



**OFFICE OF THE NORTHAMPTONSHIRE POLICE, FIRE AND CRIME  
COMMISSIONER  
&  
NORTHAMPTONSHIRE POLICE  
&  
NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY**

**JOINT INDEPENDENT AUDIT COMMITTEE**

**16<sup>th</sup> December 2020 at 10.00am to 12.30pm**

**Microsoft Teams virtual meeting  
(the Teams meeting room will open from just after 09.30am)**

**If you should have any queries in respect of this agenda, or would like to join  
the meeting please contact Kate Osborne 03000 111 222**

**[Kate.Osborne@northantspfcc.gov.uk](mailto:Kate.Osborne@northantspfcc.gov.uk)**

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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Public Meeting of the Joint Independent Audit Committee				Time
	Public meeting of the Joint Audit Committee			
1	Welcome and Apologies for non- attendance			10.00
2	Declarations of Interests			10.00
3	Meetings and Action log 7 <sup>th</sup> October 2020			10.05
4a. i 4a. ii	Update on Corruption and Fraud Controls and processes PFCC & CC Force Ethics Processes	Simon Nickless/ Vaughan Ashcroft	Report	10.10
4b.	NCFRA	Rob Porter	Report	10.20
5.a	JIAC self-assessment and review of other Audit Committees	Chair	Report	10.30
5b.	JIAC Terms of Reference		Report	10.40
6a. 6b.	Internal audit: Progress report PCC & CC NCFRA	Mazars – Mark Lunn  LGSS – Duncan/Jaci nta	Report  Report	10.50  11.00
7a. 7b.	Internal audit: Implementation of recommendations PFCC & CC NCFRA	Simon Nickless  Richard Baldwin/Julie Oliver	Report  Report	11.10  11.20
8	External Audit – NCFRA and ISA260 – 2019/20 update	Neil Harris - EY	Verbal	11.30
9	External Audit: PFCC and CC – 2019/20 Audit Plan	Neil Harris - EY	Report	11.40
10	Complaints procedure	Paul Fell/ Emily Evans	Report	11.50
11	Agenda Plan	Helen	Report	12.00
12	AOB	Chair	Verbal	12.10
13	Confidential items – any	Chair	Verbal	12.15
14	Resolution to exclude the public	Chair	Verbal	12.20
	<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</i></p>			

	<i>Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them”.</i>			
15	<p>Future Meetings held in public:</p> <ul style="list-style-type: none"> <li>- 10<sup>th</sup> March 2021</li> <li>- 29<sup>th</sup> July 2021</li> <li>- 6<sup>th</sup> October 2021</li> <li>- 15<sup>th</sup> December 2021</li> </ul> <p>Future Workshops not held in public:</p> <ul style="list-style-type: none"> <li>• February 2021 – Date and Content TBC</li> <li>• June 2021 – Date TBC</li> <li>• November 2021 – Date and Content TBC</li> </ul>			12.30

**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:**

Kate Osborne  
Office of the Police, Fire and Crime Commissioner  
East House  
Police HQ  
Wootton Hall  
NORTHAMPTON NN4 0JQ

*or by email to:*

*kate.osborne@northantspfcc.police.uk*

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.

**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 Chair and Members of the Committee are:**

Mr J Beckerleg (Chair of the Committee)

Mrs A Battom

Mr J Holman

Ms G Scoular

Mrs E Watson

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## Agenda Item : 3

## Joint Independent Audit Committee (JIAC) ACTION LOG –7 October 2020

Attendees: Members: John Beckerleg (JB), John Holman (JH), Gill Scoular (GS), Edith Watson (EW), Ann Battoms (AB)

Helen King (HK), Neil Harris, EY (NH), Rob Porter (RP), Mark Lunn (ML), David Hoose (DH), Kate Osborne (KO), Vaughan Ashcroft (VA), Julie Oliver NCFRA Officer (JO), Caroline Marsh (CM), Stephen Mould PFCC (SM), Darren Dovey Fire Chief (DD), Nick Alexander (NA), Paul Bullen (PB), Jacinta Fru (JF), Duncan Wilkinson (DW)

Agenda	Issue	Action	Responsible	Comments
1	Welcome and apologies		Chair	<ul style="list-style-type: none"> <li>Apologies: Nicci Marzec (NM), Simon Nickless (SN),</li> <li>Darren Dovey (DD) Fire Chief and Stephen Mold (SM) Police Fire and Crime Commissioner were welcomed to the meeting.</li> </ul>
2	Declarations of Interests		Chair	<ul style="list-style-type: none"> <li></li> </ul>
3	Meeting Log and Actions – 29 <sup>th</sup> July 2020		Chair	<ul style="list-style-type: none"> <li>Amend attendance to include Ann Battoms (AB) and Edith Watson (EW) to previous JIAC meeting minutes.</li> </ul>
4a	Budget & MTFP process and plan update and timetable		VA, NA	<ul style="list-style-type: none"> <li>VA – briefly summarised document – similar format to previous year. Plan to finish budgeting by end of October and review work November. Report articulates risks about uncertainty about council tax receipts and money from uplift, ECN and other ongoing concerns. VA and HK have been modelling scenarios to examine best case and worst-case scenarios, in preparation to received confirmed income numbers.</li> <li>EW – follow up on covid – how are the best and worst case scenarios being examine – VA – looking at indications nationally and feedback from local councils.</li> <li>JH – brexit considerations – VA considered as big risk as it is currently a complete unknown – there is a working group monitoring this within Police – may need to be addressed with reserves. HK – continual monitoring, working groups, national</li> </ul>
4b	PFCC NCFRA			

				<p>groups are keeping alive, informed and up to date and test individual assumptions. This continues to develop over the budget drafting process.</p> <ul style="list-style-type: none"> <li>• JB – good to see such a detailed programme and gives confidence about process</li> <li>• NA – fire is slightly newer in process, as it only 2<sup>nd</sup> year of learning and development. additional complexity within fire relating to business rates – concerns relation to covid and forecasts.</li> <li>• JB – capital programme – how does that feel in terms of coming together with information consultation. Nature of capital programme. NA –now have better underpinning of the areas. Also estates programme coming together and other areas with more of a degree of certainty – expect some slippage, the team have a much better handle on it.</li> <li>• HK – business rates for fire – local information on numbers highlight potential deficit. further examination needed and to be maintained to ensure understanding and financial controls are in place.</li> <li>• PB – capital for fire is being looked at and refreshed to challenge medium and longer term plans in terms of affordability and deliverability.</li> </ul>
5a	Statement of Accounts Update – PFCC & CC		EY/ HK / VA	<ul style="list-style-type: none"> <li>• NH – Police – reviewed draft accounts – VA and team in a position that audit can begin – workshop later October to review.. Awaiting experienced auditors to support police audit to ensure continuity of staff with knowledge of the organisations. Aim to conclude within the calendar year. NH to review team structure and timetable in October workshop.</li> <li>• VA – keen to ensure good audit team so delay was agreed. Also to allow time between fire and police audits. HK – grateful that team have engaged successfully</li> <li>• NH – broader message nationally of vetting audit staff – EY currently going through this process to ensure resilience within the audit team.</li> </ul>
5b	Plan and update - NCFRA			

				<ul style="list-style-type: none"> <li>• 19/20 NCFRA – accounts workshop in September – very useful to review and have feedback. Verbal update provided on external progress. Section 1 overview – key section to focus on in audit plan. 2<sup>nd</sup> year as auditor – identified significant audit risks – and will examine these – fraud and error. Valuation of land and buildings risk has reduced as a result of work done last year. Likewise on pension liability – assurances from Northamptonshire pension governance – McLoud and Goodwin. Page 6 – going concern – viability and liquidity, stress testing.</li> <li>• Materiality levels – attention drawn to page 7 on audit plan.</li> <li>• Significant progress on audit – 70% on audit file and 80% on substantive audit procedures – thanks given to internal finance team</li> <li>• Issue opinion by end of November looks optimistic. NH happy with progress made compared to previous year.</li> <li>• HK – thank you to NH and EY team for the work this year – very organised and structured.</li> <li>• AB –concerned being a Red risk – but can see improvements have been made. NH – red rating is to highlight that it is different this year rather than a major cause for concern. Previous year was more turbulent with auditors whereas this year has been more of a constant team.</li> <li>• GS –So reassured as to audit progress and team.</li> <li>• JB – fee levels – rational behind increase – query – didn't seem to be specific to fire. NH –Fee modelling tool in EY – to deliver a high quality audit to generate baseline fee that is sustainable in the future.</li> </ul>
6a	Treasury Management outturn 2019/20 & 2020/21 update		VA, BA, NA	<ul style="list-style-type: none"> <li>• NA – NCFRA – fair to say overriding position is whilst cash balances appear healthy at the moment, they are not as hoped. Meeting mid-October to review this and ways forward over rest of financial year. Further good news – no breach of treasury policies and no borrowing yet – this may change – but appliances expenditure will impact this.</li> </ul>
6b	NCFRA			<ul style="list-style-type: none"> <li>• JB – understanding more about movement on cash balances – would like to see spikes and dips presented to get overall view.</li> </ul>

	PCC			<ul style="list-style-type: none"> <li>• JB – do you feel there is sufficient active treasury management – as it only has a savings account–</li> <li>• NA – fire is slightly more stable cash flow – as policing has much larger top up grant (July) that impacts cash savings. Fire is more consistent throughout the year – NA – happy to provide graph to show committee peaks and troughs.</li> <li>• NA – not happy with current investment strategy and this is being looked at.</li> <li>• HK – this time last year we were comfortable with savings account due to incomplete year of accounting.</li> <li>• PCC - HK – this report talks about the beginning of year Q1 – history of end of last year – cash flow of policing – March – august very hard up until– July pension grant – 19-20million. Also purchase of Darby close has impacted this. Borrowed short term for Darby. HK offered assurance the borrowing amount will be dropping. <b>Action</b> – to Include cash flow in mid year reporting to offer reassurance to committee</li> <li>• Discussions around the impact of Covid on Treasury Management strategies.</li> <li>• JB – in terms of structure of debt –how was that handled/ governed within the organisations? - HK - PFCC authorised borrowings</li> <li>• JB – requested explanations about cash flow modelling systems – for future meetings.</li> </ul>
7a	HMIC reviews update CC		SN	<ul style="list-style-type: none"> <li>• CM – Inspected in Jan 2018 – “cause for concern” – 3 big areas – 1.) improve effectiveness of investigations 2.) protecting vulnerable, 3.) ensure meet demand.</li> <li>• Governance structure – CC set out strategic direction – FP25 – deliver change work but working with business. CC now chairs a 6 weekly FSB (force strategic board) attended by all chief superintendent, services improvement work chaired by SN – accountable to CC through FSB meetings.</li> <li>• TOR – service improvement board available. Expectations, dates, agenda, strategic outcomes and objectives.</li> </ul>
7b	NCFRA		RB	

				<ul style="list-style-type: none"> <li>• Inspection work moving forward – PPOG – force have worked hard with HMIC to develop plan to exit from close scrutiny. Presentation report demonstrates the improvements which have taken place</li> <li>• Details of the PPOG process were explained to members. PPOG sits every three months. CC and PFCC attend meeting and do presentation and submit a performance pack– the board is presented with this information and they make the decision about when and how the force can disengage with PPOG. Evidence being provided to support the force being disengaged from this.</li> <li>• SM – not endorsing to come out of PIPOG until he is confident we should – until evidence is seen of improvements SM will not endorse leaving PIPOG. Now have a better understanding of what needs doing (as a result of Caroline and her teams work), but improvements need to continue.</li> <li>• Service improvement board focuses the force on those areas.</li> <li>• JB – how many other forces are in special monitoring arrangement – CM – Cleveland went in same time as Northants</li> <li>• JB – overall position – is there another PEEL inspection – CM – process has changed – workshops were planned to explain these changes. If Force causes concern in continual assessment are more detailed inspection might take place</li> <li>• SM – assurance process – HMIC are an inspectorate – Force is on the right direction, but we aren't finished the work.</li>   <li>• RB – NCFRA – performance and assessment framework. Being a smaller organisation more team getting involved. Measures in place. In report – inspection took place Nov 2018. From inspection – March 2019 – found two causes for concern 1.) appliance availability 2.) oversight and staff risk critical competencies. At that point in time HMI – required two clear action plans to deal with these areas of concern. HMI visited in June 2019 as felt good progress could be made – report “significant progress”.</li> <li>• RB – around new governance model there was performance framework and services assurance board. Report on progress against improvements and areas of concern through the</li> </ul>
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				<p>integrated risk management plan. Moving forward – HMI have carried out covid inspection and received positive verbal feedback – report due next week. Next tranche of inspections due April 2021, but it will be based upon 11 areas of previous inspection.</p> <ul style="list-style-type: none"> <li>• JB – can see significant progress in both areas. In terms of availability of pumps – is that influenced by on-call officers influenced by people being at home rather than at work. RB - Yes – this did increase but work has been done to ensure now people are back at work, still achieving 0% below 14 appliances. Plus on-call review currently happening.</li> <li>• Launch readiness for HMI – review function against 11 questions ready for inspections</li> <li>• JH – impact covid – are there measures in place for second spike of covid – DD – covid has positive effect – were in a good position before covid – this improved with retained staff during lockdown, but overall trajectory is still in place. Pandemic flu planning will avoid this dropping off.</li> </ul>
8a	Internal Audit Progress report PCC & CC		Mazars – ML	<ul style="list-style-type: none"> <li>• Mazars – draw attention to sections 2:2 and 2:3 – a little behind where we would like to be. Worked hard to get audit set up and running – 1 completed, other in plan. Likely will run over. Will keep committee updated</li> <li>• Fleet management report – limited – JB – what response to you get from this. Doesn't have anything to do with pipeline levels. Wonder if recommendations and actions are connected. PB – current situation within fleet – we have a system that is a shared system which perhaps doesn't work – the data able to get is impacting the work on the recommendations. Hence why focus on updating systems rather than tactical details.</li> <li>• AB – concern at timescale for responses – limited assurance – long time to be implementing response – PB cautious with timeline but didn't want to give false assurances but hoping for summer 2021</li> <li>• H &amp; S - 19/20 collaboration audit</li> <li>• JB links between recommendation and responses are tenuous – ML – to examine this to make clearer in future. JB requested committee is kept up to date</li> </ul>
8b	NCFRA		LGSS – DW, JF	

<p>9a</p>	<p>Implementation of internal audit recommendations</p>		<p>RB</p>	<ul style="list-style-type: none"> <li>• RB – apologies – need to see fleet report. Data quality report discussed in July – taking back to next force assurance board</li> <li>• Other outstanding was July 2020 – part of 2019 audits – core financial – payroll reporting. We do now receive partial information from MFSS and access systems to look at performance of payroll systems this should be closed by next meeting</li> <li>• Collaboration audits – dates had passed when discussed in previous meetings – reported back that reports are still in draft stage, they have not been received in full and should give a better picture than previous</li> <li>• JB – can see progress made on number of issues</li> <li>• JH – raised concerns around another group being set up to review data. RB – raised that this recommendation was too narrow – this group would look at an overall data strategy which will include NICHE and highlighted the Importance of data quality strategy. CM – envisages this data strategy imminent as data quality is massively important. And would present to members at a future JIAC meeting.</li> <li>• AB – concerned no date on latest update – but if its wider now than just NICHE should there be a new risk/ recommendation as wider data. AB pleased that progress has been made on older risks. RB – data quality to be added to Risk Register.</li> </ul>
	<p>PFCC &amp; CC</p>		<p>JO</p>	
<p>9b</p>	<p>NCFRA</p>			

10	Agenda Plan		HK	<ul style="list-style-type: none"> <li>• Read and agreed</li> </ul>
11	AOB		Chair	<ul style="list-style-type: none"> <li>• Thanks to AB – presenting to police and crime panel on JB behalf. SM – mirrored thanks to AB for her patience at meeting.</li> <li>• Made reference to Redman review – well worth reading executive summary. Some of recommendations there likely to be accepted and implemented.</li> <li>• Discussions around whether a workshop was required in November – members decided against a November workshop given there were two workshops for the accounts (NCFRA and PCC CC).</li> </ul>
14a	Update on proposed financial and ERP system services and changes NCFRA – update on LGSS			<ul style="list-style-type: none"> <li>• PB outlined the reports presented to members and gave financial details and a timeline overview of the process moving to new systems. Reassured members that the plans look at both short term and longer term actions.</li> <li>• JB – phased transition plan looks good.</li> <li>• PB highlighted that the MFSS agreement would end November 2022 and the plan is to have new system in place prior to this (aim April 2022) so there will be an overlap in systems.</li> </ul>
14b	Policing – update on MFSS			<ul style="list-style-type: none"> <li>• PB – highlighted that a data lead would be joining the team to pull together a data strategy, which will ensure adequate time is given to allow data transfer and data archiving to ensure none is lost during the transition process.</li> </ul>
14c	Future systems update			<ul style="list-style-type: none"> <li>• Members raised concerns about the data transfer process – PB offered reassurance about these timeframes, as planning and recruitment of data leads have already taken place to ensure these deadlines are met.</li> <li>• No extension to Capgemini or oracle. New contracts would need to be discussed.</li> <li>• JB – raised the budget in terms of planning the costs for the project – PB reassured members that adequate planning was</li> </ul>



				<p>being conducted to ensure worst case scenarios are addressed to ensure coverage.</p> <ul style="list-style-type: none"> <li>• The systems will underpin both organisations so need to be suitable for both. Functionality is being assessed to ensure it will work for all.</li> <li>• Some aspects will be built rather than bought to ensure they will suit both organisations</li> </ul>
15	Risk register - NCFRA			<ul style="list-style-type: none"> <li>• JO presented the Risk register to members and highlighted changes/ improvements to risks previously presented.</li> <li>• Discussions around number of red risks occurred and JO and DD offered members reassurance regarding the risks and highlighted actions in place to address these issues.</li> </ul>

# Corruption and Fraud - Controls and Processes

## Update

Author: Vaughan Ashcroft, Chief Finance Officer

Date: December 2020

Version Control: 1

In an emergency call **999**  
For non emergencies call **101**



[www.northants.police.uk](http://www.northants.police.uk)



**Northamptonshire Police**

Fighting crime, protecting people

## 1. Purpose

- 1.1. This report provides updated details of the robust processes and procedures Northamptonshire Police currently has in place to identify and mitigate the likelihood of fraud. These complement and support the national measures that exist for scrutiny of the public sector and managing integrity across Police Forces in England & Wales.

## 2. Recommendation

- 2.1. To note the content of the report.

## 3. National Standards - College of Policing: Code of Ethics

- 3.1. The *Code of Ethics 2014* was produced by the College of Policing in its role as the professional body for policing. It sets and defines the exemplary standards of behaviour for everyone who works in policing. As a code of practice, the legal status of the *Code of Ethics* applies to the Police Forces in England & Wales under section 39A of the Police Act 1996 as amended by S. 124 of the Anti-Social Behaviour, Crime and Policing Act 2014. See Appendix 1.
- 3.2. The *Code of Ethics* is about self-awareness, ensuring that everyone in policing feels able to always do the right thing and is confident to challenge colleagues irrespective of their rank, role or position.
- 3.3. The *Code* begins by clearly laying out the Policing Principles (fig 1) on the basis that:
- “Every person working for the police service must work honestly and ethically. The public expect the police to do the right thing in the right way. Basing decisions and actions on a set of policing principles will help to achieve this.”

### Policing principles

#### Accountability

You are answerable for your decisions, actions and omissions.

#### Fairness

You treat people fairly.

#### Honesty

You are truthful and trustworthy.

#### Integrity

You always do the right thing.

#### Leadership

You lead by good example.

#### Objectivity

You make choices on evidence and your best professional judgement.

#### Openness

You are open and transparent in your actions and decisions.

#### Respect

You treat everyone with respect.

#### Selflessness

You act in the public interest.

Fig 1

3.4. The *Code's* Standards of Professional Behaviour (fig 2) begins with:

1. Honesty & Integrity

"I will be honest and act with integrity at all times, and will not compromise or abuse my position."

### Standards of professional behaviour

#### 1. Honesty and integrity

I will be honest and act with integrity at all times, and will not compromise or abuse my position.

#### 2. Authority, respect and courtesy

I will act with self-control and tolerance, treating members of the public and colleagues with respect and courtesy.

I will use my powers and authority lawfully and proportionately, and will respect the rights of all individuals.

#### 3. Equality and diversity

I will act with fairness and impartiality. I will not discriminate unlawfully or unfairly.

#### 4. Use of force

I will only use force as part of my role and responsibilities, and only to the extent that it is necessary, proportionate and reasonable in all the circumstances.

#### 5. Orders and instructions

I will, as a police officer, give and carry out lawful orders only, and will abide by Police Regulations.

I will give reasonable instructions only, and will follow all reasonable instructions.

#### 6. Duties and responsibilities

I will be diligent in the exercise of my duties and responsibilities.

#### 7. Confidentiality

I will treat information with respect, and access or disclose it only in the proper course of my duties.

#### 8. Fitness for work

I will ensure, when on duty or at work, that I am fit to carry out my responsibilities.

#### 9. Conduct

I will behave in a manner, whether on or off duty, which does not bring discredit on the police service or undermine public confidence in policing.

#### 10. Challenging and reporting improper behaviour

I will report, challenge or take action against the conduct of colleagues which has fallen below the standards of professional behaviour.

Fig 2

3.5. The expectation is that police employees will act with honesty and integrity at all times. Examples of meeting this standard in relation to fraud include:

- Ensuring decisions are not influenced by improper considerations of personal gain;
- Neither soliciting nor accepting the offer of any gift, gratuity or hospitality that could compromise impartiality.

3.6. The *Code of Ethics* has been embraced by Northamptonshire Police with its values being mainstreamed throughout the Force. An awareness campaign

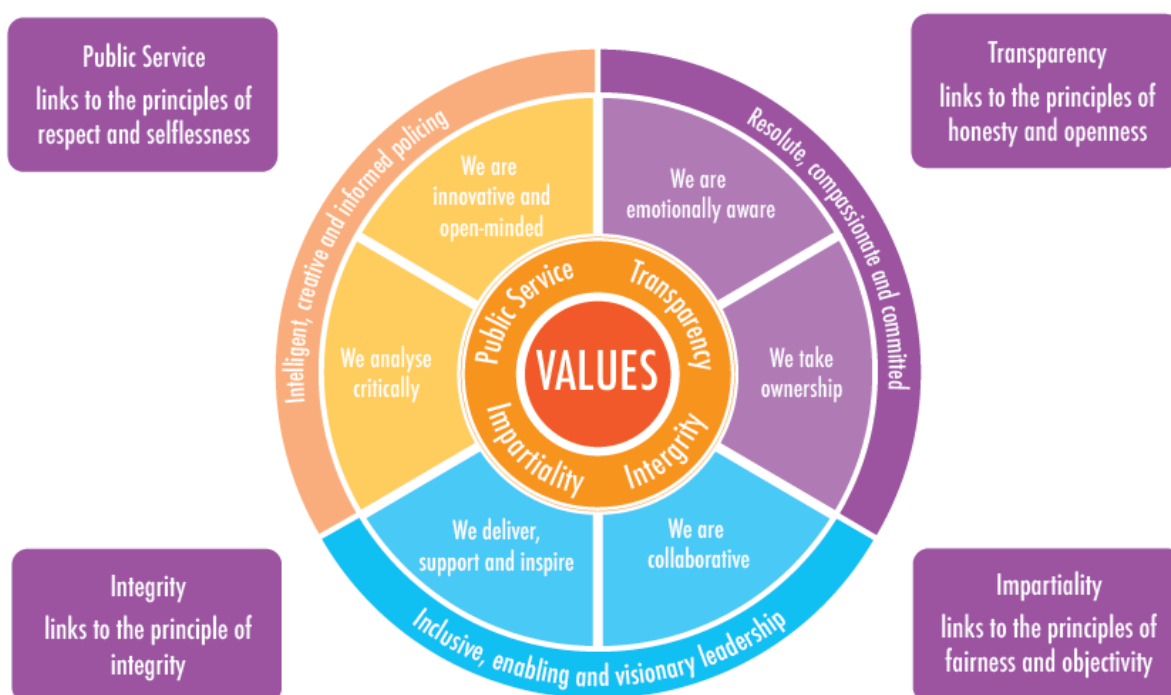
was run by the Corporate Communications Department when the *Code* was launched.

