2016/17 on management's request.
Change Programme – Governance of Resource Functions	July 2015 – Mar 2016	Jan 2016	Jan 2016	May 2016	March 2016	Final report issued.
Volunteers – Specials Governance	Feb 2016	Jan 2016	Feb 2016	Feb 2016	March 2016	Final report issued.
<b>Collaboration</b>						
Officers in Kind	Nov 2015 – Mar 2016	Mar 2016	Apr 2016	May 2016	June 2016	Draft report issued.
Forensics	Nov 2015 – Mar 2016	Mar 2016	Apr 2016	May 2016	June 2016	Final report issued.
Covert Payments	Nov 2015 – Mar 2016	Mar 2016	Apr 2016	May 2016	June 2016	Draft report issued.
PCC Board Governance	Nov 2015 – Mar 2016	Feb 2016	Apr 2016	May 2016	June 2016	Draft report issued.
<b>Other</b>						
Detained Cash	Request	Jan 2016	A – Feb 2016	A – Feb 2016	March 2016	Final report issued. Additional request.
Specials Programme – Advertising & Marketing Expenditure	Request	Dec 2015	A – Feb 2016	A – April 2016	June 2016	Final memo issued. Additional advisory request.

## Appendix A4 Internal Audit Plan 2016/17

Auditable Area	Planned Fieldwork Date	Actual Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
<b>Core Assurance</b>						
Risk Management	Feb 2017				March 2017	
Governance	May 2016				Sept 2016	Planned to commence July 2016
Procurement	Nov 2016				March 2017	
<b>Core Financial Systems</b>						
Budgetary Control	Oct 2016				Dec 2016	
Payroll	Oct 2016				Dec 2016	
Cash, Bank & Treasury	Oct 2016				Dec 2016	
General Ledger	Oct 2016				Dec 2016	
Income & Debtors	Oct 2016				Dec 2016	
Payment & Creditors	Oct 2016				Dec 2016	

Auditable Area	Planned Fieldwork Date	Actual Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
<b>Strategic &amp; Operational Risk</b>						
Information Technology	Dec 2016				March 2017	
Financial Planning / Savings Programme	Sept 2016				Dec 2016	
Firearms Licensing	May 2016				Dec 2016	Delayed to Aug 2016 on client request.
Business Continuity	Dec 2016				March 2017	
Complaints Management	June 2016	May 2016	May 2016		Sept 2016	Draft report issued
Victims Code of Practice	May 2016	April 2016	May 2016	June 2016	June 2016	Final report issued
Capital Expenditure	Jan 2017				March 2017	
<b>Collaboration</b>						
Collaboration	Sept 2016 – Jan 2017				Dec 2016 & March 2017	

## Appendix A5 – Definition of Assurances and Priorities

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
<b>Significant Assurance:</b>	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
<b>Satisfactory Assurance:</b>	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
<b>Limited Assurance:</b>	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
<b>No Assurance</b>	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Definitions of Recommendations	
Priority	Description
<b>Priority 1 (Fundamental)</b>	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
<b>Priority 2 (Significant)</b>	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
<b>Priority 3 (Housekeeping)</b>	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

## Appendix A6 - Contact Details

### Contact Details

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## A7 Statement of Responsibility

### **Status of our reports**

*The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.*

*The contents of this report are confidential and not for distribution to anyone other than the Office of the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police. Disclosure to third parties cannot be made without the prior written consent of Mazars LLP.*

*Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.*





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

**Draft Internal Audit Annual Report 2015/16**

June 2016

This report has been prepared on the basis of the limitations set out on page 13.

# Contents

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- 02 Head of Internal Audit Opinion
- 03 Performance

## Appendices

- A1 Audit Opinions and Recommendations 2015/16
- A2 Audit Projects with Limited and Nil Assurance 2015/16
- A3 Definition of Assurances and Priorities
- A4 Contact Details
- A5 Statement of Responsibility

# 01 Introduction

## Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment themes identified across Office of the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police during the 2015/16 financial year, the service for which is provided by Mazars LLP.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2011. The PSIAS requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies); and
- A statement on conformation with the PSIAS and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and
- Progress against any improvement plans resulting from QAIP external assessment.

The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.

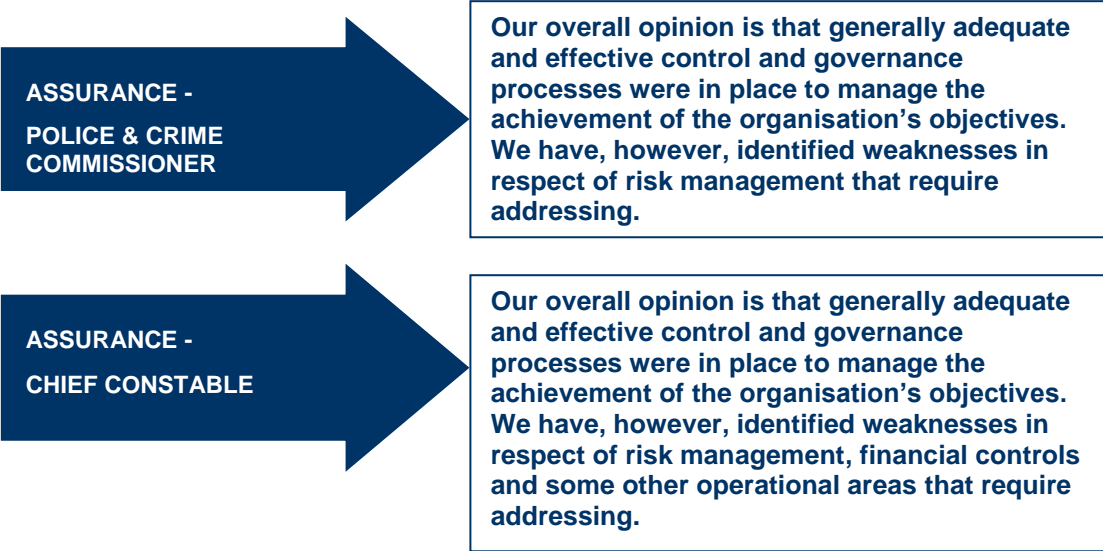
Internal audit provides the Police and Crime Commissioner and Chief Constable, through the Joint Independent Audit Committee (JIAC), with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.

Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.

## 02 Head of Internal Audit Opinion

### Opinions

From the Internal Audit work undertaken in compliance with the Public Sector Internal Audit Standards (PSIAS) for the year ending 31<sup>st</sup> March 2016, we can provide the following opinions:



## Basis of the Opinion

Internal Audit applies a risk-based approach and our audits assess the governance framework, the risk management process, as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, we can provide assurance that management have in place a generally effective control environment and, whilst further remedial actions are needed in some areas, we are assured that management have in place effective processes for the implementation of identified areas of weakness.

### Corporate Governance

Whilst no specific audit of Governance was carried out during 2015/16, we have carried out a number audits where governance arrangements were a key aspect, most notably as part of the work we carried out when reviewing the Change Programme. Through the delivery of the internal audit plan and attendance at Joint Independent Audit Committee (JIAC) meetings, we are satisfied that the governance framework for the Office of the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police has been effective for the year ended 31<sup>st</sup> March 2016.

### Risk Management

As part of the 2015/16 Internal Audit plan we undertook an audit of the controls and processes in place in respect of risk management. The specific areas that formed part of this review included: policies and procedures; risk registers; risk mitigation; reporting arrangements and follow up of previous recommendations. The audit opinion was split between the Force and the OPCC, with a limited assurance opinion provided for both. We concluded that there were weaknesses within the system of internal control which put some of the Force and OPCC objectives at risk. Additionally, the level of non-compliance with the control framework puts the system objectives of the organisations at risk.

A key risk to the Force and the OPCC is that of inappropriate management decisions being made due to key risks not being identified and managed. To mitigate against this risk, both the Force and the OPCC have developed corporate risk registers that are maintained and updated on a regular basis. The corporate risk registers contain high level risks which would have a large impact on the organisations should they materialise. Current control mechanisms and sources of assurance are recorded against each risk. However, the audit noted that, at service level, a number of services within the Force did not have a risk register in place. Additionally, it was noted during the audit that the OPCC rely on an oversight of the Transformation Programme for assurance that a number of priorities of the Police and Crime Plan are being delivered. Whilst the Aspire Board was a key mechanism of assurance to the OPCC that their priorities were being delivered, and was included within the OPCC risk register, as this is no longer in place the OPCC will be looking for alternative source of assurance. There is also a significant risk to both organisations that a lack of coherence between the two could lead to an ineffective working relationship. This may result in priorities not being delivered. A Joint Independent Audit Committee is in place to provide a shared forum for the Force and the OPCC.

Since the audit, management have confirmed that the Force Risk Manager has been leading the work on ensuring service level risk registers are in place. Additionally there will be, as part of transformation programme, a risk register for the strand reporting into the Transformation Board and an overarching transformation risk register. Furthermore, JIAC now have a member sitting on my Transformation Board.

## Internal Control

In summarising the opinions provided as part of the 2015/16 audit programme, as illustrated in the tables below, we have carried out seven audits of which two were of an advisory nature and no opinion was provided. Of the remaining five audits, one (Core Financials) was split into five separate area opinions and one (Procurement) was split into two opinions covering local procedures and those within EMSCU. In addition, we have carried out four collaborative audits, of which two were of an advisory nature and no opinion was provided.

The Office of the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police have a generally sound control environment, although we have noted areas where improvements are required. During the 2015/16 year, 50% of internal audit projects received “significant” or “satisfactory assurance”. During 2015/16 five (50%) internal audit areas were rated ‘limited assurance’. It should be noted, however, that some of the opinions reflect the control environment outside of local control, for example, within EMSCU (Procurement) and the Multi-Force Shared Service (Core Financials). Further details of these audits is provided in Appendix A2 – Audit Projects with Limited and Nil Assurance 2015/16.

Of the four collaborative audits covering the East Midlands policing region, one was rated ‘significant assurance’, one was rated ‘satisfactory assurance’ whilst in two instances they related to advisory work and no audit opinion was provided.

The following tables provide a brief overview of the assurance gradings given as a consequence of audits carried out during 2015/16, split between those specific to Northamptonshire and those undertaken as part of East Midlands regional collaborative audits. More details of the audit opinions and the priority of recommendations for all 2015/16 Internal Audit assignments is provided in Appendix A1 – Audit Opinions and Recommendations.

### Northamptonshire Only

Assurance Gradings	2015/16	
Significant	1	10%
Satisfactory	4 <sup>1</sup>	40%
Limited	5 <sup>1</sup>	50%
Nil	0	0%
<b>Sub-Total</b>	<b>10<sup>2</sup></b>	
No opinion	2	
<b>Total</b>	<b>12</b>	

<sup>1</sup> Procurement - opinion was split between local arrangements and those within EMSCU, where a satisfactory assurance opinion was given in respect of local arrangements and a limited opinion was given in respect of EMSCU.

<sup>2</sup> Core Financials – issued as one report, although split into five areas / opinions.

### Collaboration Audits

Assurance Gradings	2015/16	
Significant	1	50%
Satisfactory	1	50%
Limited	0	0%
Nil	0	0%
<b>Sub-Total</b>	<b>2</b>	
No opinion	2	
<b>Total</b>	<b>4</b>	

In arriving at our overall audit opinion, and whilst acknowledging that further remedial actions are needed in some areas, we have been assured by management that processes have been put in place for the implementation of recommendations to address identified areas of weakness.

### Issues relevant to Annual Governance Statement

The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control. Internal Audit, through its annual programme of activity, has a duty to bring to your attention any areas of weakness we believe should be considered when producing the Annual Governance Statement. As part of this responsibility, we have highlighted any limited or nil assurance reports within Appendix A2.

### Restriction placed on the work of Internal Audit

As set out in the Audit Charter, we can confirm that Internal Audit had unrestricted right of access to all OPCC and Force records and information, both manual and computerised, cash, stores and other property or assets it considered necessary to fulfil its responsibilities.

## 03 Performance

The following table details the Internal Audit Service performance for the year to date measured against the key performance indicators that were set out within Audit Charter. This list will be developed over time, with some indicators either only applicable at year end or have yet to be evidenced.