- 3.7. The *Code* underpins the Force's 'Our Values', laid out in the Culture & People Strategy as follows:

## Our Values

Northamptonshire Police has adopted the nationally recognised Competency Values Framework (CVF), which links to the Code of Ethics and sets out the behaviours and values to be upheld by everyone who works in policing.

Northamptonshire Police officers and staff will act with **Integrity**, **Impartiality**, **Transparency** and a **Public Service** ethos.



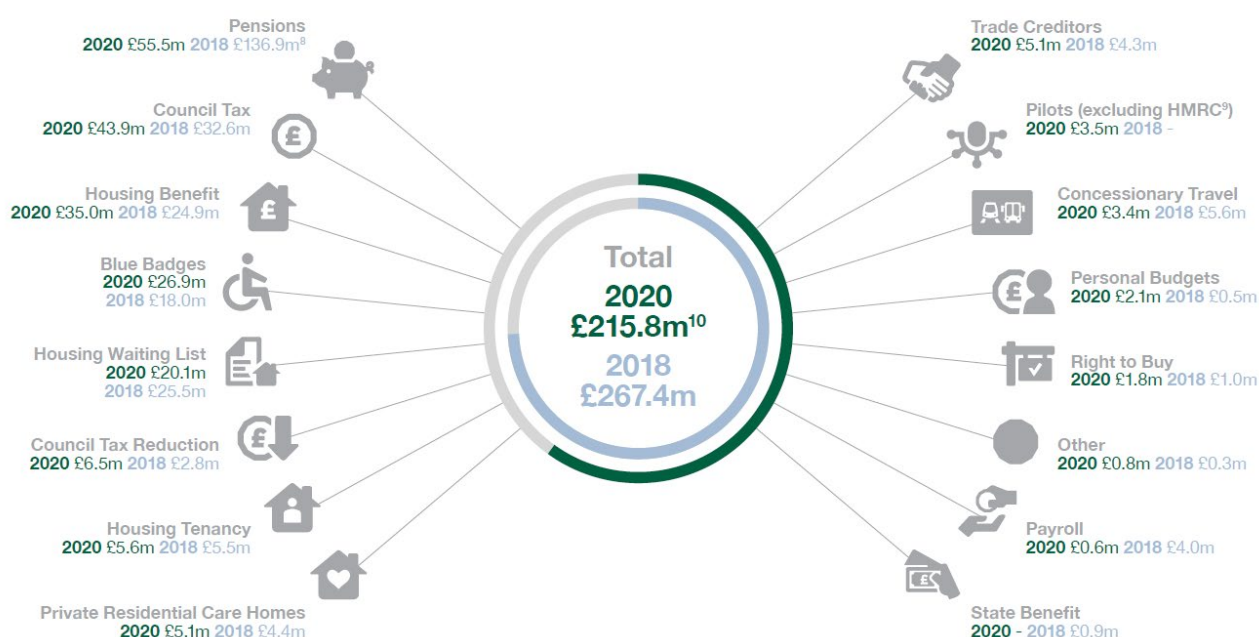
## 4. National Fraud Initiative

- 4.1. Since 1996 the Audit Commission has run the National Fraud Initiative (NFI), an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. This includes Police Forces and OPCCs, Local Probation Trusts and Community Rehabilitation Companies, Fire and Rescue authorities as well as local councils and a number of private sector bodies.
- 4.2. NFI data matching plays an important role in protecting the public purse against fraud. Northamptonshire Police has run the NFI exercise every two years to help detect and prevent fraud for many years. The exercise is

currently underway, with data submission completed in November and results expected in early 2021.

- 4.3. Fraudsters often target different organisations at the same time, using the same fraudulent details or identities. The NFI can help tackle this by comparing information held by organisations to identify potential fraud and overpayment.
- 4.4. A match does not automatically mean fraud. Often, there may be an explanation for a data match that prompts bodies to update their records and to improve their systems.
- 4.5. Although not mandatory, central government departments, agencies and arm's length organisations are encouraged to submit the following datasets:
  - Payroll information
  - Trade creditors' payment history and standing data
- 4.6. The main categories of fraud identified by the NFI in England relate to pensions, council tax single person discounts and housing benefit. The latest national report indicated over £215m of fraud being detection, broken down by risk area as follows. The full report is available in Appendix 2.

### Outcomes in England by risk area



- 4.7. Data matching showing little or no fraud and error can provide bodies with assurances about the effectiveness of their control arrangements. It also strengthens the evidence for the body's annual governance statement.
- 4.8. The use of data for NFI purposes continues to be controlled to ensure compliance with data protection and human rights legislation.

- 4.9. Since taking part in the NFI, the results have highlighted areas of concern that we have been able to check against Related Parties disclosures. As such, it was reassuring that those areas were picked up and that correct protocol had been followed by all individuals concerned. In previous years, the results also picked up a duplicate supplier payment, which was investigated and found to be an error without fraudulent intent and was subsequently corrected without issue.
- 4.10. In the last round of NFI results, there was an example where it appeared that one of our officers was also being paid by another police force. This was investigated by the finance team and PSD, and found to be an administrative error on the part of the Metropolitan Police. It was addressed as required and no further action was necessary.

## **5. Local Strategies – Policies and Procedures**

- 5.1. Strategies, policies and procedures are in place locally to promote and enforce national standards
- 5.2. A number of local policies and procedures are in place which relate to managing integrity of police officers and staff in Northamptonshire to which all individuals are required to adhere. These include:
- Police Staff Misconduct Policy & Procedure
  - Service Confidence Procedure
  - Substance and Alcohol Misuse Policy
  - Confidential Reporting Policy
  - Gifts and Hospitality Policy & Procedure
  - Your Personal Finances Policy
  - Business Interest Policy
  - Procurement Card Policy
  - Social Media
  - Misconduct Outcomes Publications
  - Vetting Policy and Guidance
- 5.3. All policies, procedures and guidance are available to staff on the internal website.
- 5.4. The way we operate has undergone significant change in recent years, particularly in relation to the use and misuse, of social media and the impact that this had had on the world in which we live. Social media is a highly effective tool for communicating with the communities we serve albeit there are inherent corruption and fraudulent activity risks associated with its use that could have an impact on the organisation. Regular communications and



consistent messaging from Chief Officers is ensuring that these risks are minimised.

- 5.5. Supporting the Confidential Reporting Policy is the "Bad Apple" initiative, allowing concerns to be reported anonymously via a secure online portal, managed by the Counter Corruption Unit within the Professional Standards Department.

## **6. Governance and Controls**

- 6.1. The Corporate Governance Framework clarifies the following:

### **"PREVENTING FRAUD AND CORRUPTION**

#### **Overview and Control**

1. The PFCC and the CC will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside.
2. There is an expectation of propriety and accountability on officers, staff, volunteers and members at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
3. The PFCC and the CC also expect that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they come into contact will act towards the PFCC with integrity and without thought or actions involving fraud or corruption.

#### **Key Controls**

4. The key controls regarding the prevention of financial irregularities are that:
  - There is an effective system of internal control.
  - The organisation has an effective anti-fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption.
  - All officers, staff, volunteers and members will act with integrity and lead by example
  - Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the organisation or who are corrupt.
  - High standards of conduct are promoted amongst officers, staff, volunteers and members through adherence to codes of conduct.
  - There is an approved Gifts, Gratuities and Hospitality Policy and procedure that must be followed. This includes the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded.
  - Whistle blowing policy and procedures are in place and operate effectively.
  - Legislation including the Public Interest Disclosure Act 1998 and the Bribery Act 2010 is adhered to. "



6.2. In terms of procurement contracts, the Corporate Governance Framework requires that:

“The following clause must be included in every written NOPFCC contract: “The NOPFCC may terminate this contract and recover all its loss if the Supplier, its employees or anyone acting on the Supplier’s behalf do any of the following:

i. offer, give or agree to give to anyone any inducement or reward in respect of this or any other NOPFCC contract (even if the Supplier does not know what has been done), or

ii. commit an offence under the Bribery Act 2010 or Section 117(2) of the Local Government Act 1972, or

iii. commit any fraud in connection with this or any other NOPFCC contract whether alone or in conjunction with NOPFCC members, suppliers or employees. ”

6.3. Specific controls include:

- Reliable tendering procedures including checks to ensure legitimacy and integrity of suppliers. The NFI analysis described above will highlight any relationships between employees and suppliers that may need investigation.
- Internal audits commissioned to scrutinise adherence to controls and to highlight areas of concern/improvement. A procurement audit was carried out in Oct/Nov 2020 and the final report will be available shortly.
- Regular detailed scrutiny of all expenses/overtime claims and purchase card transactions.
- Regular review of purchase card holders and authorisers, with a focus on reducing the number of cards where possible and checking that purchase limits are appropriate
- Minimal use of cash and rigid cash handling processes in place
- Vetting of all officers/staff which is refreshed on a periodic basis.

6.4. The detailed scrutiny of expenses and purchase card transactions do on occasion identify queries for investigation but none of these have been found to be fraudulent. Examples include:

- Duplicate expense claims submitted in error.
- Claims that were thought to be in contravention with policy and/or regulations.

- Expenses where receipts are missing or that indicate suppliers that appear out of the ordinary.

In all cases, corrections were made and advice given.

## 7. Internal and external audits

- 7.1. Internal financial audits which would highlight any potentially fraudulent activity are conducted by Mazars LLP throughout the year on a cyclical basis, looking at different thematic strands.
- 7.2. External audits which scrutinise the Force's accounting procedures and which would identify and mitigate the likelihood of fraud are conducted by the accountants Ernst & Young annually.

## 8. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspections

- 8.1. The most recent HMICFRS PEEL inspection for Northamptonshire was completed in 2018/19. PEEL is the programme in which HMICFRS draws together evidence from its annual all-force inspections. The evidence is used to assess the effectiveness, efficiency and legitimacy of the service. HMICFRS introduced these assessments so that the public will be able to judge the performance of their Force and policing as a whole. The **effectiveness** of a force is assessed in relation to how it carries out its responsibilities including cutting crime, protecting the vulnerable, tackling anti-social behaviour, and dealing with emergencies and other calls for service. Its **efficiency** is assessed in relation to how it provides value for money. Its **legitimacy** is assessed in relation to whether the force operates fairly, ethically and within the law.
- 8.2. The legitimacy inspection focused on the extent to which forces develop and maintain an ethical culture to reduce unacceptable types of behaviour among their workforces.
- 8.3. HMICFRS acknowledged that research tells us that the best way to prevent wrongdoing is to promote an ethical working environment or culture and that police leaders need to promote ethical principles and behaviour and act as role models, in line with the Code of Ethics.
- 8.4. The HMICFRS PEEL Inspection 2018/19 assessed Northamptonshire as GOOD in relation to Legitimacy - Ethical and Lawful Workforce Behaviour and stated:

**"Northamptonshire Police behaves ethically and lawfully. Effective anti-corruption measures are in place. Leaders publicise their expectations and the force's values well throughout the workforce."**

## 9. Appendix 1 – Code of Ethics



Code\_of\_Ethics.pdf

## 10. Appendix 2 – National Fraud Initiative 2020 Report



NFI\_report\_2020.pdf

# Ethics Process

To outline the ethical structure for  
Northamptonshire Police.

Author: TPS 787 McKenna

Chief Officer Sponsor: DCC Nickless

Date: 28/11/2020

Version Control: 1

In an emergency call **999**  
For non emergencies call **101**



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## **Ethical Overview:**

As of 2019 Northamptonshire Police had been operating an independent ethics committee alongside an internal ethics committee, as time has progressed the committees naturally lost direction and were no longer fit for purpose for the vision of FP25 or the ethical direction of the force. It is nationally recognised that individual police forces need to have a robust ethical structure with public involvement.

The result of this has led DCC Nickless to reinvigorate the ethical direction of Northamptonshire Police. The short term goals of this direction have been actualized, the medium and long term goals are still in the process of being finalised, with the need for DCC Nickless to review and ratify. The outline of this document will be to provide reassurance that Northamptonshire Police has a set direction for the Ethics Process's that sit in the force and that there is effective oversight of these processes.

### Short Term:

The short-term goals have been for the force to establish a functioning and robust external ethics committee, along with a well-established internal ethics committee. As of November 2020, these groups have held two meetings and are progressing forward into 2021. These two groups are to act as an advisory panel for the force concerning matters of local practice or incidents of national prominence. To allow the force to make better informed ethical decisions, they act in advisory capacity only.

Both of these committees have been provided with a copy of the up to date Code of Ethics and with a document outlining the National decision model.

Oversight of the Internal Committee is held by DCC Nickless.

Oversight of the External Committee is held by an independent chair which is currently Mrs Deidre Newhan. DCC Nickless also attends this meeting and is currently acting as the force link for this committee.

Supt Wignall attends the internal committee and has been invited to the next external committee.

Along with establishing a set Ethics Committee, Northamptonshire Police will be ensuring that the link between Ethical Practice and Professional Standards will be outlined in a clear fashion. Part of this has been to establish 'The Lessons Learnt' newsletter from PSD, to outline areas of good practice from officers and staff yet also to outline where officers and staff have needed to learn from mistakes made in the line of duty. This newsletter is now being published and sent to all officers. This will be a move to establish a holistic approach to force ethics, standards and discipline, with an emphasis on prevention.

**\*The full terms of reference for these two groups have been outlined in the attached document. This has now been ratified by the respective committees.**

### Medium Term:

The medium-term goal for the ethics group will be to integrate the practice derived from the ethics groups with the training of student officers. This will be subject to a review by DCC Nickless and from CI Freeman the Learning and Development manager for the

force. The end goal for this will be that officers will have robust and proacting understanding of ethics as they progress through their careers.

The external committee will seek to build further links with the academic community, to ensure a board understanding of ethics as an academic concept with a view to relating this back to evidence-based policing. This practice has already been established by West Midlands Police who utilise their own ethics committee to inform operational practice and to support ACPO decision making. Whilst Northamptonshire Police are not yet at this stage this does provide reassurance that the force is moving towards national best practice and provide guidance of how this will work for Northamptonshire Police.

#### Long Term:

The long-term goal for the ethical structure for Northamptonshire Police will be to have the two force committees functioning as established organs of Northamptonshire Police, the structure of the external committee will remain as governed by an independent chair. The internal will move away from DCC Nickless to a in force nominated lead who will proactively lead the development of the internal committee.

Both of these committees will remain as part of the ethical framework of Northamptonshire Police and have established links with the professional standards department.

# Ethics Committee Terms of Reference

Author: PS 787 McKenna

Chief Officer Sponsor: DCC Nickless

Decision Required: To ratify the terms of reference for Northamptonshire Police ethics committees.

Date: 20/10/2020

Version Control:1

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For non emergencies call **101**



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## **Northamptonshire Police Ethics Committee**

### **Terms of Reference**

Northamptonshire Police and the Office of the Police, Fire and Crime Commissioner are committed to making Northamptonshire Police the safest place in the country and recognise that an explicit commitment to integrity is essential to the legitimacy of policing. Furthermore, Northamptonshire Police is committed to becoming one of the top performing forces over the next 5 years, part of this will be realised by the integration groups with community and academic engagement at their core.

The Independent External Ethics Committee shall be one of these groups that shall help shape the future of Northamptonshire Police. The Code of Ethics and Values of Policing provide a framework within which members of the Police Service execute their duties with the highest standards of professionalism and integrity. In doing so it is inevitable that both complex issues arise, which can have a far-reaching impact and that new challenges, advances in technology, create new dilemmas which need to be considered.

#### **Purpose**

Northamptonshire Police's internal and independent external, Ethics Committee's undertake an advisory and supporting role with a focus on five areas;

- **Education** – To assist in the development and application of decision- making tools to address ethical dilemmas including the National Decision Making Model.
- **Case Consultation** – In relation to operational and non-operational cases, the committee's may provide options or pin point the key elements to be considered.
- **Prevention** - To form part of the continuous improvement of values driven and ethical decision making within Northamptonshire Police, this will link with preventative work that professional standard undertakes.
- **Policy Advice**– Provide advice as appropriate in relation to Policies being developed locally or the application of national policy, with respect to the standard set by the Home Office, College of Policing and Northamptonshire Police.
- **Scrutiny** – To provide scrutiny of areas of potential ethical concern e.g hospitality, allowances. In doing so the Committees will act as a critical friend to those making decisions, offering, challenging and advice but will not be a decision- making forum.

#### **Ethics Committees**

**Internal Ethics Committee** – Will review current and long-term ethical challenges that affect Northamptonshire Police, they can offer advice and support the organization and ACPO with the development of policy, and they will meet quarterly. The committee will also work collaboratively with the external committee on ethical challenges.

**Independent External Strategic Committee** – Will continue the long term and complex ethical challenges to policing at National level and local application in addition to offering support on complex case management issues where appropriate. Will play a key role in the educational and scrutiny aspects. The committee will meet quarterly and work collaboratively with the internal committee.



## **Operating Principles**

The committees will act in line with the values of Policing;

**Transparency** – The membership, dilemmas considered and advice given will be published unless the sensitivity or confidentiality of a matter requires an exemption to be considered. Learning will be embedded within the lesson's learned bulletins.

**Impartiality** – Members will declare any conflict of interest in relation to any matters that come before the committee that they are a member of.

**Public Service** – At all times, members will remind themselves that the principle purpose of the committee, in line with the Nolan Principles and the code of Ethics, to ensure that the highest standards of professionalism are embedded in Northamptonshire Police into to enhance legitimacy and build trust and confidence.

**Integrity** – The committee will act with the confidence to challenge ideas within Northamptonshire Police to enable full consideration of dilemmas and to improve decision making.

### **Internal Member Responsibilities**

Members will be expected to have a good working knowledge of the Police Code of Ethics and the Values of Policing. This will be assisted by an understanding of the national Decision Making Model.

In addition, there will be an expectation that members undertake continuous personal development in relation to ethics and are proactive in identifying dilemmas to consider.

Internal membership is open to any serving officer or member of police staff who is able to participate in the committee.

### **Membership Criteria – External Committee**

#### **Knowledge and experience:**

Relevant qualification(s) and/or proven experience in any of the following areas, albeit this would be desirable but not essential.

1. Community service/partnership working or voluntary work in an advisory or oversight role.
  2. Business/Commerce.
  3. Professional qualifications or organisation experience, e.g NHS, Department for Education.
  4. Academic Background.
- You should have knowledge of the Nolan Principles, Police Code of ethics and have an understanding of the current socio-political environment in the policing landscape.
  - A good working knowledge of how an ethics committee operates or have experience as a member of a professional body or non-executive membership of a relevant board.
  - Understand the importance of confidentiality, the principles of diversity and inclusion and understand the importance of GDPR when discussing sensitive topics.

## **Skills and Attributes**

### **Essential Criteria:**

- Must not be currently serving or employed by any Chief Constable or Police, Fire and Crime Commissioner.
- Must possess good verbal and written communication skills and be able to articulate, interpret and summarise complex discussion.
- Must be able to work as part of a team.
- Be self-motivated and able to think independently, critically and analytically.
- Have a flexible approach and be able to adapt to change.
- Be willing to attend meetings when required.
- Act with respect and compassion and embrace equality and diversity.

### **Desirable Criteria:**

- Current or previous membership of an ethics group or similar.
- Active participation or an interest in an area of work which ethics is a core dimension.

### **Tenure:**

- Minimum term of three years' service for committee members who will serve two terms in the role.
- Chair of the committee to be elected by the committee members, to serve a minimum term of three years.
- All members are expected to maintain a decorum of good conduct and behaviour, failure to do so will result in their position as a committee member or chair being reviewed by the Chief Constable and Deputy Chief Constable.



## AGENDA ITEM: 4B

### NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER, NORTHAMPTONSHIRE POLICE and NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE

#### JOINT INDEPENDENT AUDIT COMMITTEE

18 DECEMBER 2020

<b>REPORT BY</b>	Helen King Chief Finance Officer and Robin Porter ACFO
<b>SUBJECT</b>	Update on Fraud and Corruption Controls and Processes
<b>RECOMMENDATION</b>	To consider the report

## 1 PURPOSE OF THE REPORT

- 1.1 This report provides the Committee with updated details of the robust processes and procedures Northamptonshire Fire currently has in place to identify and mitigate the likelihood of fraud.

## 2 NATIONAL ARRANGEMENTS

- 2.1 In 2019, the National Fire Chiefs Council, following sector wide consultation published The NFCC National Leadership Framework. This framework clearly defines the leadership behaviours required for each role within the Fire and Rescue Service. The behaviours complement our Service values which support the way we want to do things, and which we all hold ourselves accountable against.
- 2.2 NFRS has identified how the levels of leadership behaviours defined within the NFCC Leadership Framework aligns with all FRS staff roles, so that staff are aware of the expected behaviours associated with their role. The behaviours are discussed service wide in performance review meetings and annual appraisals to provide clarity on expected levels of performance.

- 2.3 All staff are expected to adhere to the behaviours relevant for their role for the purpose of performance expectations, including use within the appraisal process. overseeing that functional area.
- 2.4 The State of Fire & Rescue report 2019 (Part 1, page 49) recommended that by December 2020, the National Fire Chiefs Council, with the Local Government Association, should produce a Code of Ethics for fire and rescue services, which should be adopted by every service in England.
- 2.5 In response, NFCC have developed a new 'Core Code' to guide all FRS employees in their day to day conduct, providing professional standards of practice and behaviour to carry out business honestly and with integrity and to underpin organisational culture. Consultation on the Core Code has recently ended and we are awaiting further information as to implementation from NFCC.

### **3 LOCAL ARRANGEMENTS**

#### **3.1 Code of Conduct**

- 3.1.1 NFRS's Code of Conduct policy sets out the general standards expected of all employees, these are in addition to any rules which apply in service areas. The code is not exhaustive and all staff are required to read and adhere to in conjunction with other service policies.

#### **3.1.2 The Principles**

- 3.1.2.1 The public have the right to expect the highest standards of integrity from our employees. Employees are required to:

- Always conduct themselves in a proper manner
- Not allow personal or private interests influence their conduct
- Not do anything as an employee which they could not justify to the Service
- Inform management of any breach of standards or procedure without fear of recrimination, if appropriate employees should use policy A52 – Whistleblowing
- Engage in any investigations about actual or potential breaches of this code

#### **3.2 Our Values**

- 3.2.1 NFRS renewed its core values in 2018, undertaking a service wide exercise with all staff to jointly develop the values, therefore achieving engagement, understanding and ownership from the outset.
- 3.2.2 The Service Core values are threaded throughout our plans and performance framework processes and are was written follows:



## 4 NATIONAL FRAUD INITIATIVE

- 4.1 Since 1996 the National Fraud Initiative (NFI) has been undertaken which is , an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. This includes NFI participant bodies such as Fire and Rescue Authorities, Police Forces and OPCCs, Community Rehabilitation Companies, as well as local councils and several private sector bodies.
- 4.2 NFI data matching plays an important role in protecting the public purse against fraud.
- 4.3 For nearly two decades, this has been run every two years to help detect and prevent fraud as fraud can happen anywhere and fraudsters often target different organisations at the same time, using the same fraudulent details or identities. The NFI can help tackle this by comparing information held by organisations to identify potential fraud and overpayment.
- 4.4 A match does not automatically mean fraud. Often, there may be an explanation for a data match that prompts bodies to update their records and to improve their systems.
- 4.5 NCFRA would previously have been included in NFI as part of Northamptonshire County Council. However, for the 2020 exercise, following the Governance transfer on the 1/1/19, as a separate corporation sole, they are eligible to take part.
- 4.6 Data provided has included payroll, pensions and suppliers' data and notifications have been sent to staff in the weekly communications and a notice published on the website.
- 4.7 Data matching showing little or no fraud and error can provide bodies with assurances about the effectiveness of their control arrangements. It also strengthens the evidence for the body's annual governance statement.