No	Indicator	Criteria	Performance
1	Annual report provided to the JIAC	As agreed with the Client Officer	Achieved
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (7/7) <sup>1</sup>
5	Issue of final report	Within 5 working days of agreement of responses.	100% (7/7) <sup>1</sup>
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	Achieved
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (7/7) <sup>1</sup>
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	N/A

<sup>1</sup> Core Financials – issued as one report, although split into five areas / opinions.



## Quality and Conformance with the Public Sector Internal Audit Standards

In addition to the firm's overall policy and procedures, our internal audit manual and working papers are designed to ensure compliance with the Firm's quality requirements. Furthermore, our internal audit manual and approach are based on professional internal auditing standards issued by the Global Institute of Internal Auditors, as well as sector specific codes such as the Public Sector Internal Audit Standards.

Our methodology and work has been subject to review as part of our internal Quality Assurance Reviews undertaken by our Standards and Risk Management team as well as external scrutiny by the likes of external auditors, as well as other regulatory bodies. No adverse comments have been raised around our compliance with professional standards or our work not being able to be relied upon.

## Appendix A1 - Audit Opinions and Recommendations 2015/16

Auditable Area	Report Status	Assurance Opinion		Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Northamptonshire Only							
Risk Management	Final	Force - Limited	OPCC – Limited	2	3	6	11
Procurement	Final	Local - Satisfactory	EMSCU – Limited	2	6	1	9
Core Financials <sup>1</sup>	Final			3	5	3	11
- General Ledger		Satisfactory					
- Cash & Bank		Significant					
- Creditors		Limited					
- Debtors		Satisfactory					
- Payroll		Limited					
Change Programme	Final	N/A		-	-	-	-
Specials Governance	Final	Satisfactory		-	2	-	2
Detained Cash	Final	Limited		1	5	2	8
Specials Programme – Advertising & Marketing Expenditure	Final	N/A		-	-	-	-
<b>Northamptonshire Total</b>		<b>Total</b>		<b>8</b>	<b>21</b>	<b>12</b>	<b>41</b>

<sup>1</sup> Core Financials – whilst one report was issued which provided an overall limited assurance opinion, individual opinions were provided for each area of the audit. It should be noted that much of the work was carried out within the Multi-Force Shared Service (MFSS), with a number of the recommendations relating to processes within the MFSS.

Auditable Area	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Collaboration						
Forensics	Final	Satisfactory	-	3	2	5
Officers in Kind	Draft	Significant	-	-	3	3
PCC Board Governance	Draft	N/A	-	3	4	7
Covert Payments	Draft	N/A	-	2	1	3
<b>Collaboration Total</b>			<b>-</b>	<b>8</b>	<b>10</b>	<b>18</b>

## Appendix A2 - Audit Projects with Limited and Nil Assurance 2015/16

Project	Grading	Summary of Key Findings
Risk Management	Limited	<p>We raised two priority 1 recommendations, three priority 2 recommendations and six priority 3 recommendations where we believe there is scope for improvement within the control environment. The priority 1 recommendations are set out below:</p> <ul style="list-style-type: none"> <li>• Service level risk registers should be in place across all services at the Force and should include comprehensive details of all key risks to the departments. (Force)</li> <li>• The OPCC should seek to ensure that there is an appropriate source of assurance in respect of the management of risks relating to the Transformation Programme. (OPCC)</li> </ul>
Procurement	Limited	<p>Our audit opinion was split between the control environment within the shared East Midlands Strategic Commercial Unit (EMSCU), who a responsible for procurement above £25k, and that which are the responsibility of Northamptonshire Police at a local level. Responsibility for the recommendations raised were divided into EMSCU and local level action managers.</p> <p>We raised two priority 1 recommendations, six priority 2 recommendations and one priority 3 recommendation where we believe there is scope for improvement within the control environment. The priority 1 recommendations are set out below:</p> <ul style="list-style-type: none"> <li>• All purchases greater than £25,000 should be approved in line with the delegated scheme of approval limits contained within the Force Financial Regulations. (EMSCU responsibility)</li> <li>• Contracts should be in place for all purchases over £25,000 and these should be signed by all parties prior to the commencement of the contract. (EMSCU responsibility)</li> </ul>
Core Financial Systems	Limited	<p>Whilst one report was issued, the audit covered a number of specific areas – General Ledger, Cash &amp; Bank, Creditors, Debtors and Payroll. A limited assurance opinion was given in respect of Creditors and Payroll, although it should be noted that part of the opinion reflects the control environment outside of local control, for example, within the Multi-Force Shared Service (MFSS).</p> <p>We raised three priority 1 recommendations, five priority 2 recommendations and three priority 3 recommendations where we believe there is scope for improvement within the control environment. The</p>

		<p>priority 1 recommendations are set out below:</p> <ul style="list-style-type: none"> <li>• Segregation of duties should be introduced into the process for creating or amending supplier details within Oracle.</li> </ul> <p>In addition, new suppliers should only be set up upon receipt of an approved new supplier form and this should include key details that then can be verified by MFSS, for example identification of directors of the company, so the reputation and current financial status of the company can be verified.</p> <p>Consideration should be given to reviewing a sample of new suppliers set up since the implementation of MFSS processes to ensure appropriate checks have been made.</p> <ul style="list-style-type: none"> <li>• The Purchasing Process and controls/ access within Oracle system should be reviewed to ensure that at least two members of staff are involved in the ordering, receipt and payment approval process for goods and services which exceed the value of £250.</li> <li>• Northamptonshire Police Scheme of Delegation should be reviewed and updated to ensure that authorised spending limits (if considered appropriate) embedded within the Oracle system are reflected in the Force Financial Regulations and Scheme of Delegation.</li> </ul> <p>The updated documents should then be reissued across the Force and OPCC to ensure current regulations are available to all staff.</p>
<p>Detained Cash</p>	<p>Limited</p>	<p>We raised one priority 1 recommendation, five priority 2 recommendations and two priority 3 recommendations where we believe there is scope for improvement within the control environment. The priority 1 recommendation was in respect of the following:</p> <ul style="list-style-type: none"> <li>• Keys to the rooms containing safes that are holding cash and keys to the safes should be securely stored at all times.</li> </ul>

### Appendix A3 – Definition of Assurances and

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
<b>Significant Assurance:</b>	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
<b>Satisfactory Assurance:</b>	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
<b>Limited Assurance:</b>	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
<b>No Assurance</b>	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

### Priorities

Definitions of Recommendations	
Priority	Description
<b>Priority 1 (Fundamental)</b>	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
<b>Priority 2 (Significant)</b>	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
<b>Priority 3 (Housekeeping)</b>	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

## Appendix A4 - Contact Details

### Contact Details

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Brian Welch	07780 970200 <a href="mailto:Brian.Welch@Mazars.co.uk">Brian.Welch@Mazars.co.uk</a>

## Appendix A5 - Statement of Responsibility

### **Status of our reports**

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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
Commissioning – 8.14/15	26 May 2015	Amber	0	2	1
Follow up – 9.14/15 - Draft	12 May 2015	Not graded			
Governance – 10.14/15	20 March 2015	Green	0	1	2
Human Resources – Workforce Strategy – 11.14/15	27 May 2015	Amber/Green	0	3	2
IT Licenses					
Volunteers – Strategy, recruitment and training					
Collaboration – Efficiency Savings Plans					

## DETAILS OF RECOMMENDATIONS FROM EACH AUDIT

### Key to Status



Action complete



Action ongoing



Action outstanding and past its agreed implementation date

**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 – No recommendations for Force**

**Risk Management – 4.14/15 – Outstanding recommendation carried forward to 2015/16 audit**

**Estates Strategy / Management – 5.14/15 - All recommendations complete**

**Force Control Room Business Continuity – 6.14/15**

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	ORIGINAL IMPLEMENTATION DATE	MANAGEMENT COMMENT	REVISED IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
3.2	<p>A business impact analysis should be undertaken to determine recovery priorities and required resources and timeframes to recover business operations following a disruption.</p> <p>The BCP and backup arrangements should be reviewed upon completion of the business impact analysis to ensure recovery arrangements meet business objectives.</p>	Medium	Y	28 February 2015	<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 business impact analysis with him.</p> <p>Update – The BIA analysis is scheduled to be complete by the end of w/c 31 Aug 15. BCP's will be reviewed once the BIA analysis is complete</p> <p>Update – The FCR Business Continuity Plan has been updated and is due to be published in June 2016. The BIA is due to be re-assessed in June 2016.</p>	Ongoing	Steve Herbert	
3.5	<p>Upon completion of the Business Impact analysis exercise:</p> <p>The Force Control Room Business Continuity Plan should be reviewed for compatibility and alignment with the IT</p>	Medium	Y	28 February 2015	<p>Compatibility and alignment with the IT disaster Recovery Plan will be considered prior to acceptance.</p> <p>Update – This is dependent on completion of the BIA analysis</p>	Ongoing	Steve Herbert	

	Disaster Recovery Plan.							
3.6	The Force should define a testing strategy and a future schedule for periodic testing of the FCR Business Continuity Plan.	Medium	Y	28 February 2015	<p>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.</p> <p>Update - Testing has been delayed somewhat due to work on technical equipment at Campbell Square. Back up servers for Aspect UIP have been rigorously tested in the current FCR due to system problems. Silver 3 has been tested for Dispatch during May. Dark Site reality testing should now be in a position to commence during the summer. The BCP plan has been placed into operation within the FCR environment due to technical problems on 3 occasions. On all occasions it has stood up to requirements and feedback has been positive. Feedback has been co-ordinated by SH and the next version will be completed after testing of all facilities is complete. The timescale on this is currently October 2015. Continuing checks are made on a BI-Monthly basis by the FCR and ISD staff to ensure dark sites are fit for purpose. All equipment at the FCR is tested for functionality monthly. This is recorded.</p> <p>Update - Thorough testing of the DR site at Campbell Square has been undertaken with the site operating independently for two hours and then as a joint site for a further ten hours. Some minor technical points have been passed to ISD for resolution but they are not critical. The FCR is confident that the site functions adequately as a fall back site and could be used immediately should the need arise. Further testing is planned to increase staff familiarisation.</p> <p>The Dispatch DR site at Wellingborough has</p>	October 2015	Steve Herbert	

					<p>been tested again and some minor technical issues reported to ISD. The site is functional but there are ongoing issues because of the conflict between this site being a day to day operational LRO site and also the DR site which has resulted in some equipment being moved. Additional equipment is being provided in the contingency boxes to mitigate this issue.</p> <p>The FCR Business Continuity Plan has been updated and is due to be published in June 2016.</p>			
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### Key Financial Controls – 7.14/15

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	ORIGINAL IMPLEMENTATION DATE	MANAGEMENT COMMENT	REVISED IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
5.1	<p><b>Restated recommendation 2013/14</b></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>	Medium	Yes accept a process is required	2016/17	Unlikely to be implemented in the next 12 months.		Nick Alexander	

### Commissioning – 8.14/15 - No recommendations for Force

### Follow Up – 9.14/15

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	ORIGINAL IMPLEMENTATION DATE	MANAGEMENT COMMENT	REVISED IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
2.2	<b>Business Continuity [4.13/14]</b>							
3.3	<b>Original Recommendation</b>	Medium	Y	TBC	<p><b>Original Comment</b></p> <p>As the report states an NCALT training package</p>	Ongoing	Richard Baldwin	

	<p>A communication programme should be designed to ensure that all employees understand the Business Continuity Management Policy, business continuity priorities and what their individual responsibilities are in respect of business continuity management.</p> <p><b>Update</b></p> <p>We were informed by the Force Risk and Business Continuity Advisor, that no further progress had been made regarding this recommendation, pending roll out of the NCALT training package.</p> <p><b>This recommendation had not been implemented and has been carried forwards for further review.</b></p>				<p>for all employees is being developed as part of the national BC strategy and is expected to be delivered in 2014.</p> <p>Once this has been delivered we can review the content to see if any further material is needed.</p> <p>Update – The training package being developed as part of the national strategy is still being outstanding. A national lead has been appointed to drive this forward.</p> <p>Update – Work by the national BC Forum to deliver a training package is ongoing.</p> <p>Update – A draft training package has been produced and circulated for feedback.</p>			
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**Governance – 10.14/15 – All recommendations complete**

**Workforce Strategy – 11.14/15 – All recommendations complete**

**JOINT INDEPENDENT AUDIT COMMITTEE**  
**20<sup>th</sup> June 2016**  
**OPCC - OUTSTANDING AUDIT RECOMMENDATIONS**

Agreed action on recommendations	Owner	Date	Priority	Comment	Status
<b>Specials Governance February 2016</b>					
<b>4.1</b> Clarification should be sought from the TB to ensure they are satisfied with the SMART goals included and that a measurable approach to reporting can be undertaken based on these goals going forward. If there is an appetite for a more quantifiable approach, the Programme plan should be reviewed and updated to ensure all objectives are SMART and supported by actions for achievement which are measurable to quality progress an outcomes.	KB	March 2016	2	Agreed and implemented	Closed
<b>4.2</b> Clarification should be sought from the TB in respect of their reporting requirements and to establish/ confirm if there is any interest in detailed data analysis in terms of recruitment and retention. Ideally, an easily transparent oversight should be provided to the TB alongside accessible pipeline profiles as per the initial recommendation. The management information should report on both the headcount number of	KB	March 2016	2	Agreed and implemented	Closed

specials and the number of hours worked with incorporation of targets and current position of Specials Engagement levels.					
<b>Change Management May 2016</b>					
<b>4.1</b> There is an opportunity to ensure there is a <i>dedicated section</i> on transformation in the Board Agenda, together with <i>effective</i> reporting on progress, issues and risks from the Transformation Board to ensure strategic focus and discussion.	PB	March 2016		Agreed – now included as a standing Agenda Item	Closed
<b>4.2</b> There is an opportunity to clarify how the Boards and SROs work in practice for <i>key decisions about transformation programmes</i> (e.g. using the established RACI model of decision rights).	PB	March 2016		Agreed – this will be established under the new PCC post May	Closed
<b>4.3</b> Key programme documents (i.e. Business Case, Programme Initiation Document, Programme Budget & Plan etc) being signed off by the Transformation Board. OPCC / Force to explore further and action as appropriate.	AF/JN	March 2016		Agreed. It is now accepted practice that all projects require business cases, PID's and budgets to be signed off prior to commencement, as well as having to pass through 3 "Stage Gate" processes	Closed
<b>4.4</b> We understand a number of programme stage gate reports and highlight reports will be presented to the next	AF/JN	March 2016		Agreed – see above	Closed

<p>Transformation Board meeting on 28 January 2016. It is important to ensure complete, accurate and timely <i>programme reporting</i> to make informed decisions at the Transformation Board plus recommendations to the Accountability Board. OPCC / Force to explore further and action as appropriate.</p>					
<p><b>4.5</b>          Whilst we recognise that a suite of programme management tools and templates has been developed and a number of staff members have attended MSP training, we heard that certain programme management roles can at times be filled with staff that do not necessarily have the right practical experience. It is important that programme teams are designed with reference to expected good practice and then roles filled with <i>appropriate capability (skills and experience)</i>. If a compromise is accepted, for whatever reason, it is important that appropriate compensating measures are put in place (e.g. training, support, monitoring).</p>	AF/JN/PB	March 2016		Agreed and accepted	Closed
<p><b>4.6</b>          In our meetings with OPCC and Force representatives we discussed the established 'Three Lines of Defence' or 'Three Sources of Assurance' model. At</p>	JN	June 2016		Agreed – OPCC to consider this as part of functional roles of the office post May	Ongoing



<p>high level and with examples in the context of programme assurance, the 1<sup>st</sup> line = programme management controls (i.e. controls executed by the SRO and programme team); the 2<sup>nd</sup> line = corporate controls (e.g. programme assurance provided by a source outside the programme team, reporting to the SRO and Programme Board); and the 3<sup>rd</sup> line is more external / independent (e.g. internal audit, reporting to top level governance layers). There appears to be an opportunity to <i>plug the gap at the 2<sup>nd</sup> line of defence</i> – in our meetings we discussed the use of a structured PM Scorecard for this. Internal Audit and others can then choose to place reliance on such if deemed appropriate.</p>					
<p><b>4.7</b>  In our meetings we discussed a number of examples of reprioritisation to respond to the changing external environment, in particular Police/Fire Integration and the Strategic Alliance. As stated under Governance above, it will be important going forward to clarify how the Boards and SROs work in practice for key decisions about transformation programmes, and how these will be documented / evidenced. This will include upfront and continued <i>business justification plus re</i></p>	<p>JN</p>	<p>June 2016</p>		<p>Agreed – OPCC to consider this as part of functional roles of the office post May</p>	<p>Ongoing</p>

<i>prioritisation</i> in response to changing internal and external factors.					
<b>Victims Code of Practice June 2016</b>					
<p><b>4.1</b> Officers should be reminded that all victims should be issued with written acknowledgement that they have reported a crime in line with their VCOP entitlements. This should include their crime reference number and the basic details of the offence. In addition, the Force should establish how these requirements can be met for telephone resolutions and explore the possibility of letters or email in these cases, with evidence maintained on the Niche system to support this acknowledgement has been provided.</p>	RS/PB	Dec 2016	2	<p>Further development of the booklet is required to meet diverse needs of service users and improve accessibility. There is a potential training requirement but the Niche Programme Team will support the business as necessary with reminder communications regarding minimum requirements for both officer deployed and FCR support to non-deployed scenarios. This will help ensure the written (email/text/post) update can be provided as required. A further comms campaign for the use of Track my Crime where appropriate will automatically track updates in Niche each time there is an update to the victim. The recording of the issuing of the booklet in Niche is a Yes or No field in the VCOP module. If No is selected, there isn't yet anything that confirms how this is going to be provided. This will be referred to the regional Niche Design Authority to consider how this can be improved.</p>	Ongoing
<p><b>4.4</b> Dedicated VCOP training should be rolled out to all officers to ensure they</p>	PB/RS	Dec 2016	2	Senior members of the Force and OPCC are attending a West Midlands Training	Ongoing

<p>are fully aware of victim's entitlements and Northamptonshire processes for ensuring these entitlements are met. Findings and recommendations as a result of the internal audit review should be considered in designing the training.</p>				<p>Event on 16 June 2016 on a training package covering the Victims' Code, with particular emphasis on the use of special measures and identifying and managing vulnerable victims – as well as how to record and monitor compliance with the Code.</p> <p>The Voice Family has undertaken awareness training about victim service provision to a new intake of call handlers within the FCR. A large scale Public Awareness Campaign is also planned commencing in September 2016.</p> <p>An interactive Victim and Witness Journey App is currently in development that will provide information about the criminal justice system, what they should expect of the criminal justice system (linking with expectations of criminal justice and other agencies within VCOP).</p> <p>A VCoP/Voice related training requirement should be considered and this could include a short input from Niche as to exactly how they record this correctly (which can be supported with an online captivate video demonstrating the correct process. Senior Niche Programme representatives will also be in attendance at the training event on 16 June to ensure</p>	
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				the system developments can support the strategy and training plans.	
<p><b>4.5</b></p> <p>Victims of crime should be signposted to the Force complaints procedure to enable them to make a complaint should they be dis-satisfied with the service they receive or if they feel their associated entitlements are not being met.</p> <p>This should define the appropriate route of complaint dependent on the progress of their journey (for example, Force, Voice and CPS).</p> <p>It is suggested that this be incorporated into the Information for Victims that should be provided to each victim of crime and, in addition, on the dedicated victims Northamptonshire Police web page.</p>	PB	Oct 2016	3	<p>The Voice website has detailed information at:  <a href="http://www.voicenorthants.org/contact-us/complaints-anddissatisfaction/">http://www.voicenorthants.org/contact-us/complaints-anddissatisfaction/</a>  to enable a formal complaint or an expression of dissatisfaction about the service received to be made.</p> <p>This Voice complaints procedure links to both the policies and procedures of Northamptonshire Police and Victim Support as the provider of Voice.</p> <p>The website also provides information on the complaints procedures for other services, notably CPS, HMCTS and Local Authority.</p>	Ongoing
<p><b>4.7</b></p> <p>Performance reporting should be developed to highlight areas of noncompliance with Victims Code of Practice, with oversight provided to the Victim &amp; Witness Service Improvement Board.</p> <p>This should consider the following areas:</p> <ul style="list-style-type: none"> <li>Compliance with VCOP in terms of completion of individual fields (current reports on overall</li> </ul>	RS/PB	Oct 2016	3	<p>A performance framework and dashboard has been developed and agreed.</p> <p>KPIs, including targets, relating to VCOP and Witness Charter compliance have been agreed between the Commissioner and Provider of Voice services – to be signed off at the next Contract Management meeting on 25 May 2016. Work to develop the performance mechanism and methodology is being</p>	Ongoing

<p>creation of the Victim &amp; Witness report but no confirmation of completion of individual fields within Niche to evidence entitlements have been met); and</p> <ul style="list-style-type: none"> <li>• Performance of Voice in terms of VCOP compliance and KPIs.</li> </ul>				<p>developed by the Provider for OPCC sign off (see 4.9).</p> <p>Compliance with VCOP and other performance KPIs will be managed through effective contract management arrangements rather than through a Board arrangement.</p> <p>This recommendation has been shared with the Corporate Performance Team to consider what developments can be made to improve the existing report and this can then be reviewed as part of the Victim and Witness Service Improvement Board going forward.</p>	
<p><b>4.8</b> A process should be introduced whereby the number of records transferred from the Niche system and subsequently created in the Victim Support CMS (and ADT) systems are reconciled to ensure referrals do not 'drop out' as part of the data transfer process. Victim Support and ASSIST Trauma Care should refine what information they require to be included on the initial referral data and this be communicated to the Niche Team (via the OPCC Head of Commissioning) to ensure complete information is received going forward to</p>	RS/PB	Oct 2016	2	<p>Data requirements, processes and Data Processing Agreements are being developed to ensure data quality and that the data transfer is undertaken in a safe and secure manner.</p> <p>Technical representatives of the Niche Programmes will work with Voice to ensure data is appropriately reconciled.</p>	Ongoing

<p>enable timely and appropriate support to be given to victims. This should include consideration of priority crime types which are not currently received by victim support.</p>					
<p><b>4.9</b> The dip sampling process being embedded by Voice should be enhanced to ensure the key entitlements of VCOP have been met In addition, the process should be supported by a documented methodology to include - frequency, required approach, sample selection/size, evidence of checks and action to be taken where issues have been identified.</p>	PB	Sept 2016	2	<p>The Provider is developing dip sampling methodology for the Case Management and Courts teams against VCOP and Witness Charter compliance.</p> <p>KPIs, including targets, have been agreed between the Commissioner and Provider including VCOP and Witness Charter compliance.</p> <p>The OPCC will sign off the methodology once it has been presented and compliance will thereafter be managed through internal service performance management and by the OPCC as part of its Contract Management regime.</p>	Ongoing
<p><b>4.10</b> Formal targets should be introduced to ensure that victims are referred to a support worker on a timely basis and to enable monitoring of this process to highlight where victims remain unsupported for a period of time outside of this target. Performance in this area should be included in the reporting mechanisms</p>	PB	Sept 2016	2	<p>As part of a contract review and variation, the Provider has committed to more than doubling the number of volunteers, who provide out-reach support to victims, within the lifetime of the contract.</p> <p>Following a needs assessment, where required, the victim is supported by a Support Worker within the Case</p>	

back to the OPCC.				<p>Management Team whilst the case is allocated to the most appropriate volunteer, or by the Support Worker themselves.</p> <p>The Voice operating model provides flexibility to meet changing demands, with members of the Introductions Team providing additional Case Management capacity and supporting victims.</p> <p>Although no current target has been set for the allocation from to Case Management and then to Volunteer/Case Worker in the community, it will be monitored as part of the Voice Performance Framework. KPI and target setting will be reviewed with the Provider in light of this audit.</p>	
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**KEY:**

**Audit Assurance**

None	Limited	Satisfactory	Significant
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**Priority**

1. Fundamental	2. Significant	3. Housekeeping
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**Owner**

KB Kathryn Buckle  
JN John Neilson  
PB Paul Bullen  
AF Andy Frost  
RS Rachel Swann

**Author:**

**Steve Dainty**

**END**





# **OFFICE OF NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER**

## **ANTI-FRAUD AND CORRUPTION POLICY**

**MAY 2015**

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<b>VERSION CONTROL</b>			
<b>Date</b>	<b>Version</b>	<b>Name</b>	<b>Changes</b>
<b>02/03/15</b>	<b>Draft</b>	<b>S Dainty</b>	<b>Policy created</b>

## 1. INTRODUCTION AND SCOPE

1.1 Fraud and corruption can have a severe impact on the operation, status and reputation of an organisation, particularly the Northamptonshire Office of the Police and Crime Commissioner (OPCC), and should be countered at every opportunity. There is untold damage that can be caused to our reputation by any of our employees being involved in fraud or corrupt practices, as it can be seen by our public as a diversion of public funds for personal gain.