- 4.8 Colleagues from the LGSS Audit and Assurance Team have worked with NCFRA and NFI to coordinate the submissions on behalf of NCFRA, all of which were due by the end of October 2020.
- 4.9 As this is the first time NCFRA have ever been involved in the NFI exercise, we eagerly await the results of this which are anticipated in 2021. The JIAC will be updated on the outcome as appropriate.

## **5 LOCAL POLICIES AND PROCEDURES**

- 5.1 Several policies and procedures are in place which relate to managing integrity of Firefighters, Retained Firefighters and staff to which all individuals are required to adhere. These include:
- Bribery Act Compliance
  - Code of Conduct
  - Whistleblowing
  - Drugs and Alcohol (Substance Misuse)
  - Petty Cash/Imprest policy
  - Government Procurement Cards
  - Customer Interaction
  - Complaints
  - Disciplinary Procedure
  - Raising Workplace concerns
- 5.2 All Policies, procedures and guidance documents are available to staff on 'Fireplace', the Service intranet.
- 5.3 The Service induction process for all new starters comprises a structured programme of learning to enable all to become familiar with role, responsibilities and the context in which they are working for the Service. Knowledge and understanding of Organisational Policies, Procedures and values form an important early requirement of the induction process.
- 5.4 The service recognises that a positive whistleblowing culture leads to good governance arrangements in any organisation.
- 5.5 To support the whistleblowing policy and provide a greater level of confidentiality for staff, the Service has recently commenced using a third party, not for profit organisation to provide safe and confidential advice to all staff about what to do having witness wrongdoing in the workplace.

## **6 CORPORATE GOVERNANCE FRAMEWORK INCLUDING CONTRACT PROCEDURE RULES AND STANDING ORDERS**

- 6.1 The Corporate Governance Framework established on 1/1/19 sets out extensive arrangements with relation to several important areas which includes governance, risk, financial planning and contract procedures rules and standing orders, as well as prevention of Fraud and Corruption.

- 6.2 The Corporate Governance Framework also sets out the requirements for the S151 Chief Finance Officer and Head of Internal Audit in respect of any potential Fraud and Corruption. It is a comprehensive document which in the main mirrors the Joint PFCC and CC Governance Framework and is due for review in early 2021.
- 6.3 In respect of Contract standing orders and procurement specifically, in relation to managing fraud it covers:
- Confidentiality and Disclosure of Interest;
  - Use of Contractors Services, Gifts and Hospitality;
  - Corporate Supply Arrangements;
  - Tendering Procedures for the Supply of Goods and Services; and
  - Auditing.
- 6.4 A procurement card policy is in place, with authorisation controls over limits and spending and the transactions are closely reviewed by the Service Information Team to ensure that procurement cards are not being used to short circuit the correct Procurement processes and that NCFRA are not incurring costs are higher than they would be through normal audited processes. This is more of a responsibility to the taxpayer than an integrity issue, but the two are linked.

## **7 INTERNAL AND EXTERNAL AUDITS**

- 7.1 Internal financial audits which would highlight any potentially fraudulent activity are conducted by the LGSS Internal Audit and Risk team throughout the year and the Audit Plan is informed by the risk Register.
- 7.2 At the year end the Head of Internal Audit issues an audit opinion on the control framework and assurances in place. This report is used to inform the Annual Governance Statement as contained within the Statement of Accounts.
- 7.3 External audits which scrutinise NCFRA's accounting procedures and which would identify and mitigate the likelihood of fraud are conducted by the accountants Ernst & Young annually.

## **8 HER MAJESTY'S INSPECTORATE OF CONTABULATY AND FIRE AND RESCUE SERVICES (HMICFRS) INSPECTIONS**

- 8.1 In July 2017, HMICFRS extended its remit to include inspections of England's fire and rescue service. HMICFRS now assess and report on the efficiency, effectiveness and people of the 45 fire and rescue services in England. The Service underwent inspection in November 2018; the two areas within the inspection that explore processes related to this area of report are Efficiency and People:

### **8.1.1 Efficiency**

- 8.1.1.1 The inspectorate indicate that an efficient fire and rescue service will manage its budget and spend money properly and appropriately. The FRS has

financial controls and financial risk control mechanisms to reduce the risk of inappropriate use of public money.

- 8.1.1.2 For our last inspection the inspectorate did not identify any issues with financial control, financial risk control mechanisms or any inappropriate use of public money.

## 8.1.2 People

- 8.1.2.1 The inspectorate indicate that a fire and rescue service that looks after its people should be able to provide an effective service to its community. It should offer a range of services to make its communities safer. This will include developing and maintaining a workforce that is professional, resilient, skilled, flexible and diverse. The service's leaders should be positive role models, and this should be reflected in the behaviour of the workforce.

Following inspection, the inspectorate reported that Northamptonshire Fire and Rescue Service had a positive culture with its values widely known and understood by its staff.

## 9 Summary

- 9.1 This report provides an update on Fraud and Corruption Prevention arrangements and processes in NCFRA.
- 9.2 It is intended that this will be an annual report to the JIAC which is added to the Annual Plan in July or September each year.





## AGENDA **ITEM 5A**

### **NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER, NORTHAMPTONSHIRE POLICE and NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE**

#### **JOINT INDEPENDENT AUDIT COMMITTEE**

**16 DECEMBER 2020**

<b>REPORT BY</b>	Chair of the Joint Independent Audit Committee
<b>SUBJECT</b>	Draft self-effectiveness questionnaire
<b>RECOMMENDATION</b>	To comment on the draft self-effectiveness questionnaire and agree its circulation

#### **1. Purpose of report**

This report fulfils two purposes:

- a) Provides a draft of an effectiveness questionnaire for improvement for committee members, officers and auditors to shape; and
- b) Seeks agreement to circulation for completion.

#### **2. Recommendations**

The Committee is invited to:

- a) Comment on the report to finalise it; and
- b) Agree the circulation to committee members, officers and auditors for completion by 15 January 2021.

#### **3. Role of the Committee**

The JIAC committee terms of reference include:

*The Committee shall annually review its Terms of Reference and its own effectiveness and recommend any necessary changes to the Commissioner and Chief Constable;*

CIPFA produce guidance for local authority and police audit committees. This guidance describes best practice. It also includes a draft survey which can be used by Audit Committees to self-assess their effectiveness.

Appendix A sets out a first draft of a questionnaire for JIAC to use. It has been adapted slightly to collect further information.

It would be helpful to have feedback from as wide a group as possible on the effectiveness of the committee. It is therefore proposed that the survey is circulated to JIAC members, officers (including PFCC and CC) and auditors.

The suggested deadline for return of the survey is 15 January 2021. This will allow time for the feedback to be collated and reported to the next meeting of the JIAC.

## Appendix A

### Joint Independent Audit Committee

#### Self-assessment of good practice

This questionnaire provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement. It has been adapted to reflect local considerations.

Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee. A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

The Joint Independent Audit Committee is established by the Police, Fire and Crime Commissioner (PFCC) and the Chief Constable. The committee covers, the Police Service, Fire and Rescue Authority and the Office of the PFCC

Are you commenting as a JIAC member, officer or auditor?
--

	Yes	Partly	No
<b>Audit committee purpose and governance</b>			
1 Does the PFCC / CC have a dedicated audit committee?			
2 Does the audit committee report directly to PFCC / CC?			
3 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?			
4 Is the role and purpose of the audit committee understood and accepted by the PFCC / CC?			
5 Does the audit committee provide support to the PFCC / CC in meeting the requirements of good governance?			
6 Are the arrangements to hold the committee to account for its performance operating satisfactorily?			
<b>Functions of the committee</b>			

7 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			
- good governance			
- assurance framework, including partnerships and collaboration arrangements			
- internal audit			
- external audit			
- financial reporting			
- risk management			
- value for money			
- counter fraud and corruption			
- supporting the ethical framework			
8 Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?			
9 Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?			
10 Where coverage of core areas has been found to be limited, are plans in place to address this?			
11 Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?			
<b>Membership and support</b>			
12 Has an effective audit committee structure and composition of the committee been selected? This should include:			
- separation from the executive			
- an appropriate mix of knowledge and skills among the membership			
- a size of committee that is not unwieldy			
- consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)			
13 Have independent members appointed to the committee been recruited in an open and transparent way and approved by the PCC and chief constable as appropriate for the organisation?			

14 Does the chair of the committee have appropriate knowledge and skills?			
15 Are arrangements in place to support the committee with briefings and training?			
16 Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			
17 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFOs?			
18 Is adequate secretariat and administrative support to the committee provided?			
<b>Effectiveness of the committee</b>			
19 Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			
20 Are meetings effective with a good level of discussion and engagement from all the members?			
21 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?			
22 Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?			
23 Has the committee evaluated whether and how it is adding value to the organisation?			
24 Does the committee have an action plan to improve any areas of weakness?			
25 Does the committee publish an annual report to account for its performance and explain its work?			

Are there specific topics which you suggest the JIAC should explore in more detail (possibly via a specific workshop)?

What three elements of the JIAC could be changed to improve its effectiveness?

Other Comments:

## **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 five 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 discussion 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 one 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.

###### **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) 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

**f) 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 statutory officers and/or appropriate deputies;
- d) The Chief Constable shall normally be represented by the Deputy Chief Constable and the Assistant Chief Officer (Finance and Resources) of the Force, and / or deputies.
- 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 Committee's scope encompasses:

- the Office of the Police and Crime Commissioner (including the Fire and Rescue Service after the date of transfer of governance);
- the interface between the OPCC and associated bodies and directly controlled companies but not the bodies themselves;
- the Northamptonshire Police Force; and
- Any collaborative / partnership arrangements involving the OPCC or Force.

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.
- d) Consideration of the processes for assurances that support the Annual Governance Statement;
- e) Consideration of VFM arrangements and review of assurances;
- 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;
- g) To monitor the effective development and operation of risk management and to make recommendations as appropriate;
- h) To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies
- 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 JIAC, 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 managers' 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 officers and Public Sector Audit Appointments (PSAA) 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 guidance.

## **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 ideally 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 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.

## Appendix 2

**The Joint Independent Audit Committee's – Aims and Objectives 2017-18**

(Note: \*IA indicates that this is also a recommendation from the Internal Audit review of JIAC effectiveness in 2017)

<b>Aims and objectives</b>	<b>Comment</b>
Recruit a fifth member for the JIAC to provide a wider range of skills and experience and ensure that there is an appropriate induction programme (Autumn 2017) [*IA]	The objective of increasing the size of the Committee to five has been agreed. Initial work on the recruitment (e.g. person specification and process) has been completed. However the actual recruitment has been delayed for a number of reasons. The action will be carried forward to 2018-19 and will need to include recruiting a further member to replace a retiring Committee member.
Monitor the implementation of the finance review (throughout 2017-18)	The JIAC has maintained an interest in the recruitment to key finance posts during the year which has been successfully completed. There are aspects of the work of the finance teams which continue to stretch the capacity of the team and JIAC will continue to monitor this.
Review the revised government frameworks for the PCC and CC (expected by September 2017) and monitor the implementation of the governance documents (during 2017-18)	The revised Governance Framework, covering the OPCC and Force, were completed early in 2018 and implemented with effect from 1 April 2018.

<p>Press for the production of appropriate documents which underpin the governance framework and financial control arrangements (including the estates strategy, capital programme, treasury management strategy, medium term financial plan and reserves policy) (by September 2017)</p>	<p>This was a major area of concern for the JIAC in June 2017. Considerable progress on each of these areas have been made by the end of 2017-18:</p> <ul style="list-style-type: none"> <li>• An Estates strategy has been produced to guide the evolution of the property portfolio in the coming years</li> <li>• A capital programme has been developed which accurately reflects the estates programme, IT strategy and equipment requirements</li> <li>• A treasury management strategy for 2018-19 has been produced which now reflects affordable capital expenditure and meaningful borrowing levels</li> <li>• A medium term plan has been prepared which takes account of the capital programme and emerging pressures / identifying savings over the next 3 years</li> <li>• A reserves strategy accompanied the 2018/19 budget, precept and medium term financial plan which was supported by the Police and Crime Panel in February 2018.</li> </ul> <p>The JIAC has supported moves by the OPCC to simplify the multitude of reserves previously held.</p>
<p>Continue the JIAC involvement in the Change Board and the Force Assurance Board (ongoing)</p>	<p>Members of JIAC are actively involved in both the Force Assurance Board and the Change Governance Board. This is providing a helpful insight into the topics which the organisations are working on and their associated risks</p>
<p>Ensure that JIAC members' disclosure of interests is complete and up to date (September 2017)</p>	<p>Complete</p>

<p>Consider improvements in the provision of information about JIAC particularly on the OPCC website and including: terms of reference; disclosed interests: minutes and annual report (October 2017) [*IA] and the possibility of some form of document repository for JIAC members.</p>	<p>The PCC website (under the section Governance/Public meetings) shows the JIAC terms of reference, minutes and annual reports. Disclosed interests are not shown (but could be).</p> <p>A documentary repository has been discussed but it has not been easy to define the content or work out an effective approach to ensure that appropriate documents are captured. An alternative to secure the same outcome may be the consideration of separate officer briefings outside of the formal public meetings.</p>
<p>Review JIAC governance arrangements [*IA]:</p> <ul style="list-style-type: none"> <li>• Terms of reference possibly incorporating items excluded</li> <li>• Regular meetings with PCC and CC</li> <li>• Presenting the Annual report to the PCC Board</li> <li>• Inviting PCC and CC to attend the JIAC meetings at least on an annual basis</li> <li>• Keeping the JIAC agenda under review and develop the annual work plan</li> <li>• Providing greater clarity about matters on which the JIAC wishes further assurance</li> <li>• Consider repeating a skills audit for JIAC</li> <li>• Consider, as appropriate, involving other officers or independent experts to present to the Committee</li> </ul>	<ul style="list-style-type: none"> <li>• The terms of reference are reviewed annually. The main areas that are 'excluded' and which might fall within the Committee's remit are: ethics (which is overseen separately) and the oversight of associated bodies (e.g. OPCC controlled companies).</li> <li>• A meeting has been held with the CC and one is scheduled with the PCC</li> <li>• The 2016-17 report was presented to the Police and Crime Panel and the intention is to repeat this in 2018. In addition the annual report for 2017-18 will be forwarded to the PCC and CC.</li> <li>• Efforts have been made to reduce the number of items on the agenda and improve the forward planning of agendas.</li> <li>• Whilst efforts have been made to ensure that JIAC focuses on its assurance responsibilities, this needs to be developed further.</li> <li>• An assessment of skills will form part of the recruitment for new JIAC members to ensure a wide range of skills are available to the Committee</li> <li>• Other officers have been encouraged to present to the JIAC (e.g. on the Governance Framework and HR polices) but there has not been a need to draw in independent experts.</li> </ul>

<p>To monitor the capacity risk in respect of increasing workloads regarding the implementation and monitoring of the SDM, the upgrade and migration to the Fusion operating system, implementation of the estates strategy and the potential inclusion of the Fire Service within the OPCC remit.</p>	<p>This has been discussed at a number of JIAC meetings. Capacity remains a concern given the increasing demands on the service and some specific developments relating to the control framework such as the Multi-Force Shared Service.</p>
<p>Continue to seek input / insight from other audit committees in the region with a view to driving best practice (2017/18)</p>	<p>Members of JIAC attended a regional seminar organised by the Internal Auditor which provided both a valuable update on recent developments and a chance to network with the members of other audit committees across the region.</p> <p>The Chair attended:</p> <ul style="list-style-type: none"> <li>• the Leicestershire Audit Committee to understand how another committee operates and is supported.</li> <li>• A national training event run by the Chartered institute of Public Finance and Accountancy, specifically aimed at police audit committees.</li> </ul>



## Appendix 3

## The Joint Independent Audit Committee's – Draft Aims and Objectives 2018-19

<b>Aims and Objectives</b>
Recruit a fifth member for the JIAC to provide a wider range of skills and experience and ensure that there is an appropriate induction programme (Autumn 2018) [*IA]
Understand the IT strategy and governance in the two organisations (OPCC and Force)
Continue to monitor the arrangements with the Multi-Force Shared Service and implementation of the change programme
Understand the governance arrangements for the Fire and Rescue Service when under the control of the OPCC and the governance of the change programme to achieve the transfer
Develop a better understanding of counter fraud activity
Understand the approach to budgeting including the outcome based budgeting approach which is being implemented
Review the Force Management statement to understand the assurance it provides and the relationship with other plans such as the Police and Crime plan
Consider how the committee can update itself and gain renewed assurance about the performance management arrangements which exist.
Consider the development of officer briefings outside of the formal JIAC meetings so that the meetings focus on the key issues



## Agenda Item 6A

Police, Fire and Crime Commissioner for Northamptonshire  
Internal Audit Progress Report 2020/21

[Joint Independent Audit Committee](#)

December 2020

**Presented to the Panel: 16<sup>th</sup> December 2020**

**mazars**

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### *Disclaimer*

This report (“Report”) was prepared by Mazars LLP at the request of Northamptonshire Police and the Officer of the Police, Fire and Crime Commissioner (OPFCC) for Northamptonshire and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit Northamptonshire Police and the Officer of the Police, Fire and Crime Commissioner (OPFCC) for Northamptonshire and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

## 01 Summary

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 31st March 2021, which was considered and approved by the JIAC at its meeting on 11th March 2020.

The Police, Fire 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, Fire 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 OPFCC 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, Fire 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.

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.

Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

## 02 Current progress

Since the last meeting of the JIAC we have issued one final report in respect of the 2020/21 audit plan, this being in regard to Procurement. Further details are provided in Appendix A3.

The impact of the Covid-19 lockdown(s) has posed several challenges to the internal audit process and the move to remote auditing has caused some initial delays in setting dates when the audits will be carried out. Both parties have worked hard to ensure the audits could be completed and Mazars have regularly communicated with the Force and OPFCC, which has enabled us to complete two pieces of work to date. Moreover, we can confirm that the fieldwork for the Core Financials, IT Security and GDPR audits are underway. In addition to these preliminary dates have been agreed to conduct the audits of Seized Property, Health and Safety and, Workforce Planning prior to the end of March 2021.

Whilst good progress has been made in relation to the completion of the 2020/21 plan, given the time remaining during the year and the number of audits to be completed it would be prudent to highlight to the committee that there remains a possibility that all the agreed internal audits within the plan may not be completed by 31<sup>st</sup> March 2021. It is likely that some of the audits within the plan may be completed shortly after the 31<sup>st</sup> March 2021. Audit have communicated with the Chief Officers to review the options to have a priority-based approach to the audits within the plan. As it stands some of the audits within the IA Plan will straddle the year end 31<sup>st</sup> March 2021, these being in respect of Governance, Performance Management and Procurement (MINT). The Plan in Appendix A1 has been updated to include the status of each audit to date.

In relation to the 2019/20 Collaboration reports the Business Continuity report this remains in draft format and is awaiting full management response; the lead CFO is chasing this.

We have attended the regional Chief Finance Officers meeting to discuss the Collaboration Audits for 2020/21. Aligned with the approach to the Force's plan, the likelihood of completing all three of the collaboration audits before 31<sup>st</sup> March 2021 has been discussed and the group are currently reviewing a priority based approach.

Summary table of work to date:

Northamptonshire 2020/21 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Fleet Management	Final	Limited	-	5	2	7
Procurement	Final	Limited	1	2	-	3
Total			1	7	2	10



## 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.

Number	Indicator	Criteria	Performance
1	Annual report provided to the JASP	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JASP	As agreed with the Client Officer	Achieved
3	Progress report to the JASP	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (2/2)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (2/2)
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% (2/2)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (1/1)

## A1 Plan overview

Audit area	Proposed Dates	Draft Report Date	Final Report Date	Target JIAC	Comments
Fleet Management	Q2	August 2020	August 2020	Sept 2020	
Procurement	Q3	Nov 2020	Dec 2020	Dec 2020	
Core Financials	Q3/Q4			Mar 2021	Fieldwork in Progress
Health & Safety	Q4			Mar 2021	Fieldwork Dates agreed Jan 21
Seized Property	Q4			Mar 2021	Fieldwork Dates agreed Jan 21
Workforce Planning	Q4			Jul 2021	Fieldwork Dates agreed Feb 21
Governance	Q4			Jul 2021	Fieldwork Dates agreed Mar 21
Performance Management	Q4			Jul 2021	Fieldwork proposed to commence Apr 21
Procurement (MINT)	Q4			Jul 2021	Fieldwork proposed to commence Apr 21
IT Security: Follow Up	Q3/4			Feb 2021	Fieldwork in Progress
GDPR: Follow Up	Q3/4			Feb 2021	Fieldwork in Progress



## A2 Reporting Definitions

Assurance Level	Control Environment
<b>Substantial 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>Adequate 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. The level of non-compliance with some of the control processes may put some of the College'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 College's objectives at risk.
<b>No Assurance</b>	Controls are generally weak leaving the system open to significant abuse and/or we have been inhibited or obstructed from carrying out or work.

Recommendation Priority	Description
<b>1 (Fundamental)</b>	Recommendations represent fundamental control weaknesses, which expose the Organisation to a high degree of unnecessary risk.
<b>2 (Significant)</b>	Recommendations represent significant control weaknesses which expose the Organisation to a moderate degree of unnecessary risk.
<b>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.

## A3 Summary of 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 since the last progress report in respect of the 2020/21 Internal Audit Plan:

### Procurement

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

Our audit considered the following area objectives:

- Procurement activity is governed by Contract Regulations and that these are available to all relevant staff.
- All purchases over £25,000 are managed by the East Midlands Strategic Commercial Unit (EMSCU) / MINT.
- Purchases below the £25,000 threshold are monitored to ensure compliance with local financial and procurement regulations and that best value is being achieved
- Expenditure with regards to goods and services is incurred in accordance with Contract Regulations and best value principles, for example, through the use of quotes, tenders, national and regional frameworks, etc.
- Requisitions and purchase orders are approved at the appropriate level and in accordance with approved delegated authorities.
- Expenditure on goods and services is supported, where appropriate, by an approved purchased order.
- Where there is a contract / agreement in place, expenditure is only incurred with these suppliers.
- There are effective goods receipting processes in place.
- There is effective monitoring of expenditure to identify where a contract would deliver better value for money.

We raised one priority 1 (fundamental) recommendation and two priority 2 (significant) recommendations where the control environment could be improved upon. The finding, recommendation and response from the report is detailed below:

<b>Recommendation</b> <b>1</b> <b>(Fundamental)</b>	The Force and OPFCC should seek retrospective approval for the Faithful + Gould variation made.
	The Force and OPFCC should ensure that there is clarity over the process to be followed for a variation to a Major Project.