1.2 The Police and Crime Commissioner is committed to a culture of honesty, integrity and propriety in the holding of public office and the use of public funds.

Fraud and Corruption are ever-present threats to our organisation. They undermine our ability to operate in a professional and cost effective way and may affect the way we utilise our finite resources.

1.3 In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the Commissioner by suppliers, contractors, the public or from within the Office of the Police and Crime Commissioner or Constabulary, the Commissioner is committed to an effective fraud and corruption policy based around the following:

- Honest culture
- Encourage prevention
- Promote detection and timely reporting
- Identify a clear pathway for investigation
- Training
- Provide support and guidance for staff that may be in financial difficulty. These staff members are most at risk of fraudulent or corrupt practices
- Record of OPCC Staff who have been subject of any County Court Judgements or who have been declared bankrupt for example.

1.4 The Commissioner's expectation on propriety and accountability is that the Commissioner and staff within the Office of the Police and Crime Commissioner at all levels will lead by example in ensuring adherence to relevant rules and standards, and that all procedures and practices are above reproach. To be explicit this policy applies to the Police and Crime Commissioner, the Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive.

1.5 The Commissioner also demands that individuals and organisations (e.g. partners, suppliers and contractors and service providers) it comes into contact with will act towards the organisation with integrity and without thought or actions involving fraud or corruption.

1.6 The OPCC has a range of interrelated policies and procedures that provide an effective deterrent to fraudulent activity and provide a means for reporting or detecting fraud or corruption. These have been formulated in line with the appropriate legislative requirements, and include:

- Financial Regulations
- Contract Procedure Rules
- Accounting procedures and records
- Sound Internal Control systems
- Effective Internal Audit
- Effective recruitment and selection procedures
- Disciplinary Procedure
- Confidential Reporting Policy

The Commissioner offers reassurance that any concerns will be treated in confidence and properly investigated without fear of reprisal or victimisation in line with the confidential reporting policy.

## 2. KEY LEGISLATION

### 2.1 Theft Act 1968

The basic definition of theft under the Act is that “a person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it; It is immaterial whether the appropriation is made with a view to gain, or is made for the thief’s own benefit”.

Those found guilty under the Act are liable for a fine or imprisonment, with a maximum custodial sentence of seven years.

### 2.2 Fraud Act 2006

The Act provides a statutory definition of the criminal offence of fraud, as classified under three main headings

- **Fraud by false representation** – dishonestly and knowingly making an untrue statement with the intention of making a gain or causing another to make a loss. This includes anything said, written or entered into a system or device.
- **Fraud by (wrongfully) failing to disclose information** – dishonestly failing to disclose information that should legally be disclosed with the intention of making a gain or causing another to make a loss; and
- **Fraud by abuse of position** – someone in a post in which they are expected to protect the interests of another dishonestly doing something or failing to do something with the intention of making a gain or causing another a loss.

Those found guilty under the Act are liable for a fine or imprisonment, with a maximum custodial sentence of ten years.

### 2.3 Bribery Act 2010

Corruption is defined as “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

The Act strengthens pre UK anti-bribery and corruption legislation and creates a new corporate offence which can be committed by organisations. If a person associated with the organisation is found guilty of bribery then the organisation is deemed guilty of an offence unless it can show it had adequate procedures in place to prevent bribery. Offering and requesting a bribe for financial or other advantage does not have to go direct to the person being influenced and there is no materiality threshold in the Act. Individual offences under the Act are as follows:

- Bribing another person;
- Receiving a bribe; and
- Bribery of foreign public officials.

Government guidelines lay down six principles that should govern procedures to prevent bribery being committed on the organisations behalf:

- Proportionality
- Top level commitment
- Risk assessment, including bribery risk assessments
- Due diligence
- Communication
- Monitoring and review

The corporate offence of failing to prevent bribery means that senior management may be held accountable. An organisation's only defence is to show it had adequate procedures in place. These include:

- Establishing policies which define acceptable behavioural limits
- Procedures to record all related events
- A means to obtain approval in uncertain cases
- Training and briefing for all staff

### 3. DEFINITIONS

3.1 For the purposes of this policy, Fraud and Corruption have been defined as follows:

- **Fraud:** The intentional distortion of financial statements or other records by persons internal or external to the organisation, which is carried out to conceal the misappropriation of assets or otherwise for gain. This may include: falsifying travel and subsistence claims, falsifying overtime or flexi claims, and obtaining employment through false qualifications.
- **Corruption:** The offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person. This may include: hospitality, computer misuse, pecuniary interests of the Police and Crime Commissioner, the Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive, and disposal of assets.

## **4. ANTI-FRAUD AND CORRUPTION POLICY**

### **4.1 The aim of the Policy**

The aim of the policy is to prevent fraud and corruption within the OPCC. The policy will assist individuals and their line managers in ensuring that their actions can withstand scrutiny. The overall aim is to maintain the reputation and integrity of the OPCC.

### **4.2 Responsibilities**

Senior officers and senior managers of the organisation are required to deal swiftly and firmly with those who defraud or who are corrupt. All members of the OPCC (including commercial partners on business for Northamptonshire OPCC) have a duty to report any suspected fraudulent or corrupt practice affecting the OPCC at the earliest opportunity. For guidelines on reporting irregularities see **Appendix 1**.

Members of outside bodies and members of the public are also encouraged to report any suspected fraudulent or corrupt behaviour. Individuals and organisations such as suppliers, contractors, service providers that the OPCC conducts business with, will act towards the OPCC with integrity and a total absence of fraudulent or corrupt practices.

The OPCC Chief Finance Officer has statutory duties and overall responsibility for the financial administration of the Force and PCC (s.151 of the Local Government Act 1972, s.112 of the Local Government Finance Act 1988 and the Financial Management Code of Practice issued under section 17 of the Police Reform and Social Responsibility Act 2011) and therefore must be informed of any initial report, giving rise to any suspected fraud or corruption.

In those cases where sufficient evidence is available, criminal and/or disciplinary action will be taken by the organisation. Civil recovery (including civil court action) of funds lost by fraud and corruption will be considered in all established cases.

Senior officers and senior managers of the organisation will ensure that effective procedures, practices and controls are in operation in their areas of responsibility to minimise the opportunities for fraud and corruption. The OPCC will demonstrate that it is creating a strong deterrent effect by publicising successful cases of fraud and corruption and any successful recovery of losses.



### **4.3 Motivators/Driving Force**

The prevention of Fraud and Corruption is an essential element in maintaining the reputation of the OPCC. The OPCC needs to ensure that through its policies and procedures, behaviours that affect the integrity and reputation of the OPCC, are highlighted and addressed appropriately.

The Bribery Act 2010 requires organisations to have in place adequate procedures to prevent bribery occurring.

### **4.4 General Principles of the Policy**

The policy aims to address corruption and fraud within the OPCC by compliance with The Bribery Act 2010. The policy also sets out a clear pathway for prevention, reporting and investigation of such issues.

### **4.5 Anti-Fraud and Corruption Policy**

The Commissioner's Anti-Fraud and Corruption Policy is based on a series of comprehensive and inter-related systems that provide a framework to counter fraudulent activity. These include:

- Culture
- Training
- Prevention
- Detection and investigation

These are documented in more detail in the following sections of this policy

There is also a high level of external scrutiny of organisational affairs by a variety of bodies including:

- The Police and Crime Panel
- Her Majesty's Inspector of Constabulary (HMIC)
- HM Revenue and Customs
- The Joint Independent Audit Committee
- External Audit
- Internal Audit
- National Audit Office
- Local Communities
- The Media

Application of this policy applies to, and the detection, prevention and reporting of fraud and corruption is the responsibility of, the Police and Crime Commissioner, Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive.

The Commissioner offers reassurance that any concerns will be treated in confidence and properly investigated without fear of reprisal or victimisation in line with the confidential reporting policy.

## 5. CULTURE

5.1 The Commissioner is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption.

5.2 There is an expectation and requirement that all individuals and organisations associated in any way with the Office of the Police and Crime Commissioner will act with integrity, and that staff of the Office at all levels will lead by example in these matters. They are positively encouraged to raise any concerns they may have as it is often the alertness of such individuals that enables detection to occur and the appropriate action to be taken against fraud or corruption. Concerns may be about something that:

- Is unlawful
- Is against the organisation's Scheme of Corporate Governance
- Falls below established standards or practices
- Results in waste or loss to the organisation
- Amounts to improper conduct.

5.3 The Commissioner's Chief Finance Officer is responsible for following up any allegation or suspicion of fraud or corruption received and will do so through clearly defined procedure. These procedures are designed to:

- Deal promptly with the matter
- Record all evidence received
- Ensure that evidence is sound and adequately supported
- Ensure security of all evidence collected
- Notify relevant bodies
- Implement internal disciplinary procedures where appropriate.

5.4 There may be circumstances where a person may prefer to contact an external agency through the following contacts:

- Audit Commission Fraud Line
- National Audit Office
- Internal Audit
- External Audit
- Public Concern at Work – independent charity offering free advice on fraud or other issues of malpractice
- Crimestoppers Integrity Line (Tel: 0800 111 4444)

If a person decides to take the matter outside the organisation, they should ensure that they **do not** disclose "Official" information.

5.5 The Public Interest Disclosure Act 1998 protects employees who report suspected fraud or corruption activities from any reprisals or detrimental treatment, as long as they meet the rules set out in the Act. Put simply, the rules for making a protected disclosure are:

- The information disclosed is made in good faith.
- The person making the disclosure must believe it to be substantially true.
- The person making the disclosure must not act maliciously or make false allegations.
- The person making the allegation must not be seeking any personal gain

Under the Act, the designated officer required to receive disclosures is the Chief Executive and Monitoring Officer.

5.6 Members of the public are also encouraged to report concerns through any of the avenues referred to in paragraph 5.4 of this policy.

5.7 Allegations/concerns can be made anonymously; however, it should be noted that such cases can be more difficult to investigate. The likelihood of action will depend on:

- The seriousness of issues raised
- Credibility of the concern
- Likelihood of confirming the allegation from attributable sources.

5.8 The Commissioner can be expected to deal swiftly, thoroughly and robustly with any person(s) who attempts to defraud the organisation or who are corrupt.

5.9 Guidelines for reporting irregularities are detailed in **Appendix 1**

## **6. TRAINING**

- 6.1 The Commissioner recognises that the continuing success of this Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and the responsiveness of the Police and Crime Commissioner, Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive.
- 6.2 To facilitate this, the Commissioner supports the concept of induction and training, particularly for staff involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
- 6.3 The possibility of disciplinary action against staff that wilfully ignore such training and guidance is made clear.

## 7. PREVENTION

- 7.1 The Commissioner is alert to the possibility that they or the Office of the Police and Crime Commissioner may become the subject of an attempt to involve them in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained. Any act of money laundering must be reported to the Commissioner's Chief Finance Officer.
- 7.2 Money laundering is defined as the process of transforming the proceeds of crime into ostensibly legitimate money or other assets.
- 7.3 Under the Bribery Act 2010 there are a range of issues and offences for organisations to consider including a duty for organisations to put procedures in place to prevent persons associated with them from participating in bribery. The Commissioner will ensure that adequate procedures exist to comply with the requirements of the Act.
- 7.4 The Nolan Committee set out the seven guiding principles that apply to people who serve the public (**Appendix 2**). The Commissioner will seek to develop their working behaviour around these principles and has sworn an oath of office and agreed to adhere to a code of conduct.
- 7.5 The Specified Information Order 2011 requires the Commissioner and Deputy Commissioner to register any paid employment or other financial interests. All such declarations will be recorded in a public Register maintained by the Chief Executive and made available to the public on request.
- 7.6 Similarly, the Police and Crime Commissioner, Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive are also required by the order to declare in a public register any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the organisation. The Register will be held by the Chief Executive and made available to the public on request.
- 7.7 Staff of the Office of the Police and Crime Commissioner are expected to follow the Code of Conduct for staff and any Code of Conduct related to their personal professional qualifications.
- 7.8 It is recognised that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to

establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made. In this regard temporary and contract staff should be treated in the same manner as permanent staff. Vetting and security clearance are therefore a prerequisite to an appointment.