	<p>In all instances, the delegated authority limits should be followed in the approval of spend.</p>
Finding	<p>Audit have noted that for contract variations, the approval is subject to the standard procurement thresholds.</p> <p>Furthermore, the Framework states that amendments for Major Projects (exceed £250k) should be referred to the PFCC if there is an increase of the higher of 5% or £5,000.</p> <p>Audit identified one variation for a Major Projects contract (Faithful + Gould), where the initial contract value was for £352,535.00. A subsequent variation was made for £29,454.50 + VAT, which exceeds 5% of the initial contract value. This means that PFCC approval should have been sought, however this was approved by the Budget Holder for Estates &amp; Facilities.</p> <p>In addition to this, the Framework stipulates for contract variations delegated authority limits must be followed. In this instance, the approval value for this variation exceeded the budget holder's authority limit.</p> <p>Risk: The Force &amp; OPFCC breach their Corporate Governance Framework.</p> <p>Variations undermine the original procurement process.</p>
Response	<p>The Head of Estates and Facilities will be reminded of the delegated responsibilities and that all contractual documentation must be passed through the Procurement Adviser</p> <p>The Head of Estates and Facilities will work with the Procurement Adviser to ensure that a retrospective Contract variation is considered by the PFCC in line with proper process.</p> <p>The ACO Police and Fire will discuss these areas with the Head of Estates and Facilities to ensure that the correct processes are followed, and a retrospective approval is sought in this instance.</p>
Timescale	January 2021

Recommendation 2 (Significant)	<p>The Corporate Governance Framework and supporting scheme of delegation should be updated.</p> <p>Once updated a regular review of the document should be scheduled, to ensure it remains aligned to Force and OPFCC working arrangements</p>
Finding	<p>The Corporate Governance Framework is the joint central document for the Force and OPFCC's financial operations and details the systems in place for Procurement activity, in addition to the regulations that the Force and OPFCC must be held accountable to.</p> <p>It has been noted that the Framework was last approved in April 2018 and the framework does not indicate when the next review and updated approval should be.</p> <p>Audit were informed that a review of the Corporate Governance Framework is currently underway.</p> <p><i>Risk:</i> The Framework for the Force and OPFCC is not aligned with working practices, in particular relating to Procurement.</p>

Response	The Joint Policing Corporate Governance Framework had a thorough review in 2018/19 and took into account best practice. It also applied a consistent approach across the region. A review of the Joint CGF commenced in 2020 and has almost been completed. It is anticipated that this review will be finalised and the updated CGF published by 31 March 2021. The CGF will continue to be reviewed regularly, given the size and content it is anticipated that this will be every two years and/or following the appointment of a new PFCC and CC.
Timescale	April 2021
Recommendation 3 (Significant)	The Force and OPFCC should complete the production of reporting pack, with inclusion of contract spend analysis.
Finding	<p>Audit note that there is currently no analysis completed on year on year spend, significant variances or identification of cost saving opportunities that arise.</p> <p>At present, it has been noted that Northamptonshire are currently developing a reporting pack. Through discussions with Management, audit have been advised that incorporating contract spend analysis into this reporting is scheduled to be undertaken.</p> <p>Risk: The Force and OPFCC fail to identify opportunities to deliver value for money opportunities.</p> <p>There is a lack of oversight over contract spend.</p>
Response	The new procurement structures and arrangements were implemented in October 2020. Contract expenditure and other management information is scheduled for regular production and review under the new arrangements.
Timescale	April 2021

## A4 Statement of Responsibility

We take responsibility to Northamptonshire Police and the Office of the Police and Crime Commissioner for Northamptonshire for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Author and Contact: Duncan Wilkinson, Chief Internal Auditor, 01908 252089  
Helen King, Chief Finance Officer

### **Executive Summary**

This report provides the Joint Internal Audit Committee with a summary of the progress made towards the delivery of the Northamptonshire Commissioner Fire and Rescue Authority's 2020/21 Internal Audit plan as at the 30<sup>th</sup> November 2020.

#### **1. Recommendation(s)**

Committee to note the report.

#### **2. Background**

2.1. Under its terms of reference, the Joint Internal Audit Committee receives regular progress reports from the Chief Internal Auditor outlining the results of audits carried out and the key themes arising. The current report for the period ended 30<sup>th</sup> November 2020 is attached at Appendix 1.

#### **3. Implications:**

3.1. Policy

None.

3.2. Legal

This report does not identify any legal issues.

3.3. Other Implications

None

#### **4. Risk and Resources:**

4.1. None.

Appendix 1 – Progress Update Report.







**APPENDIX 1**

**Internal Audit & Risk Management**

**Northamptonshire Commissioner Fire and Rescue Authority (NCFRA)**

**Progress Update – Q3**

Duncan Wilkinson, Chief Internal Auditor

16 December 2020

## 1 INTRODUCTION

- 1.1 This progress report provides stakeholders, including the Joint Internal Audit Committee, with a summary of the Fire Authority Internal Audit activity for the period to end of November 2020.
- 1.2 **Annex A** (page 5) provides the background and context for how Governance is tested and evaluated.
- 1.3 The report summarises work done on evaluating the robustness of systems of control and governance in place during the current year. The onset of the Covid 19 pandemic at the start of the financial year and the ensuing period of lock down meant audit work could not be progressed. This report covers progress made since, on audits brought forward from the previous financial year as well as audits within the new plan year that have been started.

## 2 PROGRESS AGAINST 2020/21 AUDIT PLAN

- 2.1 The key target for the Internal Audit Service is to complete the agreed Plan by the 31st March 2021. **Annex B** (page 7) shows brought forward 2019/20 audits completed and audits to be completed in 2020/21. Audit activity due to be started in Q1/2021 was affected by the pandemic lockdown, when audit work was temporarily suspended and so it is anticipated that some 2021 audits may have to be carried forward for completion during the 2021/22 audit year.
- 2.2 As at the 30 November 2020, all of the audits carried over at year end have been completed. For 2020/21 planned audits, one report has been finalised and good progress has been made on the two audits where the start dates were approved (at last Committee) to be postponed at the request of management. A further two reviews have had terms of reference agreed and work on these are to be started in December 2020.
- 2.3 Committee should note that the scope of the review for Asset Management and has been extended to incorporate a more focused scrutiny of controls over ICT assets and equipment. Also, a new review has been requested to review controls around procurement practices and stock controls, in response to concerns of potential control weaknesses over these areas, raised by S151 officer and the Chief Fire Officer respectively.
- 2.4 Best practice requires plans to be flexible and adjust to meet the risks evident. The above is consistent with that best practice. Management's engagement of Internal Audit to scrutinise specific aspects of these areas, supports a strong governance culture of transparency, to ensure issues are robustly addressed and improved.

- 2.5 In consultation with the Fire Authority Senior Management, the following changes to the Plan are proposed to accommodate the additional work requested with minimal additional resources required:
- 2.5.1 Reduce IT Audit days allocation by 5 days (it is considered possible to complete the IT Governance review within a reduced target of 15 days)
  - 2.5.2 Replace risk management days
  - 2.5.3 The 10 days planned for Risk Management from the 2019/20 has been fully provided as at the completion of risk workshops on 25th November.
  - 2.5.4 A further 10 days is provided for 2020/21 to complete scheduled risk workshops December to March 2021. These days could be used for the additional work required. This would result in support only to the Strategic Risk meetings for 20/21.
  - 2.5.5 The additional work requested is time consuming in nature. With the changes above agreed by the 151 and JIAC, it may be possible that the additional work could be completed.
- 2.6 It is estimated this may prove challenging however work could be completed within those additional 15 days and then if further work still required it could be then agreed.
- 2.7 Assurance ratings are given for both the adequacy of the System and compliance with the System of Controls. The definitions are detailed in Annex A and Annex B highlights the assurance levels for the reports issued to management since the last Committee. In summary, 1 report – Grenfell Inquiry recommendations implementation review - has been completed showing, good assurance opinion for both system design and compliance with system controls. The report has been agreed with management.
- 2.8 The table below provides a precis of the objectives of the audits to be undertaken and the associated key risks.

Assignment	Status	Objectives and Risk
Corporate Governance		<p><b>Objective(s)</b> To provide assurance that the Strategic and Senior governance of NCFRA is effective and it allows statutory obligations to be fulfilled</p> <p><b>Risks(s)</b> Financial and Reputational risk</p>
Key Policies	ToR agreed	<p><b>Objective(s)</b> To provide assurance that Key Policies and Procedures for NCFRA are established and operating effective.</p> <p><b>Risks(s)</b> Reputational &amp; Fraud Risks</p>

Assignment	Status	Objectives and Risk
Target operating Model – Performance Monitoring	ToR agreed	<b>Objective(s)</b> To provide assurance as to robustness of performance monitoring arrangements <b>Risk(s)</b> Poor delivery leading to reputational and H&S risks
Financial Controls Environment	Field work started	<b>Objective(s)</b> To provide assurance over the effectiveness of financial controls <b>Risk(s)</b> Reputational and fraud risks
MTFP/Budgetary controls		<b>Objective(s)</b> To provide assurance that. Budgetary controls are operating effectively <b>Risk(s)</b> Reputational and fraud risks
Accounting systems (AP/AR)		<b>Objective(s)</b> To provide assurance that the process <b>Risk(s)</b> Inappropriate payments made/ Income due not collected
Covid 19 -Spend Analysis and Contract Payments	Field work In progress	<b>Objective(s)</b> To provide assurance that spend is consistent with organisational decisions and the Covid 19 pandemic restrictions.  <b>Risk(s)</b> -financial strain/ overspend
Procurement and Stock Control	ToR agreed	<b>Objective(s)</b> To provide assurance over the process for procuring and managing fire stock items. <b>Risk(s)</b> Financial and fraud risk
Payroll		<b>Objective(s)</b> To ensure all employees of NCFRA are bona fide and are paid the right amount at the right time. Substantive testing of large sample <b>Risk(s)</b> Inappropriate payments made
ICT Systems		<b>Objective(s)</b> To provide assurance that IT systems and infrastructures are secure <b>Risk(s)</b> Data protection and reputational risks
HMIRC outcomes	Cancelled	
Grenfell Action Plan	Final Report Issued	<b>Objective(s)</b> To provide assurance that process for monitoring implementation of improvement actions is adequate

Assignment	Status	Objectives and Risk
		<b>Risk(s)</b> reputational and safeguarding risk
Asset Management	Field work In progress	<b>Objective(s)</b> To provide assurance as to adequacy of process for managing assets – movements; disposals, documenting <b>Risk(s)</b> Financial and fraud risk
Risk Management	Time Reallocated	Quarterly support to Risk Owners for the effective identification / assessment of risk, periodic review and action tracking.

## Annex A

### Internal Audit Context and Background How Controls are Audited and Evaluated

There are three elements to each internal audit review. Firstly, the CONTROL ENVIRONMENT is documented and assessed to determine how the governance is designed to deliver the service's objectives.

IA then needs to test whether COMPLIANCE is evident in practice.

Finally, IA undertakes further substantive testing and/or evaluation to determine the ORGANISATIONAL IMPACT of weaknesses found.

The tables below outline the criteria for assessing the above definitions:

Control Environment Assurance	
Assessed Level	Definitions
Substantial	Substantial governance measures are in place and give confidence that the control environment operates effectively.
Good	Governance measures are in place with only minor control weaknesses that present low risk to the control environment.
Satisfactory	Systems operate to a moderate level with some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

Compliance Assurance	
Assessed Level	Definitions
Substantial	Testing has proven that the control environment has operated as intended without exception.
Good	Testing has identified good compliance. Although some errors have been detected these were exceptional and acceptable.
Satisfactory	The control environment has mainly operated as intended although errors have been detected that should have been prevented / mitigated.
Limited	The control environment has not operated as intended. Significant errors have been detected and/or compliance levels unacceptable.

<b>No Assurance</b>	The control environment has fundamentally broken down and is open to significant error or abuse. The system of control is essentially absent.
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<b>Organisational Impact</b>	
Level	Definitions
Major	The weaknesses identified during the review have left NCFRA open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left NCFRA open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left NCFRA open to low risk. This could have a minor impact on the organisation as a whole.



## ANNEX B

## 2020/21 - Audit Plan for NCFRA

AUDIT TITLE	STATUS	PROGRESS	Quarter Work Allocated	Assurance Rating System Compliance	
<b>Brought Forward- 2019/20</b>					
Organisational Governance	Closed	Final Report	n/a	Good	Satisfactory
Scheme of Delegation	Closed	Final Report	n/a		
Policies and Procedures	Closed	Final Report	n/a		
Accounts Payable	Closed	Final Report	n/a	Good	Limited
Accounts Receivable	Closed	Final Report	n/a		
Payroll	Closed	Final Report	n/a		
Target Operating Module	Closed	Final Report	n/a	Good	Good
Medium Term Financial Planning	Closed	Final Report	n/a	Good	Good
Risk Management	Closed	Complete	n/a	Workshops completed	
<b>Plan - 2020/21</b>					
Grenfell Action Plan	Closed	Final Report	Q2	Good	Good
Asset Management	Open	Field work in progress	Q3		
Covid 19 –Spend Analysis and Contract Payments	Open	Field work in progress	Q3		
Financial Controls Environment (key recs /bank/Treasury/Journals)	Open	Field work started	Q2 -Q4		
Procurement & Stock Control	Open	ToR agreed	Q3		
Key Policies	Open	ToR agreed	Q3		
Target operating Model Performance Monitoring	Open	ToR agreed	Q4		
Corporate Governance			Q3		
MTFP/Budgetary controls			Q4		
Accounting systems (AP/AR)			Q4		
Payroll			Q4		

AUDIT TITLE	STATUS	PROGRESS	Quarter Work Allocated	Assurance Rating System Compliance	
ICT Systems			Q4		
HMIRC Outcomes	Cancelled	Cancelled	Q3		
Risk Management	Time reallocated		Q2-Q4		



Agenda Item 7a

## **Report to the Joint Independent Audit Committee 16 December 2020**

### **Internal Audit Recommendations Summary Report**

#### **RECOMMENDATION**

The Committee is asked to note this report.

#### **1 PURPOSE OF THE REPORT**

- 1.1 This report provides the Joint Independent Audit Committee (JIAC) with an update on the status of actions arising from recommendations made in internal audit reports.
- 1.2 The report contains actions arising from audits of Northamptonshire Police and the Office of Northamptonshire Police, Fire and Crime Commissioner and also East Midlands Collaboration Units.
- 1.3 The attached Summary of Internal Audit Recommendations Report shows details and the current status of all open audit actions.
- 1.4 The Force Assurance Board has oversight of all outstanding audit actions and directs the activities required to complete any actions that have passed their targeted implementation date.

#### **2 NORTHAMPTONSHIRE AUDITS**

##### **2.1 Overall Status**

- The report shows 12 actions that were open following the last JIAC meeting or have subsequently been added.
- 1 action has been superseded and is no longer applicable.
- 10 actions remain ongoing.
- 1 action has passed its implementation dates and is overdue.

#### **3 OVERVIEW**

##### **3.1 2017/18 Audits**

- 11 audits were completed making 93 recommendations.
- 1 action remained open following the October JIAC. This action has been superseded by later work and was agreed for closure at the Force Assurance Board on 03 November 2020.

##### **3.2 2018/19 Audits**

- 9 audits were completed making 39 recommendations.

- All actions have been completed.

### 3.3 **2019/20 Audits**

- 8 audits were completed making 20 recommendations.
- 1 action remained open following the October JIAC which has passed its implementation dates and is overdue.

### 3.4 **2020/21 Audits**

- 2 audits have been completed making 10 recommendations.
- 10 recommendations have not reached their implementation date and are ongoing.

## **4 COLLABORATION AUDITS**

### 4.1 **Overall Status**

- The report shows 9 actions that were open following the last JIAC.
- 3 actions have been completed and are closed.
- 6 recommendations have been partially completed but have actions that are ongoing or overdue.

### 4.2 **2018/19 Audits**

- 3 audits were completed making 13 recommendations.
- 1 action remained open following the October JIAC which has not yet reached its implementation date and remains ongoing.

### 4.3 **2019/20 Audits**

- 2 audits were completed making 11 recommendations.
- 8 actions remained open following the October JIAC.
- 3 actions have been completed and are closed.
- 5 recommendations have been partially completed but have actions that are ongoing or overdue.

## **EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS**

None

## **HUMAN RESOURCES IMPLICATIONS**

None

## **RISK MANAGEMENT IMPLICATIONS**

None.

## **ENVIRONMENTAL IMPLICATIONS**

None

**Author:** Richard Baldwin,  
Strategic Development, Risk and Business  
Continuity Advisor

**Chief Officer Portfolio Holder:** Simon Nickless, Deputy Chief Constable

**Background Papers:** Quarterly Summary of Internal Audit  
Recommendations November 2020

## INTERNAL AUDIT RECOMMENDATIONS DASHBOARD

### Summary of Audit Outcomes

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance or Significant Assurance. Some thematic audits are advisory only and not graded. Recommendations are prioritised as Priority 1 (Fundamental), Priority 2 (Significant) or Priority 3 (Housekeeping) to reflect the assessment of risk associated with the control weaknesses.

### Northants Audits

#### 2017/18

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Audit Committee Effectiveness	June 2017	Not Rated	0	7	4
Seized Property	July 2017	Limited Assurance	4	4	0
Victims Code of Practice	July 2017	Not Rated	0	5	1
Fleet Management	August 2017	Satisfactory Assurance	0	4	0
Procurement Follow-up	November 2017	Satisfactory Assurance	0	4	0
Core Financial Systems	December 2017	Satisfactory Assurance	0	7	3
Data Quality	January 2018	Satisfactory Assurance	0	3	3
Financial Planning	February 2018	Satisfactory Assurance	0	2	4
Estates Management	March 2018	Limited Assurance	1	4	1
Crime Management	May 2018	Substantial Assurance	0	0	4
Counter Fraud Review	May 2018	Not Rated	3	14	11

#### 2018/19

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Absence Management & Wellbeing	July 2018	Limited Assurance	1	2	2
Northants Police – IT Strategy	August 2018	Satisfactory Assurance	0	1	1

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Victims Voice	October 2018	Satisfactory Assurance	0	2	2
Seized Property	November 2018	Limited Assurance	2	4	0
MFSS Contract Management	December 2018	Limited Assurance	2	2	0
GDPR	February 2019	Limited Assurance	4	0	4
Service Delivery Model	February 2019	Satisfactory Assurance	0	4	0
Risk Management	April 2019	Satisfactory Assurance	0	3	2
Performance, Skills & Talent Management	14 May 2019	Satisfactory Assurance	0	1	0

### 2019/20

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Business Continuity	31 May 2019	Satisfactory Assurance	0	1	0
Complaints Management	04 June 2019	Satisfactory Assurance	0	1	2
Project / Benefits Realisation	22 August 2019	Satisfactory Assurance	0	2	0
Absence Management & Wellbeing	22 July 2019	Satisfactory Assurance	0	4	0
Force Management of MFSS Arrangements	21 January 2020	Satisfactory Assurance	0	2	0
GDPR Follow Up	04 June 2020	Limited Assurance	2	0	0
Core Financials	08 July 2020	Satisfactory Assurance	1	2	2
Balance Transfers	01 July 2020	Significant Assurance	0	0	1

### 2020/21

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Fleet Management	27 August 2020	Limited Assurance	0	5	2
Procurement	02 December 2020	Limited Assurance	1	2	0

## **Summary of Audit Recommendations Progress**

This table shows a summary of the progress made on new audit recommendations raised at each JIAC during the current year and annual totals for previous years where audit recommendations are still active.

### **Position as at 07 October 2020**


Previous Years Audits	Totals for 2017/18	Totals for 2018/19	2019/20 Audits	Reported to JIAC 26 Jul 19	Reported to JIAC 30 Sep 19	Reported to JIAC 11 Dec 19	Reported to JIAC 11 Mar 20	Reported to JIAC 29 Jul 2020	Totals for 2019/20
Recommendations Raised	93	39	Recommendations Raised	4	6	0	2	8	<b>20</b>
Complete	92	39	Complete	4	6	0	2	7	<b>19</b>
Ongoing	0	0	Ongoing	0	0	0	0	0	<b>0</b>
Overdue	1	0	Overdue	0	0	0	0	1	<b>1</b>

### **Position as at 02 December 2020**


Previous Years Audits	Totals for 2018/19	Totals for 2019/20	2020/21 Audits	Reported to JIAC 07 Oct 20	Reported to JIAC 16 Dec 20				Totals for 2020/21
Recommendations Raised	39	20	Recommendations Raised	7	3				<b>10</b>
Complete	39	19	Complete	0	0				<b>0</b>
Ongoing	0	0	Ongoing	7	3				<b>10</b>
Overdue	0	1	Overdue	0	0				<b>0</b>


## OUTSTANDING RECOMMENDATIONS

**Key to Status**

 Action completed since last report

 Action ongoing

 Action outstanding and past its agreed implementation date

 Action no longer applicable or superseded by later audit action

**2017/18**

### Data Quality – January 2018

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.2	<p><b>Niche Data Quality Strategy</b></p> <p><i>Observations:</i> A Data Quality Strategy for the Niche system was been completed and signed off by the Deputy Chief Constable in February 2017. The aims of the Strategy is “to ensure that Northamptonshire has a system that can best protect people from harm, with consistently applied standards that deliver accurate statistics that are trusted by the public and puts the needs of victims at its core”.</p> <p>The strategy sets out a number of tasks that it would like to achieve and the next steps that should be taken to deliver these.</p> <p>However, it was found that there is currently no monitoring of these next steps to ensure the aims of the strategy are being achieved.</p> <p><i>Risk:</i> Failure to achieve the aims of the Data Quality Strategy.</p>	<p>The Data Quality Strategy for the Niche system should be owned by the Niche Governance Board and it should be reviewed at each meeting to ensure that the achievements and next steps set out in the strategy are being delivered.</p>	<b>2</b>	<p>Agreed. The performance monitoring on the strategy had yet to be completed although this has been identified and will be carried out.</p> <p>Update – EH is updating the strategy ahead of handover as business as usual.</p> <p>Update – as per 4.1</p> <p>Update - December 2019. The National Data Quality Strategy is about to be signed off. We will then need to develop a local strategy to cover implementation and monitoring/governance We have not yet been able to secure our Data Quality Dashboard, (awaiting ISD change) will be pressed in 2020 to attempt to raise the priority. A Data Maturity Assessment is planned Mid Feb 2020 for the force. Both of these actions will assist in informing the local strategy. An initial Data Quality meeting took place on 30/10/19, where to above two points were discussed, Pauline Sturman has been appointed the lead for Data Quality.</p> <p>Update February 2020 - The software has been successfully installed and the relevant data tables created. We will receive our</p>	<p>Niche Operational Lead Jim Campbell 30th April 2018</p> <p>Revised date 30 June 2018</p> <p>Advised June 2019 that Mark Manning is now the lead for this.</p>	

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	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>PND dashboard shortly before the 16<sup>th</sup> March 2020.</p> <p>Update Apr 2020 – There are wider data quality issues than just Niche. Proposals are being prepared for a Force Data Quality Board which will address the wider issues and this will be reflected in a forcewide Data Quality Strategy.</p> <p>Update Sept 2020 – After the recent ICO Audit a force wide action plan has been agreed and adopted, overseen by the (SIRO). As part of this work Supt Hillery has been identified as the SRO for Data quality and is currently writing a data Strategy on behalf of the force. Once agreed a data quality board will be established to cover the Information assets across the force. This will include Niche.</p> <p>Update Oct 2020 – The draft Data Quality Strategy has been completed and circulated for feedback. This will supersede this recommendation.</p>		