7.9 Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the organisation's financial systems is independently monitored by both Internal and External Audit. Senior management places great weight on acting on audit recommendations.

7.10 Arrangements are in place to continue to develop and encourage the exchange of information between the Office of the Police and Crime Commissioner, and relevant police forces and other agencies on national and local fraud and corruption activity.

7.11 The Commissioner will assess the possibility of fraud within their risk management processes. This will include consideration of the following:

- Three key fraud risk factors (opportunity, motive and rationalisation)
- Likelihood, significance and pervasiveness of fraud risks
- The risk of management over-ride of control
- Mitigating programmes and controls to each identified fraud risk.

7.12 Fraud Risk Indicators: The following are warning signs that fraud/corrupt practices may be occurring:

- Employees under stress without a high workload
- Always working late or arriving early
- Reluctance to take leave
- Refusal of promotion
- Unexplained wealth
- Sudden change in demeanour or lifestyle
- Cosy relationship with suppliers/contractors
- Suppliers/contractors requesting to deal with one particular staff member
- Improper use/access of computer records

## 8. DETECTION AND INVESTIGATION

8.1 The arrays of preventative systems, particularly internal control systems within the organisation, have been designed to provide indicators of any fraudulent activity, although generally they are designed to be sufficient in themselves to deter fraud.

8.2 It is the responsibility of management to prevent and detect fraud and corruption. However, it is often the alertness of staff and the public that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.

Despite the best efforts of managers, supervisors and auditors, many frauds are often discovered by chance or 'tip-off' and it is important that the Commissioner has arrangements in place to enable such information to be properly dealt with.

8.3 Depending on the nature and anticipated extent of the allegations, the provider of the organisation's Internal Audit function will normally work closely with the management and the investigating agency to ensure that all allegations, suspicions and evidence are properly investigated and reported upon.

8.4 The relevant misconduct/disciplinary procedures concerning the suspected individual will be initiated where the outcome of the Audit Investigation indicates improper behaviour. In addition, civil legal action may be taken for the recovery of money or property misappropriated from the organisation.

8.5 All managers and supervisors should ensure that controls are in place to prevent and detect fraud and error. There is a need to be aware of the possibility of fraud when reviewing or presented with, for example, claims, forms, and documentation. Issues that may give rise to suspicions or allegations are:

- Documents that have been altered, use of correction fluid, or different pens and different handwriting.
- Claims that cannot be checked, particularly if prior authorisation was not given.
- Confused, illegible, text and missing details.
- Delays in documentation completion or submission.
- Lack of vouchers or receipts to support claims.



## 9. CONCLUSION

- 9.1 The Commissioner will sustain a clear network of systems and procedures to assist in maintaining high standards of conduct. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 9.2 To this end, the Commissioner maintains a continuous overview of such arrangements through, in particular, their Chief Finance Officer and Chief Executive, through the Scheme of Corporate Governance, Codes of Conduct and Accounting Instructions, and via Internal and External Audit arrangements.
- 9.3 This Policy Statement will be subject to review to reflect any amendments to the Scheme of Corporate Governance, or changes in legislation and working practices. This review will be at least annually and be conducted by the Director for Resources, Governance and Transformation.
- 9.4 The Chief Finance Officer has overall responsibility for the proper application of the policy and is responsible for deciding, in respect of all disclosures, whether there will be formal investigation, what form it will take and who will carry it out, though they may consult, at their discretion, other officers as appropriate.
- 9.5 This policy document is for general guidance only. If you need further advice on the application of this policy please use the following contact addresses:

**By Mail:** Chief Finance Officer,  
Northamptonshire Office of the Police and Crime Commissioner,  
West Wing,  
Force HQ,  
Wootton Hall,  
Northampton.  
NN4 0JQ

**By Phone:** 03000 111 222

**By E-mail:** [Commissioner@northantspcc.pnn.police.uk](mailto:Commissioner@northantspcc.pnn.police.uk)

9.6 Independent advice on “whistleblowing” can also be obtained from the charity Public Concern at Work, whose contact details are:

**By Mail:** Public Concern at Work  
3<sup>rd</sup> Floor  
Bank Chambers  
6-10 Borough High Street  
London  
SE1 9QC

**Helpline:** 020 7404 6609

**By E-mail:** [whistle@pcaw.org.uk](mailto:whistle@pcaw.org.uk)

March 2015

## **A1 GUIDELINES FOR REPORTING IRREGULARITIES**

A1.1 Suspected fraud or corruption alleged to have been committed by an OPCC officer or a contractor should be immediately reported to the OPCC Chief Finance Officer or, in the case of an allegation being made about the Chief Finance Officer or in his/her absence, to the OPCC Chief Executive.

A1.2 Attention is drawn to the information contained within the 'Culture' section of the policy document, which identifies potential avenues of bringing suspected wrong-doing to the attention of others. Individuals intending to report irregularities should normally give consideration to the following issues:

- Do not approach, interview or accuse anyone suspected of being involved.
- Assemble all the facts and documentation available from the sources immediately to hand.
- If the information has come from a member of the public by telephone, then information notified should be written down, date and time noted, and the name and address of the supplier of the information recorded, and if they are willing to make it available.
- Prepare a briefing note of the circumstances.
- Do not make further enquiries without authorisation.

## **A2 HOW THE PCC WILL RESPOND**

A2.1 In instances where an allegation of fraud or corruption is made the action taken by the organisation will depend on the seriousness of the concern. The matters will:

- be investigated internally by an appropriate manager;
- be referred to the police force if there is evidence of a criminal offence;
- be referred to the External Auditor if there is evidence of financial impropriety; and
- form the subject of an independent external or internal enquiry.

A2.2 In order to protect individuals and the organisation, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns and allegations which fall within the scope of existing procedures will normally be referred for consideration under those procedures.

A2.3 Some concerns may be resolved by agreed action without the need for investigation.

A2.4 Within 10 working days of the concern being received, the PCC will respond by:

- acknowledging that the information has been received;
- indicating how it intends to deal with the matter;
- giving an estimate of how long it will take to provide a final response;
- telling the complainant whether any initial enquiries have been made; and
- letting complainants know whether further investigation will take place and if not, why not.

A2.5 If additional information is required from the complainant, they have the right to be accompanied by a professional association, trade union or a friend who is not involved in the area of work to which concern relates.

A2.6 The organisation will take steps to minimise any difficulties which complainants may experience as a result of raising a concern.

A2.7 Where there are no legal constraints and confidentiality issues, the complainant will receive information on the outcome of any investigation.

### THE SEVEN PRINCIPLES OF PUBLIC LIFE (NOLAN COMMITTEE)

The Committee on Standards in Public Life is an independent public body which advises government on ethical standards across the whole of public life in the UK (also known as the Nolan Committee). The Committee believes that 'Seven Principles of Public Life' should apply to all in the public service. The Commissioner will seek to develop working behaviour around these principles (see below). All such declarations will be recorded in a public Register maintained by the Chief Executive and made available to the public on request.

#### **Selflessness**

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

#### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of the official duties.

#### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

#### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

#### **Leadership**

Holders of public office should promote and support these principles by leadership and example.

The Police and Crime Commissioner, Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive are also required to declare in a public Register any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the organisation. The Register will be held by the Chief Executive and made available to the public on request.

Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the organisation's financial systems is independently monitored by both Internal and External Audit. Senior management places great weight on being responsive to audit recommendations.

Arrangements are in place to continue to develop and encourage the exchange of information between the PCC, police force and other agencies on national and local fraud and corruption activity in relation to PCCs.



## **NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER**

### **Report to the Joint Independent Audit Committee**

**20<sup>th</sup> June 2016**

### **Report of the Acting Chief Executive**

## **RISK MANAGEMENT**

### **RECOMMENDATIONS**

The Audit Committee is **RECOMMENDED** to note and comment on issues set out in this report.

\* \* \* \* \*

## **1 BACKGROUND**

- 1.1 Further to the meeting of the Committee in March 2016, members asked that further consideration be given to:
  - How risks are identified and escalated
  - Transformation Programme risks
  - Including all major risks, whatever the origin, on the corporate risk register.
- 1.2 Subsequently members and officers discussed these matters at an informal meeting in May. That discussion has informed this report.

## **2 Current approach**

- 2.1 The current approach to Risk Management in the OPCC starts from the view that risks are threats to achievement of success (objectives).
- 2.2 Risks are not simply expressed as the 'failure' to achieve objectives.
- 2.3 Objectives should have a plan to achieve them – monitoring of that plan is the business of performance management. So risks are threats to the successful delivery of such plans.
- 2.4 To date in the OPCC risks have been articulated as one of re two types:
  - Assumptions
  - Capability to deliver
- 2.6 Risks are managed by assigned managers and the control framework for such management is set out in the corporate assurance map.
- 2.7 As the OPCC is a small team we have not thus far developed RM beyond the corporate level.
- 2.8 We have articulated a Risk Appetite – see draft Policy December 2015. In principle Risk Management seeks to both anticipate risks and to manage risks. In theory the only risks that develop into issues should be those that are both unforeseen and unmanageable. In practice an organisation's risk appetite will guide it in terms of accepting risks that are foreseen and manageable.
- 2.9 When risk crystallise into issues then at that point both business continuity plans and recovery plans should be mobilised.
- 2.10 The report now addresses the point raised by members set out at paragraph 1, above.

## **3 How risks are identified and escalated**

- 3.1 As noted above, risks are threats to the achievement of objectives through the successful implementation of delivery plans.
- 3.2 Delivery plans may be highly structured and formal; (such as for large scale transformation programmes); or they may be relatively informal at individual manager level.
- 3.3 The OPCC Risk Register is currently high level both in terms of the risks and the management of those risks; and lower level risk registers do not currently exist.



- 3.4 By definition the corporate Risk Register is the highest level register, so there is no higher level to which risks can be escalated.
- 3.5 In principle 'red' risks from lower level risk registers can be escalated to higher level registers which are overseen by more senior managers.

#### **4 Transformation Programme risks**

- 4.1 The corporate Risk Register embraces risks originating in the Transformation programme.
- 4.2 Such programmes are developed and ultimately mobilised through a 'stage gate' process. Stage Gate 3 is the final delivery plans stage, and each programme is required to have a risk register that is maintained and reported upon to the relevant programme Board throughout the delivery phase. The Transformation Board oversees all such programmes and it in turn makes regular reports to the Accountability Board.
- 4.3 It would be feasible to add an appendix to the OPCC Risk Register setting out 'red' risks from each programme risk register.

#### **5 Including all major risks, whatever the origin, on the corporate risk register.**

- 5.1 This will be explored. It will require a detailed review of risks subsumed in the corporate Risk Register to draw out individual risks.

#### **6 Conclusion**

- 6.1 A revised Risk Register incorporating the changes outlined above will be brought to the September meeting of the committee. In due course the OPCC will also seek to embed risk management across the organisation.

**JOHN NEILSON**  
**Acting Chief Executive**

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**Author:** John Neilson

**Background Papers:** None

**END**



## AGENDA ITEM 20

### NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE CONSTABULARY

#### JOINT INDEPENDENT AUDIT COMMITTEE

20 JUNE 2016

<b>REPORT BY</b>	Chair of the Joint Independent Audit Committee
<b>SUBJECT</b>	Annual Report 2015-16
<b>RECOMMENDATION</b>	To approve the report and to submit it to the Police and Crime Commissioner, Chief Constable and Police and Crime Panel

### 1. Purpose of report

This report fulfils three purposes:

- a) A review of the Committee's terms of reference;
- b) A self assessment by the Committee's members
- c) An annual report, as required by the terms of reference, for inclusion in the Annual Accounts

### 2. Role of the Committee

This is the third annual report of the Joint Independent Audit Committee (JIAC) created under the Home Office Financial Code of Practice for Police Services.

The purpose of the Committee is:

*'To support the Police and Crime Commissioner and the Chief Constable to discharge their responsibilities by providing independent assurance on the adequacy of their corporate governance, risk management arrangements and the associated control environments, treasury management and the integrity of financial statements and reporting.'*

The full responsibilities of the JIAC are contained in its terms of reference.