**2019/20**

**Core Financials – July 2020**

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.4	<p><b><u>Reporting of Payroll Performance Data</u></b>  <i>Observations:</i> MFSS currently report performance data for purchasing, payables and receivables to the Force which highlight key data, including:</p> <ul style="list-style-type: none"> <li>No. of requisitions transferred to orders within 3 days.</li> <li>% of invoices paid on time.</li> </ul> <p>However, at present there is no review of performance for payroll processing. The review of this performance data would identify any issues or concerns in the payroll processing and allow actions to be taken in a timely manner.</p> <p>This issue was raised in 2017/18 audit, but audit has not been able to confirm if any changes have been made, as access to payroll performance reports were not available.</p> <p><i>Risk:</i> Poor performance is not identified in a timely manner.</p> <p>Errors in payroll processing result in financial loss for the Force</p>	<p>The Force should liaise with MFSS to ensure that appropriate performance data is provided with regards payroll processing. This could include, but not be limited to, the following:</p> <ul style="list-style-type: none"> <li>No. of overpayments &amp; underpayments.</li> <li>Value of overpayments &amp; underpayments.</li> <li>Reasons for overpayment i.e. late notification by Force, MFSS missed SLA for Payroll Date etc.</li> </ul> <p>[Force/MFSS]</p>	1	<p>Agreed - MFSS Payroll will provide the data as recommended, in the form of an excel spreadsheet, by the 1st working day of the month following the period in which the transactions took place. i.e. June payroll data will be provided by 1st July</p> <p>Update - 12/8/2020 Ongoing. The in-house payroll team are monitoring these performance areas and reporting back via Louise Davies. MFSS are still working on producing this for us and have been chased for an update.</p> <p>Update 24/09/20 We have received partial data on payroll performance this month (due to staff resource issues at MFSS). We are in the process of getting access to run the Service Request data directly so that we can pull this information ourselves going forward. Our retained payroll team are auditing manually the pay runs each month. This is helping prevent mistakes on payroll but not perfect. Therefore we are also in the process of gaining access to the Oracle payroll system for our retained payroll team, to improve the overall payroll performance.</p> <p>Update 21/10/20 - Our retained payroll team (x3) have been granted access to Oracle payroll this week. We have a planned phased approach of the work that Northants will take on from MFSS. Retained payroll have already been supporting with calculations and the more</p>	<p>Steve Gall July 2020</p> <p>Jan 2021</p>	

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	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>complex queries, they now will be able to input these straight into Oracle (minimising errors). Training is planned this week with a handover to start from 1<sup>st</sup> November. We expect the majority of the payroll transactional work to be handled by the Northants retained payroll team by January 2021. We then will take stock and consider if we take on processing the pay runs.</p> <p>Update 23/11/20 -The Northants payroll team have received training on Oracle and have taken on some of the transactional work from MFSS payroll. This is mainly inputting figures they have calculated directly on Oracle, cutting down the need to raise service requests and reducing error rate from double keying. We have a review this week to judge the success of this first phase, and to discuss the next steps. The feedback so far has been positive.</p> <p>Update 02/12/20 -MFSS are in the process of setting up performance dashboards which will be accessible by Fusion for monitoring performance across all functions. It is hoped that this will be in place in January 2021. In the meantime, Northants, have been given full access to the payroll Service Requests and audit all the payroll runs.</p>		

**2020/21****Fleet Management – August 2020**

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p><b>Tailpipe Emissions Target</b></p> <p><i>Observation:</i> As part of the Transport Strategy 2017-2021, the Force has set a target to reduce tailpipe emissions by 31% by 2020, in accordance with the Climate Change Act. The Transport Manager is responsible for monitoring this metric. Audit have noted that the Force have not updated the monitoring spreadsheet in place for this since May 2016. Therefore, there is insufficient evidence in place to confirm performance against the target.</p> <p><i>Risk:</i> The Force are unable to demonstrate one of the objectives set out in the Transport Strategy has been met effectively.</p> <p>Failure to reduce emissions in accordance with Climate Change Act.</p>	<p>The Force should ensure that there is a robust monitoring mechanism in place, to monitor the tailpipe emissions for the Force's fleet.</p> <p>Carbon emission data should be taken into consideration by the Force when procuring new vehicles.</p>	2	<p>Following audit, figures have been put together from management information regarding all aspects of travel rail, flights, fuel etc and we are looking to extrapolate essential mileage from the MFSS system to give us correct figures. I have asked one of our data analysts to put this into a spreadsheet, graph to show our current usage and set a target for 2023. I am currently looking at suitable hybrid vehicles which are feasible for use and Estates are looking at the implementation of charging points across the Force which will enable me to purchase pure electric vehicles for non-response teams.</p> <p>Transport Strategy and Implementation Plan</p> <p>Update 03/12/20 - We currently do not have a mechanism to monitor emissions on our vehicles I have asked for a carbon report to be built within the new FMS and Fuel system, currently we have a manual report which identifies our carbon usage and have asked if this can be put in to graph form.</p>	<p>March 2021</p> <p>Theresa Cheney</p>	
4.2	<p><b>Fleet Availability</b></p> <p><i>Observation:</i> Through discussions with the Head of Transport, it was found that the Force has set an informal target of ensuring fleet availability is at 95% at all times. However, there is no internal report that can be generated to provide this figure and audit noted that performance against this target is not reported anywhere.</p>	<p>The Force should ensure that scheduling of repairs or services of vehicles take into consideration when calculating fleet availability.</p> <p>The Force should ensure that there is effective monitoring of</p>	3	<p>With the introduction of a fit for purpose up to date Fleet Management system this will enable KPI data and productivity figures within the workshop environment. Also providing improved data integrity.</p>	<p>March 2022</p> <p>Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>Audit undertook a recalculation of the Force's fleet availability (as at 24th July 2020) and noted the Force's fleet availability stood at 93.7%, which is below the 95% target.</p> <p><i>Risk:</i> The Force are unable to demonstrate the servicing of vehicles is being scheduled effectively.</p>	<p>their fleet availability.</p>		<p>Implementation of new Fleet Management System with agreed KPI's including vehicle availability</p> <p>Update 28/10/20 – Pending the introduction of the new system the force will continue to use the existing Fleet Management System which, while not ideal, does hold details of vehicles, mileage etc.</p> <p>Update 03/12/20 - The FMS is automated there will be no requirement for paper job cards to be produced as the technicians will be using tablets and all jobs will be raised and closed on the system reducing the human error aspect and delays from opening/closing job cards which currently is a manual process. With telematics/mileage app feeding via api in to the FMS and scheduling module the servicing mileages will be up to date daily.</p>		
4.3	<p><b>Servicing of Vehicles</b></p> <p><i>Observation:</i> There is a schedule in place at the Force that sets the parameters for the interval period at which services are undertaken for vehicles. Audit were advised that mileage of vehicles is tracked and then the mileage dictates when services are due. The interval period depends on the vehicle type, and is as follows:</p> <ul style="list-style-type: none"> <li>• ARV's (Armed Response Vehicles) – serviced every 6,000 miles;</li> <li>• Response Unit's – serviced every 8,000 miles and;</li> <li>• All other vehicles – serviced every 10,000 miles.</li> </ul> <p>There has been a change in the interval periods since the previous audit, as the Force has decided to service response units (which were previously</p>	<p>The Force should ensure the servicing of vehicles is carried out in line with the schedule set out. This should be supported through accurately tracking the mileage of vehicles, and ensuring these are booked in for the required work in a timely manner, particularly for vehicles that the manufacturer stipulates should have their oil changed every 6,000 miles.</p>	2	<p>With the introduction of a new fully automated Fleet Management System connected to a Telematics or Fuel system providing up to date mileages and vehicle check data these issues would be resolved. Our current paper process is outdated and time consuming by using tablets within the workshop environment the updates will be instant and the data integrity will be greatly improved. The service schedules set are a guide and a cushion is built in for additional mileage incurred this has to be done to enable an unforeseen lack of vehicles due to (RTC, Defect which cannot be planned for)</p>	<p>March 2022 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>serviced every 6,000 miles driven), to now be serviced every 8,000 miles. This is because response units do not undergo the same level of intensity as the ARV's. Whilst these service intervals are set, it is also noted that to ensure manufacturer warranties remain valid, certain work must be completed at set intervals, such as oil changes every 6,000 miles. Audit reviewed a sample of 15 vehicles to ensure the service of the vehicle is being carried out in line with the parameters set in the servicing schedule. From the testing undertaken, audit noted seven vehicles that have not been serviced in line with the servicing schedule, with the following results:</p> <ul style="list-style-type: none"> <li>• Four ARV's which were serviced after the 6,000 mile interval (ranging between 6,900 – 11,600 miles after the previous service);</li> <li>• One ARV which was serviced after approximately 4,000 miles;</li> <li>• One vehicle that was not serviced after the 12 month interval;</li> <li>• One response vehicle being serviced after 8,700 miles after the previous service (as opposed to 8,000) and;</li> <li>• One response vehicle was serviced after approximately 6,800 miles after the previous service (as opposed to 8,000 miles).</li> </ul> <p><i>Risk:</i> Non-compliance with the Force's servicing schedule, does not demonstrate value for money for services that are being undertaken before their due date.</p> <p>The Force cannot demonstrate value for money is being achieved for services completed after their due date, as this increases the likelihood of further costs being incurred later in the life of that vehicle.</p> <p>Increased risk to the safety of officers, as a result of delayed services of ARV's.</p>			<p>Looking to invest in a new telematics solution which will enable direct accurate mileage data from vehicle canbus to Fleet management system.</p> <p>Update 28/10/20 – As per 4.2</p>		
<b>4.4</b>	<p><b>TranMan Record</b></p> <p><i>Observation:</i> A job card is generated for each time a vehicle is repaired/serviced at the Force's workshop. This is a paper copy which lists details pertaining to</p>	The Force should ensure the records held on the TranMan system are accurate, as the	<b>2</b>	Due to the current paper based process the timings between closure of job cards and manual input onto the system creates	March 2022 Theresa Cheney	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>the vehicle, including the mileage and registration, the reason why the vehicle has been called into the workshop and details of the work undertaken including parts used, their costs and any labour costs. This paper based data then requires manual input into the TranMan system.</p> <p>Audit reviewed a sample of 10 vehicles to ensure the records of vehicles recorded on the TranMan system are up to date and can be reconciled back to the respective job cards.</p> <p>Audit testing found five instances where the record of the vehicle held on TranMan did not reconcile with the information recorded on the physical job card. The discrepancies occurred on the following vehicle records:</p> <ul style="list-style-type: none"> <li>• KX12FKY</li> <li>• VK63RJJ</li> <li>• KX65DOH</li> <li>• FV63EBM</li> <li>• KX12DVF</li> </ul> <p>Furthermore, audit noted one vehicle (KS53RYB), which last had a service and MOT completed on 04/02/2020. However, the service and MOT prior to this was completed on 06/12/17 – demonstrating in a delay of over two years. Audit queried this with management and were advised during those two years, this vehicle was being used as a training vehicle and therefore had not left the site. However, audit were not provided with sufficient evidence to support this.</p> <p><i>Risk:</i> Records held in TranMan are not accurate, which could render the servicing and maintenance programme ineffective, as services and MOT's will not be undertaken at the right time.</p> <p>Furthermore, the Force's servicing programme does not represent value for money.</p>	<p>Force utilises the TranMan system to coordinate the servicing programme. Furthermore, the Force should explore the possibility of moving away from an over reliance on physical copies of job cards, thus reducing the risk of human error. This can be done by exploring ways to integrate the process of inputting data of completed services into the fleet management system automatically.</p>		<p>the issue. As per management comments to 4.3 above the new system with tablets will replace this entire process and ensure the Fleet Management System remains accurate and correct.</p> <p>Update 28/10/20 – As per 4.2</p>		
4.5	<p><b>Jobs raised on TranMan</b></p> <p><i>Observation:</i> Jobs are raised on the TranMan system when work is required on the vehicle, these are categorised as – Services, MOTs or defect jobs (other types of job). As the use of Physical Job Cards requires manual input into TranMan (see 4.4 above)</p>	<p>The Force should ensure that jobs raised on the TranMan system are accurately categorised with priority level and timescales for completion.</p>	3	<p>Unfortunately there is a large cost implication to change the Dashboard configuration but with the introduction of the Fleet Management system the dashboard can be configured accordingly.</p>	<p>March 2022 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>jobs are only closed when they have been input. Audit reviewed the TranMan dashboard, which provides an overview of any outstanding/upcoming jobs pertaining to the Force's fleet and noted the following results:</p> <ul style="list-style-type: none"> <li>• 167 Services due in the next four weeks</li> <li>• 0 services overdue for more than seven days</li> <li>• 121 defect jobs over seven days</li> <li>• 0 MOTs overdue</li> <li>• 19 MOTs due in the next seven days</li> <li>• 271 jobs over seven days old</li> </ul> <p>Audit queried the reason as to why 271 jobs were over seven days old, and were advised this is a result of the following issues:</p> <ul style="list-style-type: none"> <li>• Service jobs and MOT's which have been raised before their due date and therefore cannot be closed until these are completed; and</li> <li>• Service jobs and MOT's which have been completed, but the corresponding record on TranMan has not been updated.</li> </ul> <p>The latter issue has been caused because the member of staff responsible for updating the TranMan system has been shielding due to Covid-19 and has only acquired a work laptop in the last three weeks. Furthermore, the use of paper job cards has contributed to the time lag, as these have to be delivered to the member of staff who is shielding at home, after the service or repair job is completed. Audit also queried the existence of 121 defect jobs that are more than seven days old, and noted that these jobs related to minor defects and minor RTC's which will not be rectified until the vehicle is booked in for a service.</p> <p><i>Risk:</i> The scheduling of services and repairs cannot be carried out effectively. Performance reports produced are not accurate.</p>	<p>This will allow greater clarity of the performance of the technicians, and permit better management of the servicing programme including scheduling services effectively, particularly as the Force rely on manual insertion of data from physical job cards. The TranMan dashboard should be updated to show a clearer picture of outstanding work needed on the Fleet, this should include appropriate prioritisation of the jobs that have been raised. Furthermore, where a defect job relates to a minor RTC, the Force should ensure these are categorised accurately, so as to prevent the convolution of the different defect jobs, all of which warrant different priority levels.</p>		Update 28/10/20 – As per 4.2		
<b>4.6</b>	<p><b>Replacement of Vehicles</b> <i>Observation:</i> From a review of the Vehicle Replacement Policy Schedule 2020-21, audit noted there is a guidance document which indicates the</p>	The Force should clarify their position regarding what their priorities are relating to older	<b>2</b>	The replacement programme is currently based on mileage and age and role of vehicle but emissions will	March 2021 Theresa Cheney	



	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>replacement interval for each vehicle model, based on the vehicle life and the mileage with no vehicle having a vehicle life beyond 10 years. However the schedule mentions that certain vehicles, namely Response and Neighbourhood vehicles, will be reviewed at 100,000 miles so that it is not necessary that the age of these vehicles will be given priority, as mileage is considered the cost effective parameter.</p> <p>Audit reviewed the list of vehicles that the Force has in the fleet and noted 46 vehicles that were older than 10 years. All 46 vehicles were raised with management, and it has been noted that these are pending replacement.</p> <p>From a review of 23 of these vehicles, it was noted the Force has either replaced, is planning to replace, is salvaging or auctioning 16 of these vehicles. For the remainder of vehicles, the Force had a sound reasoning why vehicles were being retained, including vehicles that are being used as training vehicles but with mileage in excess of 100,000. However per the current guidance retaining vehicles beyond ten years is contrary to the guidance provided in the Vehicle Replacement Policy.</p> <p>Moreover, through discussions with the Head of Transport, it has been noted that the Force intends to replace vehicles pre-2015 due to the changes in the regulations relating to emissions under the Road Vehicle Emission Performance Standards. However this is not currently factored into the existing Vehicle Replacement Policy.</p> <p><i>Risk:</i> The Force are unable to demonstrate alignment to their carbon emission objectives, through the retention of older vehicles.</p> <p>Non-compliance of the guidance provided in the Vehicle Replacement Policy, as the vehicles used for training are over 100,000 miles.</p>	<p>vehicles, whether this is to ensure that the maximum utilisation is sourced from the vehicle or whether priority is to be given to the tailpipe emissions objectives.</p> <p>Once a clear approach has been agreed, a longer term replacement schedule should be drafted to support the future capital requirements to meet the fleet replacement needs.</p>		<p>start to factor more prominently in the coming years and this will be part of the replacement programme. After this end of financial year we will be in a much better position with the replacement/removal of older vehicles.</p> <p>The training vehicles are not driven mainly used for searches, prisoner scenarios and would not be cost effective to purchase a vehicle solely for that use as it would use minimal mileage, hence the retention of high mileage/age vehicle which are at end of life.</p> <p>Transport Strategy and Replacement programme will be reviewed to reflect the needs of the Force whilst being mindful of the emissions objectives.</p> <p>Update 03/12/20 - No decision has been made around purchasing the vehicles according to emissions due to the nature of the emergency vehicles. We are currently looking at an EV scoping review to advise on charging infrastructure as without this we are unable to purchase fully electric vehicles.</p>		
4.7	<p><b>Lack of Performance Monitoring and Reporting</b></p> <p><i>Observation:</i> There are no arrangements in place to monitor performance against the Transport Strategy, and as such the Force is unable to demonstrate adherence to the OPFCC's strategic objectives set out in the Police and Crime Plan 2019-2021,</p>	<p>The Force should effectively scrutinise the performance of the Transport department, and frequently set performance objectives to ensure the</p>	2	<p>As noted in comments above - Implementation of new Fleet Management System will enable with agreed KPI's to be set that can be easily reported on.</p>	<p>March 2022 Theresa Cheney</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
	<p>particularly ensuring the service is the most efficient and effective it can be.</p> <p>The performance in the workshop is not monitored due to the ineffectiveness of the TranMan system and the integrity of the data recorded within the system. There is no management information available which robustly monitors performance against the Transport Strategy. This prevents the Force from demonstrating value for money has been achieved in the management of the Transport vehicles. Furthermore, these vehicles are considered to be valuable public assets and the Force are unable to demonstrate robust scrutiny of performance has therefore taken place.</p> <p><i>Risk:</i> There is an insufficient oversight over Transport, and improvement opportunities are missed through a lack of scrutiny.</p>	<p>department's operations represent value for money to the Force.</p> <p>This should include the production of performance reports, which monitor a set of KPI's the Force aims to achieve from the fleet. Furthermore, the Force should undertake an exercise to quantify the amount of productive time the Force is losing due to manually inputting data into the TranMan system. This will enable the Force to better understand the additional costs being incurred as a result of the current system. This exercise could also include assessing the cost of holding inaccurate data and the impact this is having on the servicing programme. The result of this will enable the Force to effectively compare the advantages against the disadvantages of the current TranMan system.</p>		<p>Update 28/10/20 – As per 4.2</p> <p>Update 03/12/20 - The current KPI is 95% availability which we have maintained this year, this again is a manual report and an automated report is being built in to the FMS.</p>		

### Procurement – November 2020

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<p><b>Corporate Governance Framework</b></p> <p><i>Observation:</i> The Corporate Governance Framework is the joint central document for the Force and OPFCC's financial operations and details the systems in place for Procurement activity, in addition to the regulations that the Force and OPFCC must be held accountable to.</p> <p>It has been noted that the Framework was last approved in April 2018 and the framework does not</p>	<p>The Corporate Governance Framework and supporting scheme of delegation should be updated.</p> <p>Once updated a regular review of the document should be scheduled, to ensure it remains aligned to Force and OPFCC working arrangements</p>	2	<p>The Joint Policing Corporate Governance Framework had a thorough review in 2018/19 and took into account best practice. It also applied a consistent approach across the region. A review of the Joint CGF commenced in 2020 and has almost been completed. It is anticipated that this review will be finalised and the updated CGF published by 31 March 2021.</p>	<p>1 April 2021</p> <p>PFCC/CC S151 Chief Finance Officers</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>indicate when the next review and updated approval should be.</p> <p>Audit were informed that a review of the Corporate Governance Framework is currently underway.</p> <p><i>Risk:</i> The Framework for the Force and OPFCC is not aligned with working practices, in particular relating to Procurement.</p>			The CGF will continue to be reviewed regularly, given the size and content it is anticipated that this will be every two years and/or following the appointment of a new PFCC and CC.		
<b>4.2</b>	<p><b>Variation Approval</b></p> <p><i>Observation:</i> Audit have noted that for contract variations, the approval is subject to the standard procurement thresholds.</p> <p>Furthermore, the Framework states that amendments for Major Projects (exceed £250k) should be referred to the PFCC if there is an increase of the higher of 5% or £5,000.</p> <p>Audit identified one variation for a Major Projects contract (Faithful + Gould), where the initial contract value was for £352,535.00. A subsequent variation was made for £29,454.50 + VAT, which exceeds 5% of the initial contract value. This means that PFCC approval should have been sought, however this was approved by the Budget Holder for Estates &amp; Facilities.</p> <p>In addition to this, the Framework stipulates for contract variations delegated authority limits must be followed. In this instance, the approval value for this variation exceeded the budget holder's authority limit.</p> <p><i>Risk:</i> The Force &amp; OPFCC breach their Corporate Governance Framework.</p> <p>Variations undermine the original procurement process.</p>	<p>The Force and OPFCC should seek retrospective approval for the Faithful + Gould variation made. The Force and OPFCC should ensure that there is clarity over the process to be followed for a variation to a Major Project. In all instances, the delegated authority limits should be followed in the approval of spend.</p>	<b>1</b>	<p>The Head of Estates and Facilities will be reminded of the delegated responsibilities and that all contractual documentation must be passed through the Procurement Adviser</p> <p>The Head of Estates and Facilities will work with the Procurement Adviser to ensure that a retrospective Contract variation is considered by the PFCC in line with proper process.</p>	<p>January 2021</p> <p>The ACO Police and Fire will discuss these areas with the Head of Estates and Facilities to ensure that the correct processes are followed, and a retrospective approval is sought in this instance.</p>	
<b>4.3</b>	<p><b>Contract Spend Analysis</b></p> <p><i>Observation:</i> Audit note that there is currently no analysis completed on year on year spend, significant variances or identification of cost saving opportunities that arise.</p> <p>At present, it has been noted that Northamptonshire are currently developing a reporting pack. Through discussions with Management, audit have been advised that incorporating contract spend analysis into this reporting is scheduled to be undertaken.</p>	<p>The Force and OPFCC should complete the production of reporting pack, with inclusion of contract spend analysis.</p>	<b>2</b>	<p>The new procurement structures and arrangements were implemented in October 2020. Contract expenditure and other management information is scheduled for regular production and review under the new arrangements.</p>	<p>April 2021</p> <p>CC Chief Finance Officer and Procurement Engagement Partner</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<i>Risk:</i> The Force and OPFCC fail to identify opportunities to deliver value for money opportunities. There is a lack of oversight over contract spend.					

## Regional Collaboration Audits

### 2018/19

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Strategic Financial Planning	February 2019	Satisfactory Assurance	0	4	0
Risk Management	February 2019	Satisfactory Assurance	0	3	3
Business Planning	March 2019	Satisfactory Assurance	0	2	1

### 2019/20

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Performance Management	February 2020	Satisfactory Assurance	0	1	4
Health & Safety (Draft Report)	September 2020	Satisfactory Assurance	0	3	3

### 2018/19

#### Strategic Financial Planning

	Recommendation	Priority	Timescale/ responsibility	Update	Status
4.4	<p>The Resource Board should determine a consistent approach to budget underspends and efficiency savings to ensure each collaboration unit is engaged and incentivised to deliver efficiency savings.</p> <p>Moreover, there should be clarity when savings are being prepared and proposed so that it is understood what type of saving are being proposed and the impact for all stakeholders.</p>	2	<p>CFOs/FDs April 2019</p> <p>(renewed deadline end of April 2021)</p>	<p>This has been discussed but it is subject to a proposal that will be tabled to the Resources Board and then agreed with PCCs/CCs.</p> <p>Is scheduled for discussion at the February Resources Board where a renewed target timescale will be discussed</p>	

	Recommendation	Priority	Timescale/ responsibility	Update	Status
				<p>Update - This has been discussed but it is subject to a proposal that will be tabled at the PCC Business Meeting in April 2020.</p> <p>Update - CFOs/FDs still discussing with a view to agreeing a consensus for the Resources Board. Target date for agreement 30/6/20 for application to 2020/21 financial year.</p> <p>Implementation date is subject to change</p>	

**2019/20**

### Performance Management

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p><b>Governance</b></p> <p><i>Observation:</i> As part of the audit review into the performance management frameworks in place, audit reviewed the terms of reference of the governance forums responsible for managing performance. It was noted at a number of the collaboration units that were reviewed that the terms of reference had not been reviewed for some time or did not contain some key details.</p> <p>Two forums that review performance at EMSOU are the Strategic Governance Group and the Performance Management Group. It was noted that the terms of reference for these groups had not been updated since July and October 2018 respectively.</p> <p>The Board terms of reference for the EMCHRS L&amp;D does not include the Chair, Core Membership, Frequency of Meeting, Key Information Sources, Interdependencies or Administration Support.</p> <p><i>Risk:</i> Responsibility for managing performance is not clearly stated or carried out effectively.</p>	<p>EMSOU should review and update the Performance Management Group and Strategic Governance Group terms of reference on a regular basis to ensure they remain up to date.</p>	3	<p><u>EMSOU</u></p> <p>The requirement to review is agreed. A 12 monthly review cycle will be established for both of these meetings.</p> <p>Update Sep 20 - The PMG TOR is currently being reviewed and will be discussed at the next PMG meeting on 2 November 2020. The EMSOU Strategic Governance Board TOR will be reviewed in October and presented to the next planned meeting on 19 November 2020 for agreement.</p> <p>Update Oct 2020 - The PMG TOR has been reviewed and will be discussed/signed off at the next PMG meeting on 2 November 2020.</p> <p>The EMSOU Strategic Governance Board TOR will be reviewed in October and presented to the next planned meeting on 19 November 2020 for agreement</p>	<p><u>EMSOU</u></p> <p>DSU Kirby</p> <p>12 monthly from May 2020</p>	

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	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
		EMCHRS L&D should update the Management Board terms of reference to ensure key details are included. These should be reviewed and updated on a regular basis.		<p>EMCHRS L&amp;D Terms of Reference for all governance will be reviewed and a review cycle established</p> <p>Update Sep 20 - The TOR have been updated, primarily to show the change of name and the emphasis of the collaboration. These will be discussed at the Board on the 23rd September and they will be forwarded once these have been approved.</p> <p>Update Nov 20 - Completed</p>	EMCHRS L&D Peter Ward	
4.2	<p><b>EMCHRS L&amp;D: Performance Data</b> <i>Observation:</i> Audit reviewed the monthly performance packs that are produced by the unit, which focus upon the percentage of officers/staff who have completed mandatory training within each of the four Forces that the unit covers. Whilst this is an indicator that the unit is delivering the service for the Forces, other factors affect these figures such as Forces releasing the officers and staff to attend the courses that are available. Through discussions with the collaboration unit, other unit specific performance data could be used to manage performance including the utilisation levels of trainers and number of training places available for the Forces. Therefore the unit should consider adding additional performance metrics to the current performance packs to provide a more detailed review of performance.</p> <p>Audit reviewed the processes in place for collating the performance data within the unit and it was noted that this currently involves collating up to 200 paper evaluation forms each month and then entering these into electronic format.</p> <p>The evaluation of training is key performance data for the collaboration unit, consideration of a more effective and efficient way of collating this data should be considered.</p>	EMCHRS L&D should consider including other performance metrics in its performance report that provide a better view of unit specific performance.	3	<p>EMCHRS L&amp;D In light of the new structure established in April 20 a new set of performance measures will be agreed at the next Regional L&amp;D Management Board.</p> <p>The effectiveness of these measures will be reviewed as part of the review cycle and will align to stakeholder expectations.</p> <p>Update Sep 20 - EMCHRS L&amp;D is now East Midlands Specialist L&amp;D Hub. We have changed the way we do performance. We will give advice and guidance to each force on how they wish to measure. We as the specialist hub, use a tracker document; we deliver very little training; we oversee the training and are responsible for the compliance of training.</p> <p>Update Nov 20 - Completed</p>	EMCHRS L&D Peter Ward 23 <sup>rd</sup> June 2020	
		EMCHRS L&D should consider alternate solutions for the production of course evaluation.		A business case is being put together to put a case forward to provide options of systems that can be used to conduct Level 1 feedback. The software solution should	EMCHRS L&D Peter Ward	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>From audit testing on the accuracy of performance data it was noted that one minor error in the data was found. It did not change the KPI.</p> <p><i>Risk:</i> Ineffective use of resources in the production of performance data.</p>			<p>support the EMCHRS L&amp;D evaluation strategy and allow for future development of services thereby potentially achieving a greater return on initial investment. The current transitional process is for the standard template form to be produced locally and given to delegates. It is a generic, non-event/trainer specific form, developed to gather level 1 evaluation feedback including 3 key performance indicator data. Specific details are entered manually by the delegate. Only forms for events selected by criteria set out within the L&amp;D evaluation procedure are processed for reporting purposes. Due to resources and the transitional state of some business processes, the current focus of reports is higher level management information, specifically focusing on key performance indicators. This process covers all "in scope" training delivered at Derbyshire, Nottinghamshire, Leicestershire and Northants including regional crime. Due to Forces taken on Microsoft 365 as an overall system tool, it would be looked into, if this is a possible way forward. Currently within Evaluations the more detail evaluations such as Level 3, is conducted online using Survey Monkey, due to the nature of the detail and also the logistics of this, being done on case by case. Under the new Entry routes of policing (PEQF) we regularly use survey monkey to conduct Student Satisfaction survey around training and their tutor phase of the programme. Due to being under external scrutiny such as the Educational Skills Funding Agency (ESFA) and The Office for Standards in Education, Children's Services and Skills (Ofsted) and other external bodies the importance of conducting these evaluations is of high</p>		



	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
			2	<p>priority and also high risk, for performance and outcomes.</p> <p>Update Nov 20 - Update: This has not a priority and has been put on hold until recently, whilst the restructuring concluded. Following a move on to MS365, it is now being looked at with a view to using this instead of a separate system, as it is believed that MS365 has the capabilities. Costings are being looked at for the separate system to ensure we have the full information. A provisional draft paper has been written and will be completed with the costings, once these are known.</p>		
		EMCJS should consider ensuring a secondary quality check on performance figures prior to them being issued.		Update Sep 20 - The data is now checked by a secondary person prior to its circulation.	Samantha Lilley-Brown and Paul Naisby – with immediate effect	
		EMCJS should consider documenting the procedures for producing its performance scorecards to provide resilience in the event existing staff are unavailable to carry out the process.		<p>The scorecard can be replicated by the other audit and performance officer and the information and templates are to be saved on a share drive on the EMRN to facilitate this.</p> <p>Update Sep 20 - The scorecard can be replicated by the other audit and performance officer and the information and templates are to be saved on a share drive on the EMRN to facilitate this.</p>	Paul Naisby – as of 27 <sup>th</sup> April 2020	
4.4	<p><b>Performance Measures</b></p> <p><i>Observation:</i> Each collaboration unit carries out a variety of functions and services for the Forces and due to this it can be difficult to assign performance targets or measures that clearly demonstrate what good performance looks like.</p>	When presenting performance metrics EMCJS, EMCHRS L&D and EMSOU should consider what good performance should look like to provide users with a better	2	<p><u>EMSOU</u></p> <p>EMSOU have commissioned a performance project to review existing performance reporting, strip out unnecessary bureaucracy and make better use of the gathered data.</p>	DCS Kirby June 2020	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>Whilst targets may not be applicable in all the performance metrics, indicators of good or bad performance should be included to provide those charged with managing performance with a better understanding of the performance metrics being presented. Examples include:</p> <ul style="list-style-type: none"> <li>• EMCHRS L&amp;D KPI's relate to % of Force's staff who have undertaken mandatory training, some RAG ratings are applied but these have not been reviewed and updated for some time.</li> <li>• EMCJS the custody metrics are recorded but no indication of what good should look like e.g. a downward trend or upward trend or an expected percentage.</li> <li>• EMSOU have no performance targets in most areas due to the nature of the work they undertake, however trend analysis is utilised where possible to demonstrate performance but it was unclear what trend demonstrated good performance.</li> </ul> <p>Once a better understanding of levels of performance are in place this will allow those charged with managing performance to put in place appropriate actions in areas of underperformance.</p> <p><i>Risk:</i> Lack of clarity on levels of collaboration performance. Actions are not set to address areas of underperformance.</p>	<p>understanding of how well the unit is performing in that area.</p>		<p>All departments will report via a standard template and all data will be held in one, bespoke database. That database will be capable of being queried via Power BI, allowing a far more agile approach to performance monitoring.</p> <p>Whilst targets would not be helpful for most EMSOU work, this system will allow us to see our effect in many ways, such as commodities seized and offenders imprisoned, but also important information on the effect of our operations in communities, such as the overall reduction of risk from an OCG.</p> <p>The data can be separated out for departments, teams, threat areas and so on, allowing for questions to be answered in different ways to cater for changing contexts.</p> <p>This deals with the issue of good performance, and how that is defined, given that stakeholders will have a range of views.</p> <p>Update Sep 20 - In progress. The EMSOU PMG is also being reworked with the main focus on 'what does good look like' – to complement the data work that is underway.</p> <p>Update Oct 2020 - Funding for resources to take this work forwards has recently been approved (project worker, performance manager, full stack developer). Recruitment is the next stage.</p> <p><u>EMCJS</u> There are a few areas within the scorecard that targets could be attributed to. However, a lot of the data is for information only and can't be targeted i.e. throughput. The scorecard will be reviewed</p>	<p></p> <p>EMCJS Samantha Lilley-Brown and Paul Naisby – as of 22<sup>nd</sup> May 2020</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
			3	and targets will be included where deemed appropriate.  Update Sep 20 - There are a few areas within the scorecard that targets could be attributed to. However, a lot of the data is for information only and can't be targeted i.e. throughput. The scorecard will be reviewed and targets will be included where deemed appropriate.		
				<u>EMCHRS L&amp;D</u> A Performance Management Group is in place and will benchmark L&D performance measures to ensure that these ultimately drive improved performance.	EMCHRS L&D Already in place	
4.5	<b>Performance Information versus Management Information</b> <i>Observation:</i> Each unit has a lot of data that it utilises when creating performance packs or reports. However audit noted in a number of instances that there is a separation between management information and what could be considered pure performance data. For example: <ul style="list-style-type: none"> <li>The EMCJS Regional Scorecard includes a number of different tabs that include demographics of those in custody, number of mental health assessors called etc. Whilst this is important data for the management of the service, these are not performance indicators and therefore could be clearly separated out so a clear list or dashboard of the performance indicators are displayed.</li> <li>The EMCHRS L&amp;D performance pack shows the reasons for non-attendance at the training courses it runs but this is a management information tool not a performance measure.</li> <li>The EMSOU performance packs contain some demand data such as number of reviews done by the regional review unit.</li> </ul>	When presenting performance metrics EMCJS, EMCHRS L&D and EMSOU should consider the separation of management information from performance information	3	<u>EMSOU</u> The new performance system described above will be able to show demand data and so on, but also data that points towards the effectiveness and efficiency of any given unit. It will be flexible enough to combine and separate management data and performance data as required. Importantly, performance data can be looked at across departments, which is crucial for the integrated nature of EMSOU's work. For example, a SOC operation will not be completed by a SOC syndicate alone, the input of the SIU and other teams needs to be understood.  Update Sep 20 - In progress: the new performance system will be able to show demand data and so on, but also data that points towards the effectiveness and efficiency of any given unit. It will be flexible enough to combine and separate management data and performance data as required. A proof of concept has been run across SOC and EMSOU are now	DSU Kirby June 2020	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
	To ensure the performance of the unit is clearly presented in management reports the units should review how the information is presented. <i>Risk:</i> Lack of clarity in performance reporting			looking at resources to roll this out across the organisation. The reworking of the PMG as described above will also assist with this.  Update Oct 2020 - Funding for resources to take this work forwards has recently been approved (project worker, performance manager, full stack developer). Recruitment is the next stage.		
				<u>EMCJS</u> On the completion of the review of the scorecard as detailed in section 4.4, the areas where performance targets can be included will be separated onto a specific performance tab on the scorecard. This will make the performance information easier to identify.	<u>EMCJS</u> Samantha Lilley-Brown and Paul Naisby – as of 29 <sup>th</sup> May 2020	
				<u>EMCHRS L&amp;D</u> The performance Management Group will consider Management Information v Performance Information to help inform overall performance data for the function.	<u>EMCHRS L&amp;D</u> In place	

## Health & Safety

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<b>EMCHRS OHU: Health &amp; Safety Policy &amp; Procedure</b> <i>Observation:</i> Audit were informed that the collaboration unit has adopted Leicestershire Polices' Health and Safety Policy and were operating in line with this. However it was noted that there was no formal record of this adoption of policy by the EMCHRS OHU Management Board. Therefore for clarity it should be formally adopted.	EMCHRS OHU should formally adopt their Health and Safety Policy & Procedure.	3	OHU to attend the Leics Executive Health and Safety committee meeting moving forward.  Peter Coogan to check with DCC Nixon about reviewing the Leics Executive Health and Safety Committee terms of reference to include OHU.	Head of OHU May 2020  Chair of the Leics Executive H&S Committee.	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	Also as the Force policy is reviewed and updated the unit should ensure that the changes do not affect the unit. <i>Risk:</i> The responsibilities for health and safety are not understood and are therefore not carried out.			Update Oct 2020 - This was agreed in principle at the EMCHRS OHU Board. The agreement was that whilst Leicestershire's Policy would be adopted there would also be the need to include Health and Safety Advisors in the host Force should there be a requirement to do so. A recent example of this is that OH in all areas have liaised with H&S advisors with regards to Covid Secure buildings		
		EMCHRS OHU should ensure when the Force H&S Policy is updated that any changes made do not impact upon their approach.		Update Oct 2020 - Mr Nixon has agreed that OHU can attend the Executive Health and Safety Committee. I'll update the procedure to reflect this. He also raised OHU attendance at the Wellbeing Leadership Board.	Completed	
<b>4.3</b>	<b>EMSOU: Health &amp; Safety Policy/Protocol</b> <i>Observation:</i> EMSOU has its own H&S Protocol in place that sets out the means by which the Unit will manage risks to the health and safety of its staff and those that are affected by their work. It was noted that the current format of the protocol does not include version control, policy owner and date of review. Audit also noted that in comparison to some of the Forces' H&S Procedures, it was noted that one omission from the EMSOU protocol is the clearly defined legal responsibilities for H&S. Whilst it is noted that the EMSOU H&S Protocol is currently under review, consideration should be given to the format and setting a schedule for regular review. <i>Risk:</i> The H&S protocol does not align with the current operations of the unit. The roles and responsibilities for H&S as stated in the protocol are not aligned with the current structure of the unit.	EMSOU should ensure a schedule is in place to review and update the H&S Protocol on a regular basis.	<b>3</b>	This will sit alongside the review arrangements that are already in place for EMSOU Standard Operating Procedures (SOP's). An annual review will take place to ensure that it remains relevant and applicable.  Update 07 Oct 2020 - Protocol has been reviewed and re-issued to staff. This is now classed as a 'Standard Procedure' and will be reviewed in line with others on an annual basis	Head of Finance and Corporate Services. Next Review Jan 2021.	
		EMSOU should confirm where legal responsibilities for H&S lie for their collaboration unit and define this within their protocol.		The Lead Force for each collaboration is set out with Schedule 4 of each S22 Agreement. So for H&S it will be either Leics or Derby's.  Update 07 Oct 2020 - - Legal responsibilities lie with each force and the most relevant fore procedure with take precedence	May 2020 - Complete	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
		EMSOU should update the format of the Protocol to ensure it includes but not limited to: <ul style="list-style-type: none"> <li>• Document Owner</li> <li>• Version Control</li> <li>• Last Review Date</li> <li>• Date of next review</li> <li>• Officer/Board Approval</li> </ul>		The H&S Protocol will be updated to include the requested formats – this will then be incorporated within the annual review arrangements  Update 07 Oct 2020 – this has now been done. Document is controlled as a 'Standard Procedure' and is managed and monitored along with other similar documents	June 2020	
4.4	<b>Governance</b> <i>Observations:</i> The governance structure for H&S at EMSOU rests with the Risk, Assurance & Compliance Meeting. A review of the Terms of Reference for this forum confirmed the responsibilities of this group, however it was noted that the ToR was last reviewed and updated in October 2018. To ensure it remains up to date this should be reviewed and updated regularly.  As a small collaboration unit, OHU does not have a separate Health & Safety governance forum but any issues or actions needed would be discussed at the Senior Leadership Team meeting. Audit noted that H&S is not a standard agenda item, therefore to ensure it is still considered at each meeting an item should be added. Audit were also informed that it had been agreed that the H&S Advisor at the Force had agreed to attend these meetings as requested, to provide further support for the unit. <i>Risks:</i> The governance of Health and Safety at EMSOU and EMCHRS OHU is not clearly and correctly stated.	EMSOU should review and updated the Risk, Assurance and Compliance Meeting Terms of Reference to ensure it remains up to date with the operations of the unit.  OHU should include Health & Safety as a standard agenda item at the Senior Leadership Team meeting.	3	<u>EMSOU</u> Terms of Reference for the Risk and Assurance Board are to be reviewed and updated. Future reviews to be conducted on an annual basis.  Update 07 Oct 2020 - This is in progress, a new format meeting has taken place to identify the purpose on the meeting and to ensure the correct topics are covered.  Update 23 Nov 20 - The revised TOR's for both the Health & Safety and Risk & Assurance Board will be discussed and signed off at the board meetings in December 2020.  <u>OHU</u> Health and Safety has now been added as a standard agenda item at the OHU SLT meeting and the OHU SLT terms of reference have been updated to include H&S.  Update 07 Oct 2020 - This has been put into place for usual SLT Meetings. Some meetings recently have taken place to	EMSOU Head of Unit June 2020  Ongoing to be completed by Dec 20  Implemented	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				discuss Covid arrangements only and therefore don't follow the usual SLT structure. When full SLT Meetings are held Health and Safety will be a standing item		
<b>4.5</b>	<p><b>Accident Reporting</b></p> <p><i>Observation:</i> The EMSOU Health &amp; Safety Protocol outlines the process to be followed for accident reporting. It makes clear references to the individual Forces being responsible for recording H&amp;S incidents: "<i>Managers of staff who have been injured or made ill through work related causes will ensure that the Health and Safety Advisor of that individual's Force has been made aware.</i>"</p> <p>EMSOU maintain records of incidents that have occurred at their premises however it was noted that EMSOU do not maintain records of when such incidents have been passed to the Force to deal with. Therefore if staff have not reported the incident to the Force there is a risk it will go unreported.</p> <p>The OHU adopt Leicestershire reporting process for H&amp;S incidents, however it was noted in some scenarios where OHU Staff are operating on other Force premises and an incident occurs there is an expectation that the Force would record the incident where it occurs. Similarly to EMSOU, the OHU do not keep records of this therefore no audit trails to confirm incidents have been captured.</p> <p><i>Risk:</i> Accidents or incidents are not reported</p>	EMSOU & OHU should consider maintaining records of incidents and near misses for their staff that are passed to the Forces to ensure a clear audit trail is maintained and no incidents are missed.	<b>2</b>	<p><u>EMSOU</u></p> <p>EMSOU Currently has its own Injury on Duty reporting form and staff are aware of this and are encouraged to use it. In future we will put out a 6-monthly reminder to all staff via the weekly bulletin reminding them of the process.</p> <ul style="list-style-type: none"> <li>- This reminder will also include the instruction that Staff are to report all injuries or near misses</li> <li>- Where injuries are reported to other forces directly then these are usually passed back to EMSOU for information or investigation.</li> </ul> <p>Going forward EMSOU will carry out routine checks to see if any injuries have been reported to forces to ensure that they are picked up (however we must be wary of double reporting occurring)</p> <p>Update 07 Oct 2020 - All IOD's are recorded and information is shared with forces. Forces are also carrying out good practice and sharing any reports they receive with EMSOU</p>	Head of EMSOU Dec 2020	
				<p><u>OHU</u></p> <p>Reports of accidents, incidents and near misses are now recorded on a spreadsheet.</p>	Head of OHU April 2020	
<b>4.6</b>	<p><b>Training: EMSOU</b></p> <p><i>Observations:</i> Both EMSOU and the OHU align with Leicestershire Polices' approach to H&amp;S training, with a number of H&amp;S training levels in place to provide staff with the training they need to fulfil their health</p>	EMSOU should review the training records of managerial posts and then remind those who have not completed the H&S training package to do so.	<b>2</b>	Going forward a specific list will be kept for H & S training and this will be monitored for attendance and review dates. Records of the 5 year refresher will be kept, however due	Head of EMSOU Sept 2020	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>and safety responsibilities, dependent on their role within the organisation as noted below.</p> <p>When staff join the organisation they undertake induction training, which includes a basic level of health and safety training.</p> <p>If staff hold a managerial post then they are required to undertake a Managerial Health &amp; Safety Training course. This should be completed via an e-learning package via NCALT. Audit carried out testing on 10 managerial posts across EMSOU-SOC and it was noted that 6/10 had not completed the e-learning course. It was noted that the Training Administrator does not have access to the e-learning system and therefore cannot monitor and report on the levels of up to date H&amp;S training. This had to be done via individuals training records which is a timely manual process. It was highlighted that, at present, there is no refresher training required for staff who complete the managerial training package. From audit testing, of the four staff that had completed the course, the most recent was in 2017 with the oldest being in 2013.</p> <p><i>Risk:</i> Staff with legal responsibilities for health and safety have not received appropriate training to carry out these duties.</p>	<p>EMSOU should ensure the Training administrators monitor levels of H&amp;S training for EMSOU staff to ensure compliance with the five year refresher period.</p>		<p>to turnover of managerial roles there are likely to be very few staff who remain in post longer than 5 years.</p> <p>Update 07 Oct 2020 - In the absence of any physical training taking place EMSOU managers are to complete an NCalt package for this. The training administrator will keep a record of this and arrange for refresher training to be completed as necessary. It was hoped to recommence physical training in late 2020, but this is now likely to be 2021 due to Covid-19</p>		





## AGENDA ITEM 7b

### NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER, NORTHAMPTONSHIRE POLICE and NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE

#### JOINT INDEPENDENT AUDIT COMMITTEE

16<sup>th</sup> December 2020

<b>REPORT BY</b>	Business Planning Manager Julie Oliver
<b>SUBJECT</b>	Internal Audit Recommendations Summary Report
<b>RECOMMENDATION</b>	Committee to note report

#### 1 PURPOSE OF THE REPORT

- 1.1 This report provides the Joint Independent Audit Committee (JIAC) with an update on the status of actions arising from recommendations made in internal audit reports.
- 1.2 The report contains actions arising from audits of both Northamptonshire Fire and Rescue Service and the Office of Northamptonshire Police and Crime Commissioner.
- 1.3 This report includes an update on recommendations on all internal audit reports which have been issued as final as at the time of writing the report.

## 2 OVERALL STATUS

- The report shows 7 actions that have not yet reached their implementation date and remain ongoing.
- 2 actions that have passed their implementation date & are overdue.
- 9 actions have been completed.