This audit committee became operational in November 2012.

### 3. Committee membership

Membership of the Committee during the financial year, which has not changed, was:

<b>Name</b>	<b>Appointment</b>	<b>Qualifications</b>
John Beckerleg (Chair)	Appointed 1 October 2014	MA, CIPFA, MBA, SSA
Tony Knivett	Appointed December 2013	CQSW
Martin Pettitt	Appointed December 2013	CIPFA
Gill Scoular	Appointed 1 December 2014	CIPFA

The OPCC has begun a recruitment process to identify potential new members for the Committee.

#### **4. Committee's Terms of Reference**

The Committee has established terms of reference derived from the CIPFA best practice model. The Committee is required to review its terms of reference annually and the latest terms of reference are attached as Appendix 1.

At the previous discussion on these terms of reference, during the meeting of the Committee on 24 June 2015, it was agreed that explicit reference to the Committee's role in relation to collaboration should be added to the terms of reference. This addition is shown in italics in paragraph A(c).

The JIAC covers two organisations: the Police and Crime Commissioner and the Force. This has tended to produce long agendas and so, to make more effective use of officers' time, consideration is being given to reshaping the sequencing of the agenda to distinguish between Force and OPCC items.

No other changes in the terms of reference are proposed this year.

#### **5. How the Committee discharges its responsibilities**

The Committee's terms of reference drive the work programme and there is a well established approach to agenda planning.

The Committee held 4 formal meetings in the year. The meetings were open to the public although no-one has taken up this opportunity. Only a small minority of items were considered in private and the number of items has been reducing over the year. Attendance at meetings was as follows:

<b>Name</b>	<b>Attendance / Possible attendance</b>
John Beckerleg (Chair)	4/4
Tony Knivett	4/4
Martin Pettit	3/4
Gill Scoular	2/4

The Committee's meetings have been generally well supported by officers from both the Force and OPCC. In addition representatives of the Internal Auditor and the External Auditor attended the meetings.

To enable the Committee members to be effective, they need to understand the plans, priorities, programmes and issues facing the Force and OPCC. The established and beneficial programme of workshops has continued in 2015-16 which

has allowed officers to brief the Committee members on a range of topics. Areas covered have included:

- The Force change programme;
- The emerging estates strategy and plans regarding disposal of the Force Headquarters;
- Collaborations;
- A potential strategic alliance;
- Risk management, risk register and assurance mapping; and
- Governance reviews.

## **6. Assessment of the Audit Committee's performance against its plan and terms of reference**

The Committee is keen to be effective and in particular make a positive and constructive contribution to the work of the Force / OPCC and the achievement of their strategic priorities. The Committee has made progress in specific areas such as: understanding and testing the existing collaborations; contributing to the change programmes (where a member of the committee has attended the change boards); and a review of governance documents.

The Committee has undertaken its responsibilities as set out within the agreed terms of reference including consideration of the:

- Assurance framework and the operation of risk management;
- Treasury Management policy and ongoing monitoring;
- 2014/15 Accounts, the Annual Governance statements (including follow up) and the External Auditor's report; and
- Internal Audit Plan 2016/17, specific internal audit reports (recommendations and follow up) and the internal auditor's Annual Report for 2014/15.

Assurance work is ongoing, particularly in the areas of:

- Estates strategy and capital programme
- Overall risk management
- Demonstrating the effectiveness of collaborations and partnerships
- Supporting the emerging strategic alliance
- Demonstrating value for money

The Committee has begun to consider how best to discharge its responsibility in respect of counter-fraud.

In the previous Annual Report the Committee set out its aims and objectives for 2015/16. These are described in Appendix 2. In a number of areas (such as understanding of collaboration, communications about current issues) performance has improved and this provides a better platform for the Committee's work. But some aspects require further work before the Committee will conclude that it is as effective as it could be.

## **7. Identification of key issues**

During 2016/17 the Committee considered a range of topics and issues. Some of the key ones were:

Statutory officers – there was a degree of confusion about the Force’s statutory finance office which the Committee highlighted. This was promptly resolved.

Annual Accounts 2015/16 – completion of the closure of the Annual Accounts was not satisfactory and final approval for the two organisations was very late; final approval was not achieved until March 2016 against a legal deadline of 30 September 2015. This meant that the accounts were identified nationally as overdue. Additional staff have been recruited for the 2015/16 closure of accounts and it is hoped that the problems do not reoccur.

Value for money – The JIAC is responsible for considering VFM arrangements. These can take many forms: for example, within resource planning, as part of programme management, everyday decision making. The Committee has been seeking to confirm the arrangements for value for money including using the conclusion of HMIC, internal audit and external audit. However only limited progress has been made in this area and identifying the evidence of VFM is an aim carried forward into 2016/17.

Collaboration – there are many examples of collaborative working between forces involving Northamptonshire. The JIAC has sought information about the collaborations and has gained assurance from the legal agreements that exist and the self-assessments undertaken using a framework devised by Baker Tilley. The next step is to validate the effectiveness of these arrangements, possibly by more in depth studies of one or two selected collaborations. Having a solid framework will be increasingly important if the developing strategic alliance, likely to involve greater collaborations, is agreed.

Risk management – The risk management processes are well established and the risk registers for the two organisations are regularly monitored (including by the JIAC). However there is further work to be completed to ensure that the risks reported cover all aspects of the two organisations (for example, programme risks as well as corporate risks). Related work on the assurance maps will continue to be developed and possibly involve exploring in depth one or two discrete areas to examine the way in which the ‘three lines of defence’ operate in practice.

Transformation programmes – Partly driven by ongoing austerity, the two organisations have embarked on ambitious change programmes in accordance with the Police and Crime Plan. There have been a number of successes including new IT systems (Niche) and the recruitment of Specials. The programme of change is ongoing and the governance has had to evolve to encompass other changes.

Estates programme - The Committee was briefed about the developing estates programme. This is not comprehensive but now includes some significant building projects. In addition the JAIC was briefed and consulted on proposals surrounding the Force headquarters and the possibility of decanting from this site in order that it could be sold. The Committee responded formally to this consultation and was broadly in support a securing a Police estate that was fit for the purpose. However the Committee also had concerns about the governance underpinning the decision making (including the speed with which a decision was being made and the extent to which all options had been examined) and its response sought a greater exploration

of the options and assurance that those involved in making the decision had sought appropriate legal, financial and property advice.

## **8. Key issues highlighted to the Commissioner and Chief Constable**

The Committee has continued to provide feedback from its meetings to the Chief Constable and the Police and Crime Commissioner. This takes the form of points raised under three headings: 'Alert, Advise, and Assure'.

Topics covered have included:

Alert	Closure of Accounts Treasury management Collaborations
Advise	Work undertaken in Committee workshops including the strategic alliance, force change programmes and governance review Estates strategy
Assure	Statutory Finance officers Risk registers and assurance maps Financial monitoring

## **9. Assessment of Internal Audit**

Baker Tilly provided the internal audit service until 31 March 2015. They were replaced by Mazars for three years with effect from 1 April 2015 following a competitive tendering process involving neighbouring Counties. The procurement was delayed beyond the start of the financial year and so agreeing the internal audit plan and commencing the audit programme was also delayed. The Auditors have worked to complete the years' planned audit by 31 March 2016.

The internal audit plan for 2015/16 was approved by the Joint Independent Audit Committee in June 2015, and the Committee recommended the Commissioner and the Chief Constable to sign off the plan. Although some audits were not fully complete at 31 March 2016, it is expected that all of the other audits will have been completed by May 2016.

Mazars have included performance monitoring information in their regular reports to the Committee and the JIAC will keep these under review.

The Force and OPCC have generally accepted the recommendations made in the internal audit reports (or explained why a particular recommendation has not been accepted). Managers have progressed the agreed actions in most cases to the agreed timescale and the Committee continues to monitor progress until actions have been completed.

## **10. Assessment of External Audit**

The external auditor is KPMG.

The Auditor has provided an update on the work in relation to the 2014/15 accounts which eventually led to an unqualified report on the accounts. The External Auditor had to respond to poor quality and late information in relation to the closure of the 2014/15 accounts and has done this effectively (albeit at an additional cost to the organisations).

In addition the Auditor has presented the External Audit Plan for 2015/16.

The Committee is satisfied about the effectiveness of the external audit process and grateful for the help of the Auditor during a difficult closedown period.

## **11. Looking forward**

Appendix 3 sets out the draft Aims and Priorities for the Committee for 2016/17.

## **12. Conclusion**

The Committee has continued to develop its approach over the past 12 months. A number of key elements – communications, relationships, Committee members' understanding – have improved and provide a good basis for moving forward.

The JIAC will continue to undertake the responsibilities assigned to it in the agreed terms of reference and seek to ensure it make a constructive contribution to achieving the agreed priorities. It is important that the JIAC adds value to the organisations in discharging its responsibilities and so will continue to assess its own effectiveness. The ongoing work programme is set out in appendix 3.

Overall the Committee has obtained assurance in a number of areas such as Treasury management. In some aspects further work is needed to obtain a satisfactory assurance including the preparation of statutory accounts, collaborations and a more comprehensive estates programme. Finally there are elements where there is still considerable work to be undertaken to provide the Committee the necessary confidence including securing value for money.

Once again, the Committee wishes to record its appreciation for the support it has received from the Force and OPCC, as well as the internal and external auditors.

J Beckerleg  
Chair of Joint  
Independent Audit Committee

<b>EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS</b>	None
<b>HUMAN RESOURCES IMPLICATIONS</b>	None
<b>ENVIRONMENTAL IMPLICATIONS</b>	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	None
<b>Author:</b>	J Beckerleg – Chair of Joint Independent Audit Committee



**Joint Independent Audit Committee - Existing terms of reference**

**NORTHAMPTONSHIRE OFFICE OF THE POLICE AND CRIME COMMISSIONER  
and CHIEF CONSTABLE**

**JOINT INDEPENDENT AUDIT COMMITTEE**

**TERMS OF REFERENCE**

**1 Purpose**

To support the Police and Crime Commissioner and the Chief Constable to discharge their responsibilities by providing independent assurance on the adequacy of their corporate governance, risk management arrangements and the associated control environments and the integrity of financial statements and reporting.

**2 Membership**

- a) The Commissioner and Chief Constable jointly will appoint the Committee.
- b) The Committee shall consist of no fewer than four members.
- c) A quorum shall be two members.
- d) At least one member shall have a CCAB qualified accountant with recent and relevant financial experience
- e) The Commissioner and Chief Constable jointly will appoint the Chair of the Committee, following with the members of the Committee.
- f) The Chair shall normally be a CCAB qualified accountant, with recent and relevant financial experience.
- g) Members shall normally be appointed for a period of up to three years, extendable by no more than two additional three year periods, so long as members continue to be independent.
- h) In the absence of the Chair at any meeting of the Committee, the members attending the meeting will elect a Chair for the meeting.

### **3 Secretary of the Committee**

The Chief Executive of the Commission will nominate an officer from the Commissioner's Office to act as Secretary to the Committee.

Currently this is the Strategic Resources Manager.

### **4 Frequency of Meetings**

- a) Meetings shall be held at least four times each year, timed to align with the financial reporting cycle.
- b) Extra-ordinary meetings can held for specific purposes at the discretion of the Chair.
- c) External or internal auditors may request the Chair to call a meeting if they consider one is necessary.

### **5 Protocols for Meetings**

- a) Agenda and supporting papers will be circulated to members at least five working days prior to any meeting.
- b) Minutes shall be prepared and distributed to members of the Committee, regular attendees and the Commissioner and Chief Constable in draft, unapproved format within 10 working days of the meeting.
- c) All papers/minutes should be read prior to the meeting and the meeting will be conducted on this basis with papers being introduced concisely
- d) It is expected that all actions are reviewed prior to the meeting and updates provided even if individuals cannot attend the meeting.
- e) Standing Orders of the Commission and the Force as appropriate apply to formally established committees. As such, members of this Committee may requisition a meeting in writing in line with Standing Orders.
- f) The Chair of the Committee shall draw to the attention of the Commissioner and Chief Constable any issues that require disclosure or require executive action

## **g) QUESTIONS AND ADDRESSES BY THE PUBLIC**

### **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. Order of questions and address**

(a) Questions will be asked and addresses given in the order notice of them was received, except that the Chair of the Committee may group together similar questions or addresses.