## 3 OVERVIEW

### 3.1 **2019/20 Audits**

- 1 audit has been completed since the October JIAC raising 10 additional recommendation.
- 6 has not yet reached their implementation date and remain ongoing.
- 2 have passed their implementation date & are overdue.
- 7 actions have been completed.

### 3.2 **2020/21 Audits**

- 1 audit has been completed since the July JIAC raising 3 additional recommendations.
- 1 has not yet reached their implementation date and remains ongoing.
- 2 actions have been completed.

3.3 The attached Summary of Internal Audit Recommendations Report shows details and the current status of all open audit actions.

3.4 The Fire Executive Board has oversight of all outstanding audit actions and directs the activities required to complete any actions that have passed their targeted implementation date.

## List of Appendices

**Appendix 1:** Internal Audit recommendations v3.2

## INTERNAL AUDIT RECOMMENDATIONS DASHBOARD

The required Audit opinion for every audit is provided in 3 parts as below:

Control Environment Assurance	
Level	Definitions
<b>Substantial</b>	Minimal control weaknesses that present very low risk to the control environment
<b>Good</b>	Minor control weaknesses that present low risk to the control environment
<b>Satisfactory</b>	Control weaknesses that present a medium risk to the control environment
<b>Limited</b>	Significant weaknesses that present a high risk to the control environment
<b>No Assurance</b>	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment

Compliance Assurance	
Level	Definitions
<b>Substantial</b>	The control environment has substantially operated as intended although some minor errors have been detected.
<b>Good</b>	The control environment has largely operated as intended although errors have been detected
<b>Satisfactory</b>	The control environment has mainly operated as intended although errors have been detected.
<b>Limited</b>	The control environment has not operated as intended. Significant errors have been detected.
<b>No Assurance</b>	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

## Summary of Audit Outcomes

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance, Good Assurance or Substantial Assurance for adequacy of system and compliance.

Likelihood	H	S	I	E	<b>The Agreed Actions are categorised on the following basis:</b>
	M	S	I	E	
	L	S	I		
		L	M	H	
		Impact			
		<b>Essential</b>	<b>Action is imperative to ensure that the objectives for the area under review are met.</b>		
		<b>Important</b>	<b>Requires action to avoid exposure to significant risks in achieving objectives for the area under review.</b>		
		<b>Standard</b>	<b>Action recommended enhancing control or improving operational efficiency.</b>		

## 2019/20

AUDIT	DATE	Adequacy of System	Compliance	Organisational Impact of findings	Agreed Action plans		
					<b>Essential</b>	<b>Important</b>	<b>Standard</b>
Payroll	September 2019	Good	Good	Minor	0	0	2
Accounts payable	September 2019	Good	Limited	Moderate	3	0	0
Accounts receivable	September 2019	Satisfactory	Satisfactory	Minor	0	1	1
Organisational Governance	October 2019	Good	Good	Minor	0	0	2
Policies & Procedures	October 2019	Good	Satisfactory	Moderate	0	0	1
Scheme of Delegation	October 2019	Good	Limited	Moderate	0	0	0
Target Operating Model	October 2019	Good	Good	Minor	0	0	0
Target Operating Model	June 2020	Good	Good	Minor	0	0	1
MTFP	June 2020	Good	Good	Minor	0	2	1
ICT systems security	February 2020	Limited	Limited	Moderate	1	4	1
Organisational Governance, Scheme of Delegation and Policies and Procedures	July 2020	Good	Satisfactory	Moderate	0	1	0
Accounts Payable, Accounts Receivable and Payroll	September 2020	Good	Limited	Moderate	3	6	1

**2020/21**

AUDIT	DATE	Adequacy of System	Compliance	Organisational Impact of findings	Agreed Action plans		
					Essential	Important	Standard
Grenfell Tower Fire Inquiry Phase 1 Action Plan	26.10.2020	Good	Good	Minor	0	0	3

**Summary of Audit Recommendations Progress**

This table shows a summary of the progress made on new audit recommendations raised at each JIAC during the current year and annual totals for previous years where audit recommendations are still active.

2019/20 Audits	Reported to JIAC 11 <sup>th</sup> Dec 2019	Reported to JIAC 11 <sup>th</sup> March 2020	Reported to JIAC 29 <sup>th</sup> July 2020	Totals for 2019/20
Recommendations Raised	10	0	10	20
Complete	3	2	6	11
Ongoing	7	5	4	4
Overdue	0	0	5	5

2020/21 Audits	Reported to JIAC 7 <sup>th</sup> October 2020 (19/20 Audit)	Reported to JIAC 16 <sup>th</sup> December 2020 (20/21 Audit)	Reported to JIAC	Reported to JIAC	Totals for 20/21
Recommendations Raised	1	13			
Complete	2	9			
Ongoing	1	7			
Overdue	7	2			

## OUTSTANDING RECOMMENDATIONS

**Key to Status**



Action completed since last report



Action ongoing



Action outstanding and past its agreed implementation date



Action no longer applicable or superseded by later audit action

### 2019/20

#### ICT – March 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/responsibility	Status
3	<p><b>WEAKNESS:</b> NCFRA doesn't obtain the assurance from obtaining penetration testing from an approved external supplier.</p> <p><b>RISK:</b> NCFRA network vulnerabilities not identified resulting in successful Cyberattack.</p>	NCFRA should consider commissioning penetration testing using a CREST approved supplier.	<b>Important</b>	<p>Owner - Enabling Services Manager (Head of ICT)</p> <p>9.7.20 Penetration testing due by 31<sup>st</sup> July 2020</p> <p>6.8.20 ICT DPB update Pen testing by end of September</p> <p>PB update 22.9.20 Pen testing is being undertaken now and will have draft in place in time for JIAC (7.10.20) finalised by end of October</p> <p>5.11.20 PB update Pen testing taking place now. Cyber essentials will complete the gap analysis 31.12.20, once this is completed, accreditation can be obtained.</p> <p>25.11.20 PB Penetration test is now complete – action plan will be in place in 2 weeks to rectify the issues ICT raises. New due date 31.12.20.</p>	<p>Penetration testing 30th June Sept 2020</p> <p>New due date 31.12.20</p>	

### ICT – March 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4	<p><b>WEAKNESS:</b> There isn't a documented IT Disaster Recovery Plan</p> <p><b>RISK:</b> Lack of an IT Disaster Recovery Plan increases the negative impact on frontline and support NCFRA operations in the event of an IT Disaster Event.</p>	NCFRA should create, approve and test an IT Disaster Recovery Plan, using best practice guidance.	Essential	<p>Agreed</p> <p>2.7.20 Update from Paul B recovery plan on schedule to be completed by end of July</p> <p>6.8.20 ICT DPB update Draft DRP by end of August</p> <p>PB update 22.9.20 Delay in drafting; plan due to be agreed by end of October.</p> <p>Update 6/11/20 – Disaster recovery plan now in place – will continue to evolve but in place. Therefore this action can be closed</p>	<p>Enabling Services Manager (Head of ICT)</p> <p>31.10.2020</p> <p>Completed as per FEG 5.11.20 Cannot be removed until been to JIAC in Dec.</p>	

### ICT – March 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
6	<p><b>WEAKNESS:</b> two of the risks on the IT Risk Register are specific control weaknesses rather than risks.</p> <p><b>Impact:</b> Wider control environment not considered because IT risk register leads with weaknesses in specific controls.</p>	Review the two control led risks on the IT risk register to ensure the starting point is a risk rather than a specific control -. "IT10 Lack of resilience in systems and hardware (SAN)" and "IT11 New server operating system not in place by 31 <sup>st</sup> December 2009	Important	<p>Agreed</p> <p>2.7.20 Review and training of IT risk register was scheduled in by LGSS. Postponed due to covid 19 &amp; redeployment of LGSS staff. Julie progressing risk register titles with David Lamb &amp; training to be rescheduled following meeting with LGSS 22/7/20. New due date 31<sup>st</sup> August 2020.</p>	<p>Enabling Services Manager</p> <p>30<sup>th</sup> June 2020</p> <p>New due date 30.11.20</p> <p>Completed</p>	

				<p>11.8.20 – LGSS unable to support risk training until at least Q3. LGSS will continue to support JO review of ICT risk register. Move back to 30/09/20</p> <p>21.9.20 LGSS training booked to support full review of ICT risk register in October. Had been postponed due to Covid. New date 30.11.2020</p> <p>Risk review and training took place 2.11.20. Risk register updated. Closed</p>	Cannot be removed until been to JIAC in Dec.	
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### MTFP - June 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p><b>WEAKNESS:</b> The OPFCC CFO and the Finance Technician raised some concerns relating to not all budget holders having the skills and competencies to manage their budgets under the existing arrangements. This includes being ready for monitoring visits, understanding the reports, the importance of effective and evidenced forecasting and the implications of not managing their budget adequately.</p> <p><b>RISK:</b> Overspend on budgets, budget volatility prevents effective and informed decision making.</p>	<p><b>RECOMMENDATION:</b></p> <p>Ensure all budget holders have the skills and competencies to manage their budgets. Training should be provided as appropriate.</p> <p><b>MANAGEMENT COMMENTS:</b></p> <p>Agreed. Delegated budgets are a responsibility and within the existing arrangements, it is essential a budget manager understands their expenditure plans,</p>	Important	<p>Joint Head of Finance and Director of Enabling Services</p> <p>NA Update 22.9.20 MTFP Rec 2 – Had an initial meeting with the new training manager (Phil Pells) and we have agreed the following course of actions, which will be followed up with another meeting to begin or complete actions in around a fortnight;</p> <p>To revisit group training for all senior managers as a specific agenda items;</p> <p>Allow for individual specific training if any of those managers have not yet received it;</p> <p>We are proposing to set up a section in the promotion training courses, to</p>	<p>30/09/20</p> <p>New due date 01.04.21</p>	



		opportunities and pressures and that accurate forecasting		include a mandatory module on budget management To introduce a basic financial training package for all staff, so that are more financially aware, to include items such as purchasing rules and regulations, the finance system & funding budget view. Due for completion 31.10.20 in line with Payroll 2 (above) 30.11.20 New due date 01.04.21 to ensure all training rolled out and practices embedded.		
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### Combined OG SoD and PP – July 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p><b>WEAKNESS:</b> Transactional testing of Accounts Payable continues to highlight that Financial Regulations and Contract Procurement Rules and Standing Orders are not being adhered to for all expenditure.</p> <p><b>RISK:</b> Paying too much for goods, services or works. Overspend – no commitment accounting. Reputational risk or accusations of fraud and corruption.</p>	<p><b>RECOMMENDATION:</b> All staff involved in raising or authorising a purchase should be reminded of the procurement procedure requirements as outlined at 6.2 of NCFRA CGF and the Processes for Procurement document.</p> <p>A report should be run from ERP Gold each month and reviewed at the Procurement Board meetings. The report should identify spend per Supplier to ensure that quotations and contracts are in place in line with the requirements of the CGF and cross referenced to</p>	Important	<p>Paul Bullen</p> <p>December 2020</p> <p>UPDATE 6/11/20: All staff have been personally reminded again via finance and procurement of the need to follow procurements procedures.</p> <p>Procurement Board has ceased to exist. However:</p> <p>Reports are being run from ERP Gold monthly that identified spend vs contract and are cross referenced with contracts and pipeline documents through procurement. Anomalies are identified and flagged through the</p>	<p>31.12.20</p> <p>Completed Cannot be removed until been to JIAC in Dec.</p>	

		<p>the Contracts and Pipeline documents to ensure that they are recorded on the spreadsheets. Any anomalies should be identified and appropriate action taken to ensure evidence is held to support.</p> <p><b>MANAGEMENT COMMENTS:</b></p> <p>Agreed</p>		<p>relevant Departmental Performance Board and up to Service Assurance Board.</p> <p>1.12.20 FEG update, reports are being run and anomalies followed up. Action completed</p>		
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### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p><b>WEAKNESS:</b></p> <p>Not all spends are supported by frameworks, contracts or quotations in line with the requirements of the NCFRA CGF or detailed on the Pipeline spreadsheet (See Appendix A).</p> <p><b>RISK:</b></p> <p>Paying too much for goods, services or works.</p> <p>Reputational risk or accusations of fraud and corruption.</p>	<p><b>RECOMMENDATION:</b></p> <p>All staff involved in raising or authorising a purchase should be reminded of the procurement procedure requirements as outlined at 6.2 of NCFRA CGF and the Processes for Procurement document.</p> <p>A report should be run from ERP each month and reviewed at the Procurement Board meetings. The report should identify spend per Supplier to ensure that quotations and contracts are in place in line with the requirements of the CGF and cross referenced to the Pipeline document to ensure that it is recorded on the spreadsheet.</p>	<b>Essential</b>	<p>Paul Bullen supported by Fleur Winters (EMSCU)</p> <p>UPDATE 6/11/20: All staff have been reminded of the need to follow the CGF processes.</p> <p>Reports are run by spend by supplier. Anomalies are flagged by procurement to the ACO and via DPBs and the SAB.</p> <p>1.12.20 FEG update, monthly reports are being run, anomalies challenged. The change of behaviours still needs to be embedded.</p>	30.06.2021	

	Any anomalies should be identified and appropriate action taken. <b>MANAGEMENT COMMENTS:</b>			
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### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<p><b>WEAKNESS:</b> The monitoring of energy bills is not sufficiently robust.</p> <p><b>RISK:</b> Paying too much for energy bills and possibility for duplicate payments.</p>	<p><b>RECOMMENDATION:</b> A quarterly reconciliation should be completed when the invoices arrive to identify significant variances. All variances should be thoroughly checked by conducting a meter reading at each station to confirm the accuracy of the charges being made and challenge variances with the energy provider as appropriate. A full audit trail should be retained.</p> <p><b>MANAGEMENT COMMENTS:</b> Agreed</p>	Important	David McInally  1.12.20 update. On plan for completion by 31.07.21	31.07.2021	

### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
3	<p><b>WEAKNESS:</b> There are a significant number of suppliers listed on ERP that have not been used since the implementation of ERP Gold.</p> <p><b>RISK:</b> That the information held for the suppliers if used, may be out of date.</p>	<p><b>RECOMMENDATION:</b> Review suppliers listed on ERP Gold and remove any that are no longer required.</p> <p><b>MANAGEMENT COMMENTS:</b> The Service Information Team will pick this up via the list the Enabling Service Finance Technician receives</p>	Important	Rob Porter  FEG 5.11.20 RP met with LGSS yesterday and confirmed suppliers list has been updated.  Closed	31.10.2020  Completed as per FEG 5.11.20 Cannot be removed	

	Inappropriate or invalid payment will impact on financial performance.	from LGSS and remove suppliers no longer being used.			until been to JIAC in Dec.	
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### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4	<p><b>WEAKNESS:</b> There are a large number of open purchase orders on ERP.</p> <p><b>RISK:</b> Over commitment on ERP Gold.</p>	<p><b>RECOMMENDATION:</b> Review all open order and take actions to clear any purchase orders on ERP where no further payments are due against them.</p> <p><b>MANAGEMENT COMMENTS:</b> A regular report is being run to look at open orders and take action as required. However, it should be noted that an increase in open orders, particularly early in the financial year, is not a bad thing as it helps prevent retrospective orders. A review process is in place through Service Review meetings with LGSS</p>	Important	<p>Nick Alexander</p> <p>27.11.20 Reports being run and being followed up with individuals. Items such as this will also be included within the budget training (MTFP – June) action 2</p>	30.06.2021	

### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
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<p>5</p>	<p><b>WEAKNESS:</b> Retrospective purchase orders are being entered onto ERP.</p> <p><b>RISK:</b> Non-compliance with NCFRA CGF. Overspend – no commitment accounting.</p>	<p><b>RECOMMENDATION:</b> Ensure that all approved expected expenditure is committed on ERP at the beginning of the financial year. All other revenue or capital expenditure should be processed in line with aforementioned Process for Procurement and entered onto ERP before goods/services ordered or received.</p> <p>As part of monthly budget monitoring with budget holders, the Enabling Service Finance Technician should discuss Procurement Processes with them to ensure that the budget holder understands the requirements and run reports for:</p> <ul style="list-style-type: none"> <li>•Open purchase orders and discuss if any orders can be cleared off the system where goods, services or works are not likely to be delivered</li> <li>•Unused suppliers to ensure that suppliers that are no longer used are removed from the ERP system</li> <li>•Retrospective orders report from ERP and discuss and document each entry on the report with the budget holder.</li> </ul> <p><b>MANAGEMENT COMMENTS:</b> Agreed and in addition the reports will be discussed at challenged at</p>	<p><b>Essential</b></p>	<p>Paul Bullen (Was 19/20 Accounts Payable number 3)</p> <p>Update: 6/11/20: Staff have had reinforced the expectation of raising committed expenditure ahead of the receipt of goods or services. This is an improving picture, albeit one that requires constant focus currently.</p> <p>Open POs and retrospective order reports are run monthly. Finance work with budget holders to address these. They are also reported to the CFO and ACO and via DPBs and SAB.</p> <p>Recent reports are showing improvements albeit at this stage there remain higher open orders in particular.</p> <p>1.12.20 FEG update. Monthly reports are being run, process in place which has driven down retrospective orders. Training (as per MTFP action 2) to be rolled out will reinforce and continued monitoring to reduce further.</p>	<p>31.12.2020</p> <p>Completed as per FEG 5.11.20 Cannot be removed until been to JIAC in Dec.</p>	
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		the monthly Procurement Board. It is also a standing item at Service Review meetings with LGSS.			
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### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
6	<p><b>WEAKNESS:</b> The Purchase Order Request Form used by the Service Improvement Team does not include details of quotations, approved SOR or contract.</p> <p><b>RISK:</b> Not complying with procurement rules outlined in NCFRA CGF or the Procurement Processes document</p>	<p><b>RECOMMENDATION:</b> Update the form to ensure full compliance with the NCFRA CGF and Procurement Processes document.</p> <p><b>MANAGEMENT COMMENTS:</b> If this form still exists then it will be updated</p>	Standard	<p>Rob Porter</p> <p>FEG update 5.11.20 SIT have amended this to a FB form.</p> <p>Closed</p>	<p>31.10.2020</p> <p>Completed as per FEG 5.11.20</p> <p>Cannot be removed until been to JIAC in Dec.</p>	

### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
7	<p><b>WEAKNESS:</b> There is no formal system currently in place to ensure all income to be collected via an invoice is raised by NCFRA on ERP Gold.</p> <p><b>RISK:</b></p>	<p><b>RECOMMENDATION:</b> The NCFRA CGF states at D2 "Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly in the name of the PFCC". As part of the holistic review of income collection via invoice, documented</p>	Important	<p>Nick Alexander</p> <p>5.11.20 NA looking at process in place to ensure all monies collected.</p> <p>27.11.20 Looking at historical budget and billing trends to build into BAU.</p>	30.06.2021	

	<p>That NCFRA are not collecting all monies due to them, income may not be as expected or budgeted.</p> <p>Reputational.</p>	<p>processes should be established and communicated to all staff within the organisation with responsibility for processing income due via an invoice to NCFRA to ensure that all monies are collected.</p> <p><b>MANAGEMENT COMMENTS:</b> This is a major piece of work over a long timescale.</p>				
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### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
8	<p><b>WEAKNESS:</b> An officer has been overpaid in November 2019 and the amount has not been recovered.</p> <p><b>RISK:</b> That claims entered onto ECS are not being managed effectively or in line with the requirements of the NCFRA CGF. Overspend on revenue budget.</p>	<p><b>RECOMMENDATION:</b> The overpayment should be recovered.</p> <p><b>MANAGEMENT COMMENTS:</b> Name of officer overpaid to be provided in order to investigate and recover/write off overpayment.</p>	Essential	<p>Shaun Hallam/Helen King</p> <p>5.11.20 Process in place, this is being written off.</p> <p>01.12.20 Awaiting Service proposal so that it can be written off</p>	31.12.2020	

### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
9	<p><b>WEAKNESS:</b> It was unable to be confirmed as part of this Internal Audit that overtime entered on the Employee Claim System was correct and authorised appropriately</p> <p><b>RISK:</b></p>	<p><b>RECOMMENDATION:</b> Explore reporting capabilities within the ECS system to enable evidence to be available to confirm the accuracy of overtime claims and authorisation status.</p> <p><b>MANAGEMENT COMMENTS:</b></p>	Important	<p>Shaun Hallam</p> <p>3.11.20 Monthly ECS breakdown reports are received from the Service Information Team and go through assurance process with CRG managers</p> <p>Closed</p>	<p>31.10.2020</p> <p>Completed</p> <p>Cannot be removed until been to JIAC in Dec.</p>	

	That the payment of overtime claims are not being managed effectively. Potential overspend on revenue budget.	The new ECS system has enabled us to move away from bulk authorising of claims thus better scrutiny. Monthly reports now sent by SIT team to ACFO Hallam, AM Blair and CRG Managers for checking. Longer term there is work to bring the claims system into the main finance system				
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### Accounts Payable, Accounts Receivable and Payroll – September 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
10	<p><b>WEAKNESS:</b> NCFRA are not receiving payroll reports from LGSS including monthly sign off reports, net variance, pay analysis reports BACS listing on any summaries</p> <p><b>RISK:</b> Inappropriate payments made to staff. Actuals of staff salaries may not be as budgeted.</p>	<p><b>RECOMMENDATION:</b> Liaise with LGSS to agree payroll reports required to ensure the accurateness and completeness of payments made to staff.</p> <p><b>MANAGEMENT COMMENTS:</b> Agreed (was 19/20 Payroll number 2)</p>	Important	<p>Nick Alexander</p> <p>27.11.20 Payroll reports are being produced and recommendation completed. Seeking a new senior review process and accompanying meeting to extend the management of delivery between LGSS payroll and LGSS Pension.</p>	<p>31.12.2020</p> <p>New due date 31.01.21</p>	

### Grenfell Tower Fire Inquiry Phase 1 Action Plan – October 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
1	<p><b>WEAKNESS:</b> The NCFRA website does not appear to currently have published information specifically for residents and managers/owners of high rise/tall buildings on the site.</p>	<p><b>RECOMMENDATION:</b> Ensure that the NCFRA website contains information specifically for residents and managers/owners/responsible</p>	Important	<p>Prevention, Safeguarding and Partnerships Manager and Protection Manager.</p> <p>31 December 2020.</p>	31.12.20	



	<b>RISK:</b> Risk to life	persons of high rise/tall buildings on the site. <b>MANAGEMENT COMMENTS:</b> Agreed. Work is already underway to develop the website to publish advice specifically for residents under the Safety tab.			
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### Grenfell Tower Fire Inquiry Phase 1 Action Plan – October 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
2	<b>WEAKNESS:</b> It is unclear whether the High Rise Living Booklet has been published in accessible formats for people for whom English is an additional language or have a disability. <b>RISK:</b> Risk to life	<b>RECOMMENDATION:</b> In line with GTI recommendation for Personal Fire Protection, Prevention should review the information available to residents of high-rise buildings and the different formats it is available in to ensure those with English as an additional language or a disability are able to access the information. <b>MANAGEMENT COMMENTS:</b> As above, safety information will be available on the website for residents of high rise buildings. This will be searchable and can also be translated and viewed in larger text under the website accessibility options. Publishing of an advice booklet is pending with the Service Improvement	Important	Prevention, Safeguarding and Partnerships Manager. 30 November 2020. 30.11.20 the revised leaflet is now published on Fireplace and includes our accessibility statement	30.11.2020 Completed Cannot be removed until been to JIAC in Dec.	