(b) A list of questions and addresses of which notice has been given shall be circulated to members of the Committee at or before the meeting.

### **iii. 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. 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.

### **iv. 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.

### **v. 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.

## **6 Attendance at Meetings**

- a) The Committee may invite any person to attend its meetings.
- b) The Commissioner and Chief Constable shall be represented at each meeting of the Committee.
- c) The Commissioner's representation will normally comprise the Assistant Commissioners – Justice and Resources [respectively Monitoring Officer and statutory Chief Financial Officer] and/or their respective deputies;
- d) The Chief Constable shall normally be represented by the Deputy Chief Constable and the Chief Financial Officer of the Force, and / or deputy Chief Financial Officer.
- e) Internal and External auditors will normally attend each meeting of the Committee.
- f) There should be at least one meeting each year where the Committee meets the external and internal auditors without the Commissioner's and Chief Constable's officers being present.

This need not be the same meeting; and such meetings would usually take place after the normal Committee meeting has concluded.

## **7 Authority**

- a) The Committee is authorised by the Commissioner and the Chief Constable to:
  - investigate any activity within its terms of reference;
  - seek any information it requires from any employee;
  - obtain outside legal or other independent professional advice;
  - secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
  - undertake training of its new members as required.
- b) All employees are directed to co-operate with any request made by the Committee.
- c) The Committee may only make decisions within the remit set out in these Terms of Reference. The Committee has no authority to reverse decisions made by the Commissioner or Chief Constable. It has no authority to incur expenditure.

## **8 Duties**

The duties of the Committee shall be:

## **A Corporate Governance, Risk Management, Internal Control and the Regulatory Framework**

To support the PCC, Chief Constable and statutory officers in ensuring effective governance arrangements are in place and are functioning efficiently and effectively, across the whole of the Commission's and Force's activities, making any recommendations for improvement, to support the achievement of the organisations' objectives.

Specific annual activities of the Committee will include:

- a) Review of corporate governance arrangements against the 'Good Governance framework';
- b) Consideration of the framework of assurances to assess if it adequately reflects the Commission's and Force's priorities and risks;

*c) Consideration of the processes for assurances in relation to collaborations, partnerships and outsourced activities.*

~~e~~d) \_\_\_\_\_ Consideration of the processes for assurances that support the Annual Governance Statement;

~~e~~e) \_\_\_\_\_ Consideration of VFM arrangements and review of assurances;

~~e~~f) To review any issue referred to it by the statutory officers of the Commission and the Chief Constable and to make recommendations as appropriate;

~~f~~g) To monitor the effective development and operation of risk management and to make recommendations as appropriate;

~~g~~h) \_\_\_\_\_ To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies

~~h~~i) Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

## **B External Financial Reporting**

To scrutinise the draft statements of accounts and annual governance statements prior to approval by the Commissioner and Chief Constable and publication. The Committee will challenge where necessary the actions and judgements of management, and make any recommendations as appropriate, to ensure the integrity of the statements.

Particular attention should be paid to the following:

- Critical accounting policies and practices, and any changes in them;
- Decisions requiring a significant element of judgement;
- The extent to which the financial statements are affected by unusual transactions in the year and how they are disclosed;
- The clarity of disclosures;
- Significant adjustments resulting from the audit;
- Compliance with accounting standards;
- Compliance with other legal requirements

## **C Internal Audit**

The Committee shall monitor and review the internal audit function to ensure that it meets mandatory Internal Audit Standards and Public Sector Internal Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive of the Commission, the Commissioner and Chief Constable.

This will be achieved by:

- a) Overseeing the appointment of the internal auditors and making recommendations to the Commissioner and Chief Constable, who will make the respective appointments;
- b) Consideration of the internal audit strategy and annual plan, and making recommendations as appropriate;
- c) Consideration of the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over corporate governance arrangements, and make recommendations as appropriate;
- d) Consideration of summaries of internal audit reports, and Management's responses, and make recommendations as appropriate;
- e) Consideration of the management and performance of internal audit, and its cost, capacity and capability, in the context of the overall governance and risk management arrangements, and to make recommendations as appropriate;

- f) Consideration of a report from internal audit on agreed recommendations not implemented within a reasonable timescale and make recommendations as appropriate;
- g) Consideration of the effectiveness of the co-ordination between Internal and External Audit, to optimise the use of audit resources;
- h) Consideration of any issues of resignation or dismissal from the Internal Audit function.

## **D External Audit**

The Committee shall review and monitor External Audit's independence and objectivity and the effectiveness of the audit process.

This will be achieved by consideration of:

- a) the Commission's and Force's relationships with the external auditor;
- b) proposals made by the Audit Commission regarding the appointment, re-appointment and removal of the external auditor;
- c) the qualifications, expertise and resources, effectiveness and independence of the external auditor annually;
- d) the external auditor's annual plan, annual audit letter and relevant specific reports as agreed with the external auditor, and make recommendations as appropriate;
- e) the draft Management Representation letters before authorisation by the Commissioner and Chief Constable, giving particular consideration to non-standard issues;
- f) the effectiveness of the audit process;
- g) the effectiveness of relationships between internal and external audit other inspection agencies or relevant bodies;
- h) the Commissioner's and Chief Constable's policies on the engagement of the External Auditors to supply non-audit services, taking into account relevant ethical guidance and the Audit Commission's requirements.

## **E Other Assurance Functions**

The Committee shall review the findings of other significant assurance functions, both internal and external to the organisation.

## **F Counter Fraud**

The Committee shall satisfy itself:

- a) that the Commission and Force have adequate arrangements in place for detecting fraud and preventing bribery and corruption;
- b) that effective complaints and whistle blowing arrangements exist and proportionate and independent investigation arrangements are in place.

## **9 Reporting**

- a) The Chairman shall be entitled to meet with the Commissioner and Chief Constable prior to their approving the accounts each year;
- b) The Committee shall annually review its Terms of Reference and its own effectiveness and recommend any necessary changes to the Commissioner and Chief Constable;
- c) The Committee shall prepare a report on its role and responsibilities and the actions it has taken to discharge those responsibilities for inclusion in the annual accounts;
- d) Such a report shall specifically include:
  - A summary of the role of the Committee
  - The names and qualifications of all members of the Committee during the period
  - The number of Committee meetings and attendance by each member; and
  - The way the Committee has discharged its responsibilities
  - An assessment of the Committee's performance against its plan and terms of reference;
  - Identification of the key issues considered by the Committee and those highlighted to the Commissioner and Chief Constable
  - An assessment of Internal and external Audit
- e) If the Commissioner and / or the Chief Constable do not accept the Committee's recommendations regarding the appointment, re-appointment or removal of the external auditor the Committee shall include a statement regarding explaining its recommendation and the reasons why the Commissioner / Chief Constable has taken a different stance in its annual report



## **10 Standing Agenda Items**

The agenda for each meeting of the Committee shall normally include the following:

### **Procedural items:**

Apologies for absence  
Declaration of Interests  
Minutes of the last meeting  
Matters Arising Action Log  
Date, time and venue of next meeting

### **Business items:**

Progress Reports

- Internal Audit
- External Audit

Update on implementation of Audit Recommendations

Items for escalation to the Commissioner and / or Chief Constable

Agenda Plan for the next four meetings

## **11 Accountability**

The Committee is accountable to the Commissioner and Chief Constable.

\* \* \* \* \*

## The Joint Independent Audit Committee's – Aims and Objectives 2015/16

Aims and objectives	Comment
Continue to fulfil its accountabilities as set out in the agreed terms of reference, including communicating the role to a wider group of people and assessing possible steps to promote effective public reporting	<p>The Committee has fulfilled its responsibilities in accordance with the agreed terms of reference.</p> <p>The Committee has not significantly extended the awareness of people about the role of the Committee. To make some progress in this area this report will be shared with the Northamptonshire Police and Crime Panel.</p>
Exploring how the Committee is held to account by the Force and OPCC	<p>A summary of the key issues identified at each formal meeting is sent to the PCC and Chief Constable after each meeting. This provides the chance for them to explore and challenge the work of the Committee.</p> <p>This Annual Report provides information which allows the two organisations to assess the effectiveness of the Committee.</p> <p>The Chair has met the PCC and Chief Constable separately to report on the Committee's work and to allow the opportunity to comment on its approach / effectiveness.</p>
Further develop the approach to assurance mapping including examining the other potential sources of assurance (e.g. HMIC) and the extension to regional collaboration	<p>Work to develop the assurance map has continued, including sharing examples across 5 audit committees.</p> <p>The reporting of HMIC reviews and the follow up to recommendations has been developed during the year and should begin to provide more assurance in this area.</p> <p>There has been some work by the previous internal auditors to provide assurance in relation to a number of existing collaborations based on managers' self-assessment. This work need to be further developed in 2016/17.</p>
Planning to review the effectiveness of internal and external auditor	<p>The Committee has not yet formally reviewed the work of its internal and external auditors. This will be undertaken in 2016/17.</p> <p>The Committee has developed good working relationships with both auditors during the year.</p>
Seeking reports on the effectiveness of internal controls	<p>This has been discharged mainly via the reports of the Internal Auditor and follow up.</p>

Undertake and more detailed self assessment, including a skills audit, and make appropriate changes including possible training and development	A detailed self assessment including a skills audit was undertaken and reported to the Committee on 7 March 2016. This identified some areas where further training would be beneficial. Expanding the skills set of the Committee's members was also highlighted particularly during a period of extensive change.
Understand the role of the Audit Committee in a) anti-fraud approaches, b) ethics and c) appointment of new external auditors	<p>(a) There is a report on Counter Fraud planned for the Committee's meeting on 20 June 2016</p> <p>(b) It was agreed that 'Ethics' would not form part of the remit of the committee (On 24 June 2015) but would be handled separately. The Committee received information about the governance groups that meet to address this area.</p> <p>(c) The timing of the appointment of new, external auditors has slipped. Further discussion about the options for appointment including through the national agency, will take place.</p>
Pursue assurance in the areas of force collaboration	There has been considerable work undertaken in this area. The various collaborations have been identified and the underpinning agreements have been reviewed. The previous internal auditors provided an assurance template to assess each collaboration and the result of the self-assessments which have been undertaken were reported back to the Committee. There are some outstanding areas yet to be covered and also
Seeking involvement with partner audit committees	A meeting of the 5 chairs of Audit Committees across the East Midlands was held on 12 October 2016. This allowed a comparison of the Audit Committee arrangements to be undertaken but also began to identify areas of shared concern (e.g. collaborations).
Maintain an overview of the governance arrangements of the transformation programme	The governance arrangements of the change programme have been adapted during 2015/16. The Committee is greatly helped by the inclusion of one of its members in the main programme board driving the change.
Develop its work in terms of considering the VFM arrangements	This area has not progressed significantly in 2015/16. A framework based on the based on 8 principles set out in Annex B of the Home Office publication 'Financial Management Code of Practice for the Police Forces of England and Wales (October 2013) has been identified and a report is expected to the meeting of the Committee on 20 June 2016.



## The Joint Independent Audit Committee's – Draft Aims and Objectives 2016/17

<b>Aims and objectives</b>
Continue to fulfil its accountabilities as set out in the agreed terms of reference, including communicating the role to a wider group of people and assessing possible steps to promote effective public reporting. In part this may be by developing the link with the Police and Crime Panel.
Further develop the approach to assurance mapping including examining the other potential sources of assurance (e.g. HMIC) and the extension to regional collaboration. Further work will be undertaken to ensure all major risks (Corporate / programme / operational) are identified to the Committee.
Planning to review the effectiveness of internal and external auditor – brought forward from 2015/16.
Seeking reports on the effectiveness of internal controls. This will be discharged mainly from Internal Auditor reviews but may include reviews specifically instigated by the Committee.
Pursue assurance in the areas of force collaboration including ensuring all areas have been considered and, if appropriate, more detailed examination is undertaken in selected areas. It will also consider the potential impact of the strategic alliance if this is agreed.
Seeking involvement with partner audit committees – this will be further shaped during 2016/17.
Maintain an overview of the governance arrangements of the transformation programme. This will be done by regular reports to the Committee on the programme, involvement of a Committee member on the programme board and by shared discussions between Audit Committee chairs across the area of the potential strategic alliance.
Develop its work in terms of considering the VFM arrangements building initially on the xx. The aim is to be able evidence ways in which the OPCC and CC have considered value for money in the delivery of service to the public.
To keep the preparation and content of the Annual Accounts under review, not least to ensure the earlier reporting deadline in 2016/17 is met.


**OPCC  
Assurance Map**

Risk	Assurances			Level	Score
	First level	Second level	Third level		
1 PCCS are 'going concerns'	Staff supervisions and feedback	Chief Executive briefings	Government policy	Strong	5
2 Government agenda understood etc.	Staff supervisions and feedback	Chief Executive briefings	Government policy	Strong	6
3 Appropriateness of the priorities	Engagement feedback	Performance reports Delivery Unit reports Police and Crime Plan	National intelligence	Strong	12
4 Confidence in delivery	Performance reports Staff performance management	Staff management Performance reports Delivery Unit reports	Non-executive Director reports Internal Audit	Strong	16
5 Understanding of roles etc.	Staff performance management	Staff performance management	Internal Audit	Strong	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	4
7 Stable Budget and MTFP	Budget holder oversight	CFO reports to Commissioner and Panel	Internal Audit Regulator reports	Adequate	12
8 Confidence in OPCC	Staff performance management	Oversight by Chief Executive	Stakeholder feedback Regulator reports	Adequate	9
9 Hearts and Minds	Staff performance management	Oversight by Chief Executive	Stakeholder feedback Regulator reports	Adequate	9

At 10<sup>th</sup> June 2016

OFFICE OF THE POLICE AND CRIME COMMISSIONER

CORPORATE RISK REGISTER  
At 10<sup>th</sup> June 2016


	Risk	Current	Previous	Direction	Assurance
1	PCCs are 'going concerns'	5		No change	Strong
2	Government agenda understood etc.	6		No change	<b>Strong</b>
3	Appropriateness of the OPCC priorities	12	6	<b>Adverse</b>	Strong
4	Confidence in delivery of priorities	16	12	<b>Adverse</b>	Strong
5	Understanding of roles and responsibilities	12	8	<b>Adverse</b>	<b>Strong</b>
6	Legal and governance requirements met	4		No change	Adequate
7	Stable and sustainable budget and MTFP	12		No change	Adequate
8	Confidence in OPCC	9		No change	Adequate
9	Hearts and Minds	9		No change	Adequate


**NOTE**

Changes to text in the Risk Register, below, compared to the previous version, are highlighted in RED; (other than changes in Risk score, RAG and Risk Direction)



## RISKS ARISING FROM ASSUMPTIONS

<b>RISK 1</b>	<b>Police Commissions are ‘going-concerns’</b>								
Risk Owner	Chief Executive								
Risk Indicators	<ul style="list-style-type: none"> <li>a. Government announcements</li> <li>b. Informed commentators suggest changes in prospect</li> </ul>								
Controls	PCC ‘intelligence’ through networks such as Chief Executives’ association, Home Office contacts etc.								
Assurances / Source / Line	<p>Staff supervisions and feedback / 1<sup>st</sup></p> <p>Briefings to PCC from Chief Executive / 2<sup>nd</sup></p> <p>Government policy / 3<sup>rd</sup></p>								
Assurance level	<b>Strong</b>								
Risk Score	<table border="0"> <tr> <td>Probability</td> <td>Impact</td> <td><b>Risk Score</b></td> <td>Previous</td> </tr> <tr> <td>1</td> <td>5</td> <td><b>5</b></td> <td>5</td> </tr> </table>	Probability	Impact	<b>Risk Score</b>	Previous	1	5	<b>5</b>	5
Probability	Impact	<b>Risk Score</b>	Previous						
1	5	<b>5</b>	5						
RAG level									
Risk Direction	<b>No change</b>								
Actions / Owner / Timescale	Monitor Government intentions / CE / ongoing								
Comments	The government has recently published a Bill which if enacted would allow for an extension of PCC powers and responsibilities regarding the Fire Service								
Contingency plan	Re-shape the Commission if appropriate when potential likely alternative models emerge								

<b>RISK 2</b>	<b>Government agenda understood and stable</b>								
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 / 1 <sup>st</sup>  Regular briefings to Commissioner by Chief Executive / 2 <sup>nd</sup>  Government policy / 3 <sup>rd</sup>								
Assurance level	<b>Strong</b>								
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>2</td> <td>3</td> <td><b>6</b></td> <td>6</td> </tr> </tbody> </table>	Probability	Impact	Risk Score	Previous	2	3	<b>6</b>	6
Probability	Impact	Risk Score	Previous						
2	3	<b>6</b>	6						
RAG level									
Risk Direction	<b>No change</b>								
Actions / Owner / Timescale	Closely monitor government intentions and revise plans as necessary at earliest opportunity / CE / ongoing								
Comments	Currently government policy position is well understood.								
Contingency plan	Re-shape priorities appropriately								

**RISK 3**

**Continuing appropriateness of the OPCC priorities**

Risk Owner

Chief Executive

Risk Indicators

Insight from public engagement indicates new demands or incompatibility with current priorities

Significant policy shift by government

Adverse media and / or stakeholder feedback

Any change in relevant local policy drivers

Changes in current performance

Controls

Public engagement and insight therefrom

PCC 'intelligence' is broadly based

Strategic planning processes

Performance management arrangements

Assurances / Source / Line

Latest engagement feedback reports / 1<sup>st</sup>

Performance reports; Delivery Unit / 2<sup>nd</sup>

Refresh of Police and Crime Plan / Chief Executive / 2<sup>nd</sup>

Latest national policy intelligence / 3<sup>rd</sup>

Assurance level

**Strong**

Risk Score

Probability	Impact	Risk Score	Previous
3	4	12	6

RAG level

Risk Direction

**Adverse**

Actions / Owner / Timescale

Comments

The new PCC took office on 12<sup>th</sup> May; he is currently undertaking extensive consultation on potential priorities for his first Police and Crime Plan.

Contingency plan

Officers are maintaining a close dialogue with the PCC during this transitional period.

## 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 / 1<sup>st</sup> and 2<sup>nd</sup>

Service delivery performance / 2<sup>nd</sup>

Delivery Unit reports and Joint OPCC – Force senior manager group / 2<sup>nd</sup>

Accountability, Transformation and programme Boards / 2<sup>nd</sup>

External reports by non-Executive Directors / 3<sup>rd</sup>

Internal Audit / 3<sup>rd</sup>

Assurance outcome / level **Strong**

Risk Score	Probability	Impact	Risk Score	Previous
	4	4	<b>16</b>	12

RAG level

Risk Direction **Adverse**

Actions / Owner / Timescale No new specific actions

Comments **It is likely the new PCCs in Leicestershire and Northamptonshire will take a different stance on the development of the Strategic Alliance**

Contingency plan **Understand any new direction and develop appropriate strategies.**

**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<sup>st</sup> & 2<sup>nd</sup>

Anecdotal feedback to senior management / 2<sup>nd</sup>

Portfolio framework of staff responsibilities / 2<sup>nd</sup>

Internal Audit / 3<sup>rd</sup>

Assurance outcome / level

**Strong**

Risk Score

Probability	Impact	<b>Risk Score</b>	Previous
3	4	<b>12</b>	8

RAG level

Risk Direction

**Adverse**

Actions / Owner / Timescale

Comments

As noted above post the PCC Election the OPCC is in a period of transition pending the development and approval of a new Police and Crime Plan and potentially a re-organisation of the OPCC.

Contingency plan

Ensure close management and supervision of staff in this period.

**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 / 1<sup>st</sup>Corporate policies / Statutory officers oversight / 2<sup>nd</sup>Annual Governance Statement / 2<sup>nd</sup>Internal Audit Annual Report / 3<sup>rd</sup>Police and Crime Panel scrutiny & feedback / 3<sup>rd</sup>External independent review / 3<sup>rd</sup>

Assurance outcome / level

**Adequate**

Risk Score

Probability	Impact	Risk Score	Previous
1	4	<b>4</b>	4

RAG level

Risk Direction

**No change**

Actions / Owner / Timescale

The Scheme of Governance **is currently being reviewed and is close to completion. A formal report consulting with the Audit Committee will be presented to the September 2016 meeting.**

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 / 1<sup>st</sup>Professional networks / 3<sup>rd</sup>Internal audit and Inspectorate reports / 3<sup>rd</sup>Progress reports to Commissioner / 2<sup>nd</sup>External independent review / 3<sup>rd</sup>

Assurance outcome / level

**Adequate**

Risk Score

Probability	Impact	Risk Score	Previous
3	4	<b>12</b>	12

RAG level

Risk Direction

**No change**

Actions / Owner / Timescale

**Budget 2016-17 now approved. The funding of significant savings target in Force budget still to be identified.** Adequate reserves in place as a contingency. Keep implementation of MTFP and Budget under close review and review spending plans for later years.

Comments

Government grant allocations remain uncertain for 2017-20.

<b>RISK 8</b>	<b>The public have high and widespread confidence in the OPCC</b>			
Risk Owner	CE Director for Operations and Delivery			
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 <sup>st</sup>  Oversight by Chief Executive / 2 <sup>nd</sup>  Regulator reports / 3 <sup>rd</sup>			
Assurance outcome / level	<b>Adequate</b>			
Risk Score	Probability 3	Impact 3	<b>Risk Score</b> <b>9</b>	Previous 9
RAG level				
Risk Direction	<b>No change</b>			
Actions / Owner / Timescale	Public Involvement Strategy in preparation / D for O&D / <b>draft deferred pending clarity on new PCC priorities.</b>			
Comments	Recent consultation exercise completed on draft Estates Strategy.			
Contingency plan	Flexible and rapid response to ‘events’			



<b>RISK 9</b>	<b>The OPCC has won the ‘hearts and minds’ across the Force and Commission staff</b>			
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 <sup>st</sup>			
	Oversight by Chief Executive / 2 <sup>nd</sup>			
	Aspire Board reports / 2 <sup>nd</sup>			
	Regulator reports / 3 <sup>rd</sup>			
Assurance outcome / level	<b>Adequate</b>			
Risk Score	Probability 3	Impact 3	<b>Risk Score</b> <b>9</b>	Previous 9
RAG level				
Risk Direction	<b>No change</b>			
Actions / Owner / Timescale	<b>See risk 5 actions</b>			
	<b>New approaches to OPCC –Force working relationship are likely to be introduced post the election of a new PCC.</b>			
Comments				
Contingency plan	Flexible and rapid response to ‘events’			

**AGENDA PLAN – PUBLIC AGENDA - NEXT FOUR MEETINGS**

SEPTEMBER	DECEMBER	MARCH	JUNE
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
		<b>Draft Internal Audit Plan</b>	Internal Audit – Annual report
Internal Audit – progress report	Internal Audit – progress report	Internal Audit – progress report	Internal Audit – progress report
External Audit – progress report	External Audit – progress report	External Audit – progress report	External Audit – progress report
Finance Update 2016-17	Finance Update 2016-17	Finance Update 2016-17	Finance Update 2016-17
Transformation & Accountability	Transformation & Accountability	Transformation & Accountability	Transformation & Accountability
Force Strategic Risk Register	Force Strategic Risk Register	Force Strategic Risk Register	Force Strategic Risk Register
OPCC Strategic Risk Register	OPCC Strategic Risk Register	OPCC Strategic Risk Register	OPCC Strategic Risk Register
	<b>MTFP and Budget update</b>	<b>MTFP and Budget update</b>	<b>JIAC Terms of Reference review</b>
HMIC reviews – update	HMIC reviews – update	HMIC reviews – update	HMIC reviews – update
	<b>OPCC Risk Policy</b>		<b>External Audit – Fee letter?</b>
	<b>Treasury Management update</b>	<b>Draft Treasury Management strategy</b>	<b>Treasury Management update and outturn report</b>
			<b>Draft Governance Statements</b>
<b>Final accounts / AGS / ISA 260 etc.</b>	<b>Annual External Audit Letter</b>		<b>Draft Statement of Accounts</b>
			<b>Committee self- assessment</b>
			<b>Committee Annual Report</b>
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
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

**Bold = non Standing items**

**AGENDA PLAN – PRIVATE AGENDA**

**NEXT FOUR MEETINGS**

<b>SEPTEMBER</b>	<b>DECEMBER</b>	<b>MARCH</b>	<b>JUNE</b>
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
-------------------------------	-------------------------------	-------------------------------	-------------------------------