		<p>Team reviewing the accessibility statement on the leaflet.</p> <p>The Fire Safety in the Home publication also includes high rise advice for residents and is available in many different languages on the website. Additionally, a video is available for residents with a hearing impairment with British Sign Language accompaniment.</p>			
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### Grenfell Tower Fire Inquiry Phase 1 Action Plan – October 2020 – October 2020

	Weakness/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
3	<p><b>WEAKNESS:</b> A number of administrative errors were identified on Version 4.0 of the GTI Action Plan including updates being logged against the incorrect recommendation and status omissions.</p> <p><b>RISK:</b> That an action may be overlooked Risk to life</p>	<p><b>RECOMMENDATION:</b> Ensure that the Action Plan is checked for accuracy and that it details the status of each action for monitoring, oversight and reporting purposes.</p> <p><b>MANAGEMENT COMMENTS:</b> Agreed. Version 5 of the GTI Action Plan was provided to Internal Audit following the Closure Meeting.</p>	Important	Area Commander, Operational Support. Completed.	27.11.2020 Completed Cannot be removed until been to JIAC in Dec.	

Agenda Item 9

Police, Fire and Crime  
Commissioner for  
Northamptonshire & Chief  
Constable for  
Northamptonshire  
Initial Audit Planning Report  
Year ended 31 March 2020

16 December 2020





Private and Confidential

16 December 2020

Police, Fire and Crime Commissioner for Northamptonshire  
and Chief Constable for Northamptonshire

Dear Joint Independent Audit Committee Members

Initial 2019/20 audit planning report

We are pleased to attach our Initial Audit Plan (“the Plan”) of The Northamptonshire Police, Fire and Crime Commissioner (“NPFCC”) and Chief Constable (“CC”) (together as “the Group”) for the year ended 31 March 2020, which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Joint Independent Audit Committee (“the Committee”) with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office’s 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee’s service expectations.

The Plan summarises our initial assessment of the key risks driving the development of an effective audit for the Group. This is an initial audit plan as we have not yet completed all our planning and interim procedures. We have had planning discussions with the Chief Finance Officers on 11 November 2020 and have started our planning procedures from 16 November 2020. As our prior year audit is complete, I am able to present our initial assessment of audit risks for the 2019/20 financial year drawing on our cumulative audit knowledge, discussions with senior management and the current regulatory and professional environment for preparers of accounts and external auditors. We intend to continue our audit procedures during December 2020.

At the date of this report, we are making progress with the conclusion of our planning procedures, and have initiated substantive audit work on several account balances reported in the NPFCC and CC financial statements. We have also agreed a process with officers for regular progress meetings and resolution of matters arising.

We will update the Committee on our final audit strategy, materiality levels prior to the conclusion of our audit of the Group’s 2019/20 financial statements and highlight where our initial assessment has changed during the course of the audit. This report is intended solely for the information and use of the Committee and management, and is not intended to be and should not be used by anyone other than these specified parties. We welcome the opportunity to discuss this report with you on 16 December 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Neil Harris, for and on behalf of Ernst & Young LLP





01

# Overview of our 2019/20 audit strategy





## Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Committee with an overview of our initial risk identification for the audit and any changes in risks identified in the current year.

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error (Risk of management override)	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	As noted above, under ISA 240, management is in a unique position to perpetrate fraud through the override of controls. We have considered the main areas where management may have the incentive and opportunity to do this. We have identified the inappropriate capitalisation of revenue expenditure on property, plant and equipment as an area of risk, given the extent of the NPFCCs capital programme.
Valuation of Property, Plant and Equipment (PPE)	Inherent risk	No change in risk or focus	<p>PPE valuations represent a significant balance in the Group and NPFCCs accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet.</p> <p>As the Group and NPFCC asset base is significant, and the outputs from the valuer are subject to estimation. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures, with specialist support as appropriate on the use of experts and assumptions underlying fair value estimates.</p> <p>The current economic uncertainty caused by Covid-19 has significantly increased the risk that property asset valuations (based on market conditions) may be materially misstated.</p>

## Overview of our 2019/20 audit strategy (cont.)

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Pension liability valuation	Inherent risk	No change in risk or focus	The Group's pension fund deficit is a material estimated balance for both the NPFCC and CC. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.
Going Concern Disclosures	Inherent risk	Continued area of focus for 2019/20	<p>The Going Concern auditing standard (ISA 570) has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. The revised standard extends requirements to report to regulators where we have concerns about going concern.</p> <p>In particular for the 2019/20 audit we will undertake sufficient and appropriate audit procedures to review the appropriateness of management's disclosures, assumptions and stress testing on their assessment of going concern in general, and in response to Covid-19 in specific. Because our external audit of the PFCC and CC 2018-2019 financial statements was not completed by the time of the Covid-19 outbreak, we undertook similar procedures to assess the appropriateness of the PFCC and CC going concern disclosures and assessment prior to the 2018-2019 financial statements being authorised for issue with our audit report. We will draw on the work we undertook at the time and revisit this to reflect the appropriateness of the disclosures on the PFCC and CCs liquidity and viability at least twelve months from the point the 2019-2020 financial statements are due to be authorised for issue.</p>

## Overview of our 2019/20 audit strategy (cont.)

### Materiality

#### Planning materiality

We have calculated our planning materiality consistent with our prior year's approach.

- NPFCC Group accounts - 2% of gross expenditure (£228.953m) which is £4.579m.
- NPFCC accounts - 2% of gross assets (£81.582m) which is £1.632m.
- CC accounts - 2% of gross expenditure (£205.682m) which is £4.114m.
- Police Pension Fund - 2% of benefits payable (£36.028m) which is £0.721m.

We will revisit the appropriateness of this level during the course of the audit and our assessment of the implications from Covid-19.

#### Performance materiality

Performance materiality represents 75% of planning materiality. This is an increase from 50% compared to the prior year. This increase reflects our expectation of misstatements and the effectiveness of the Group's internal control environment, based on the experience we gained from the prior year audit. Our first year for 2018-2019 was an initial audit and we apply 50% of planning materiality. We have gained assurance on the effectiveness of the internal control environment and the lower expectations of material misstatements occurring for the 2019-2020 financial year. As a result, our planned materiality levels are NPFCC Group (£3.434m); NPFCC accounts (£1.224m); CC accounts (£3.085m) and Police Pension Fund (£540,420).

We will revisit the appropriateness of this level during the course of the audit in response to Covid-19.

#### Audit differences

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, and collection fund). We will communicate other misstatements identified to the extent that they merit the attention of the Committee. This level is driven by our calculation of planning materiality and will change if materiality is revised during the course of the audit.

- NPFCC Group (£228,953); NPFCC accounts (£81,582); CC accounts (£205,682) and Police Pension Fund (£36,028).



## Overview of our 2019/20 audit strategy (cont.)

### Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of NPFCC Group, NPFCC and CC give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on NPFCC's and CC's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on NPFCC's and CC's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Group's audit, we will discuss these with management as to the impact on the scale fee.



02

# Audit risks



## Audit risks

### Our response to significant risks

Misstatements due to fraud or error

(Risk of management override)

[Fraud Risk]

#### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

#### What will we do?

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements, assessing accounting estimates for evidence of management bias and evaluating the business rationale for significant and unusual transactions.

Inappropriate capitalisation of revenue expenditure

[Fraud Risk]

#### What is the risk?

Linking to our risk of misstatements due to fraud and error, we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment as a specific area of risk. The Group and NPFCC has a significant fixed asset base and therefore has the potential to materially impact the revenue position through inappropriate capitalisation.

#### What will we do?

We will take a substantive approach to respond to the specific risk, undertaking the following procedures related to the incorrect capitalisation of revenue expenditure:

- Test a sample of capital expenditure at a lower testing threshold to verify that revenue costs have not been inappropriately capitalised;
- Our testing will examine invoices, capital expenditure authorisations, leases and other data that support capital additions. We will review the sample selected against the definition of capital expenditure in IAS16.
- As part of our journal testing strategy, we will review unusual journal pairings related to capital expenditure posted around the year-end i.e. where the debit is to capital expenditure and the credit to income and expenditure.

## Audit risks

# Our response to significant risks (cont.)

### Valuation of Property, Plant & Equipment [Significant Risk]

#### What is the risk?

Property, plant and equipment (PPE) represents a significant balance in the Group's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Material judgemental inputs and estimation techniques are required to calculate the year-end asset property valuations held on the balance sheet.

The Group and NPFCC engages property valuation specialists to determine asset valuations and small changes in assumptions when valuing these assets can have a material impact on the financial statements. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

#### What will we do?

In terms of the overall response, we will:

- evaluate the selection and application of accounting policies established to determine whether the accounting policies are being applied in an inappropriate manner;
- adjust the nature, timing and extent of our audit procedures by, for example, increasing our sample sizes

We will take a substantive approach to respond to the specific risk, undertaking the following procedures related to the valuation of PPE:

- Consider the work performed by the Group's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample testing key asset information used by the valuers in performing their valuation;
- Consider the annual cycle of valuations to ensure that assets have been valued within an appropriate timescale.
- Consider any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test accounting entries have been correctly processed in the financial statements.

Subject to our detailed risk assessment of PPE valuations, we may engage EY valuation specialists to assist the audit team on a sample of assets, should we determined there is a higher degree of risk for their valuations as at 31 March 2020.

We will also consider how the Group's valuer has addressed the impact of Covid-19 in the year-end valuation of assets and assessment of impairments.



## Audit risks

# Inherent Risks and Other areas of audit focus

### What is the risk/area of focus?

#### Pension liability valuation and disclosures

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Group's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Group's balance sheet.

The information disclosed is based on the IAS 19 report issued to the Council by the Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions, in the current uncertain economic environment, we consider this to be a higher inherent risk. In addition, every three years, a formal valuation of the whole fund is carried out in accordance with the LGPS Regulations 2013 to assess and examine the ongoing financial position of the fund. The IAS19 report for 2019/20 will reflect the updated membership numbers provided for this triennial valuation. We will therefore need to seek additional assurances from the Pension Fund auditor over this data.

An additional consideration in 2019/20 will be the impact of Covid-19 on the valuation of complex (Level 3) investments held by Northamptonshire Pension Fund, for example private equity investments where valuations as at 31 March 2020 will have to be estimated. This is likely to impact on the IAS19 reports provided by the actuary and the assurances over asset values that are provided by the pension fund auditor, and consequently the assurance we are able to obtain over the net pension liability in the Council's accounts.

### What will we do?

#### Local Government and Police Pension Schemes

##### We will:

- Update our documentation of management's processes and controls over pension expenditure and deduction of employer and employee contributions;
- Liaise with the auditors of Northamptonshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Northamptonshire Police;
- Review the work of the Local Government actuary and the Police Pension actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team to ensure they are in our expected range; and
- Review and test the accounting entries and disclosures made within the PFCC and CC's financial statements to ensure consistency with the IAS 19 entries in both actuarial reports.
- For the Guaranteed Minimum Pensions equalisation in the public sector the government have held two consultations in recent years. We expect that any reported impact will be shown as a 'past service cost' in an employer's CIES. However, the accounting treatment will be confirmed by CIPFA and we will assess how the PFCC and CC has complied with any updated accounting guidance.
- Review the process of quantifying the effect of equalisation by the pension fund, including from detailed and 'granular' calculations of the actuaries.

#### Police Pension Scheme (only)

##### We will:

- Test a sample of lump sums and pension payments for new Police pensioners;
- Complete a predictive analytical review for both the pensions payroll and employees and employers pension contributions;
- Assess management's arrangements to reconcile the active and pensioner membership numbers.

## Overview of our 2019/20 audit strategy

### Inherent Risks and Other areas of audit focus (cont.)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

#### What is the risk/area of focus?

#### What will we do?

##### Going Concern disclosures

Covid-19 has created a number of financial pressures throughout Local Government. For the Group, the financial pressure in 2019/20 is estimated to include reductions in income for the Group as well as additional cost pressures. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

The auditor's report in respect of going concern covers a 12-month period from the date of the report, therefore the Group's assessment will also need to cover this period.

In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we will be seeking a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure.

We will review your updated going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We expect you to disclose any material uncertainties that do exist.

These disclosures should also include the process that has been undertaken for revising financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions including but not restricted to the use of reserves, and key assumptions (e.g. assumed duration of Covid-19).

Our audit procedures to review these will include consideration of:

- Current and developing environment;
- Liquidity (operational and funding);
- Mitigating factors;
- Management information and forecasting; and
- Sensitivities and stress testing.

## Audit risks

# Inherent Risks and Other areas of audit focus (cont.)

### Impact of Covid-19

The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. Understandably, the priority for the Group, PFCC and CC to date has been to ensure the safety of staff and the delivery of business critical activities. However, the financial statements will need to reflect the impact of Covid-19 on the Group's financial position and performance. We wish to highlight the wide range of ways in which it could impact the financial statements, these include, but not be limited to:

- Tangible assets – there may be impairment of tangible assets if future service potential is reduced by the economic impact of the virus. The Group may also have already incurred capital costs on projects where the economic case has fundamentally changed.
- Pensions – volatility in the financial markets is likely to have a significant impact on pension assets, and therefore net liabilities.
- Receivables – there may be an increase in amounts written off as irrecoverable and impairment of year-end balances due to the increased number of businesses and residents unable to meet their financial obligations.
- Holiday and sickness pay – the change in working patterns may result in year-end staff pay accruals which may be noticeably different to prior years.
- Government support – any Covid-19 specific government support is likely to be a new transaction stream and may require development of new accounting policies and treatments.
- Annual Governance Statement– the widespread use of home working is likely to change the way internal controls operate. The Annual Governance Statement will need to capture how the control environment has changed during the period and what steps were taken to maintain a robust control environment during the disruption. This will also need to be considered in the context of internal audit's ability to issue their Head of Internal Audit opinion for the year, depending on the ability to complete the remainder of the internal audit programme.

We will provide an update on the impact of Covid-19 on the Group and the respective PFCC and CC financial statements, and how we have responded to the additional risks of misstatement, later in our audit.

In addition to the impact on the financial statements themselves, the disruption caused by Covid-19 may impact on management's ability to produce the financial statements and our ability to complete the audit to the planned timetable. For example, it may be more difficult than usual to access the supporting documentation necessary to support our audit procedures. There will be additional audit procedures we have to perform to respond to the additional risks caused by the factors noted above.



03

## Value for Money Risks







# Value for Money

## Background

We are required to consider whether the PFCC and CC has each put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

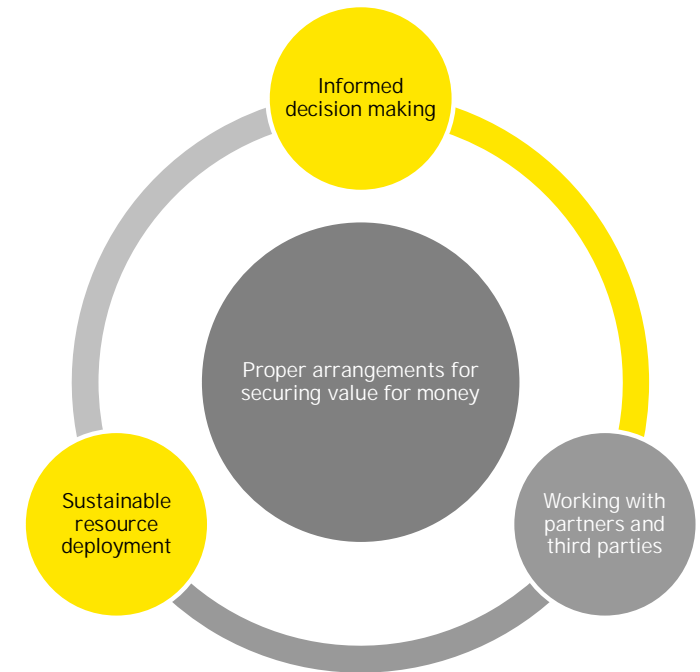
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2019/20, we will update our knowledge on the arrangements the PFCC and CC has put in place to secure its financial resilience, to respond to HMICFRS inspections and any areas for improvement as well as other significant decisions (for example, the Future25 project and alignment to medium term plans and establishing a trading entity (Mint Commercial LLP) on procurement activities with Nottinghamshire Police. If these areas lead to any significant risks, we will undertake additional procedures to test whether proper arrangements existed in the 2019/2020 financial year and the impact on our audit report.

At this stage, our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the following significant risk noted on the next page which we view as relevant to our value for money conclusion.



## Value for Money Risk

### What is the significant value for money risk?

Multi-Force Shared Services (MFSS) - Adequacy of arrangements for governance and risk management on the implementation of Project Fusion

The MFSS provides transactional back office services to Cheshire, Nottinghamshire and Northamptonshire Police and the Civil Nuclear Authority.

The Force migrated to Oracle Cloud Applications (FUSION) in April 2019, the purpose to offer expanded application functionality, real-time Business Intelligence and related modules all via Oracle Cloud Applications.

However, the project was not implemented by the due date of April 2018 and has incurred significant budget overruns and project delays which led to our 'except for' qualification on the PFCC and CC decision making arrangements in the 2018/2019 financial year.

There is a risk that during the 2019-2020 financial year, the PFCC and CC did not put in place proper arrangements to improve project and budget monitoring, and the exploration of future options and alternatives for its back office services.

### What arrangements does the risk affect?

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

### What will we do?

We will undertake the following audit procedures:

- Obtain and assess PFCC and CCs management response to the matters which gave rise to the prior year qualification on value for money arrangements.
- Request relevant supporting decision making records, papers and minutes that corroborate the assertions made by PFCC and CC management on the steps taken in the 2019-2020 financial year.
- Understand the implication of any decisions made in the 2019-2020 financial year on the PFCC and CC financial and strategic plans.
- Understand how the MFSS project and future options received sufficient prominence in the PFCC and CC decision making and risk assessment procedures.



05

## Scope of our audit



## Scope of our audit

# Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Group's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

#### Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

#### Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

#### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Group has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.



## Scope of our audit

# Our Audit Process and Strategy (cont.)

### Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Committee.

Internal audit:

We will meet with the representatives of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, where they raise issues that could have an impact on the financial statements.



06

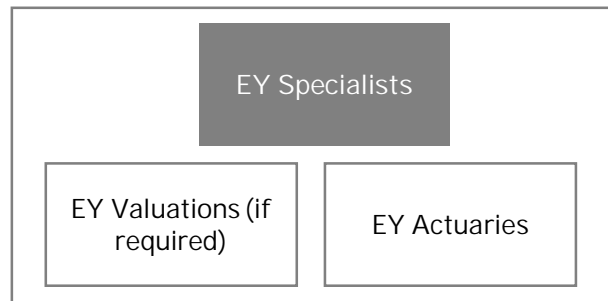
Audit team



# Audit team

## Audit team

Audit team structure:



## Audit team

### Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team (if required and subject to a more detailed risk assessment following a review of NPFCCs year-end valuation exercise).
Pensions disclosure	EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Group's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.





# 08 Independence



# Independence

## Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

### Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard.</li> </ul>	<ul style="list-style-type: none"> <li>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</li> <li>▶ Written confirmation that all covered persons are independent;</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li> <li>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Neil Harris, your audit engagement partner and the audit engagement team have not been compromised.

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Group. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is nil. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Group. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

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## Relationships, services and related threats and safeguards

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



## New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

### Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
  - Tax advocacy services
  - Remuneration advisory services
  - Internal audit services
  - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

### Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

## Other communications

### EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

[https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf)



09

# Appendices





## Appendix A

### Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2019/20 accounts of opted-in principal local government and police bodies.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2019/20	Scale fee 2019/20	Scale Fee 2018/19
	£	£	£
Audit Fee - NPFCC	TBC	22,554	22,554
Audit Fee - CC	TBC	11,550	11,550
<b>Total Audit Fee</b>	<b>TBC</b>	<b>34,104</b>	<b>34,104</b> (See Note 1)

All above fees amounts exclude VAT

Note 1: We are submitting to PSAA a scale fee variation of £21,000 to reflect additional risk based audit procedures we undertook in the 2018-2019 audit. The proposed fee variation and rationale was reported in our 2018-2019 Audit Results to the March 2020 Joint Independent Audit Committee.

- The additional risks presented by several areas of the Group's financial statements which require additional audit procedures and the need to engage specialists. These include, but are not limited to the valuation of property and the net pension liability.
- In addition, we are in an unprecedented period of change. A combination of pressures are impacting Local Audit and has meant that the sustainability of delivery is now a real challenge.
- This is requiring us to revisit with PSAA the basis on which the scale fee was set. The factors behind this are explained in more detail on the following pages.
- Note if any further risks arise during the course of the 2019/20 audit then this will result in a further additional fee. The professional, risk and regulatory environment driving our proposed baseline fee in the following pages is separate and does not include risk based audit procedures that become necessary to respond to a) significant Value for Money risks; b) accounting disclosures and judgements associated with the impact from Covid-19, in particular associated with going concern disclosures, our audit procedures and professional practice consultation processes.

Any agreed fee is presented based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the PFCC and CC; and
- The PFCC and CC having an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the PFCC and CC in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.



## Appendix A

### Fees

We do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity. For an organisation such as the Group the extent of audit procedures now required mean it will take 1100-1200 hours to complete a quality audit.

#### Summary of key factors

1. Status of sector. Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
  - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
2. Audit of estimates. There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
  - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. Regulatory environment. Other pressures come from the changing regulatory landscape and audit market dynamics:
  - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
  - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.

## Appendix A

# Fees

### Summary of key factors (cont'd)

4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
  - We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
  - We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.

### Next steps

- In light of recent communication from PSAA, we have quantified the impact of the above to be able to accurately re-assess what the baseline fee is for the Group should be in the current environment. As we conclude our 2019/20 audit planning procedures, we will discuss with senior management our estimate of the additional fee. We have discussed the basis for the proposed increase to the baseline fee with the PFCC and CC Chief Financial Officers and our initial assessment. Our current assessment of the baseline fee would be an increase from £34,104 to £60,000. This is comparable to other PCCs and CCs audited by EY of similar size and risk profile. We will update the Committee on the next steps associated with our discussions with PFCC and CC management and the process PSAA are undertaking to review and determine our assessment of scale fees. Any proposed change to the baseline fee and fee variations are subject to approval by PSAA.

# Appendix B





## Required communications with the Committee

We have detailed the communications that we must provide to the Committee.

		Our Reporting to you	
Required communications	What is reported?	When and where	
Terms of engagement	Confirmation by the Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report - December 2020	
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report - Upon completion of the audit	





## Appendix B

# Required communications with the Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>• The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report – Upon completion of the audit	
Misstatements	<ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>• The effect of uncorrected misstatements related to prior periods</li> <li>• A request that any uncorrected misstatement be corrected</li> <li>• Corrected misstatements that are significant</li> <li>• Material misstatements corrected by management</li> </ul>	Audit results report – Upon completion of the audit	
Fraud	<ul style="list-style-type: none"> <li>• Enquiries of the Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>• Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>• A discussion of any other matters related to fraud</li> </ul>	Audit results report – Upon completion of the audit	
Related parties	<ul style="list-style-type: none"> <li>• Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures</li> <li>• Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report – Upon completion of the audit	





## Appendix B

# Required communications with the Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Audit planning report – December 2020</p> <p>Audit results report – Upon completion of the audit</p>	
External confirmations	<ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	<p>Audit results report – Upon completion of the audit</p>	
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>• Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>• Enquiry of the Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of</li> </ul>	<p>Audit results report – Upon completion of the audit</p>	
Internal controls	<ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit</li> </ul>	<p>Audit results report – Upon completion of the audit</p>	

## Appendix B

# Required communications with the Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - Upon completion of the audit	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - Upon completion of the audit	
Auditors report	<ul style="list-style-type: none"> <li>Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report - Upon completion of the audit	
Fee Reporting	<ul style="list-style-type: none"> <li>Breakdown of fee information when the audit plan is agreed</li> <li>Breakdown of fee information at the completion of the audit</li> <li>Any non-audit work</li> </ul>	Audit planning report - December 2020 Audit results report - Upon completion of the audit	

## Appendix C

# Additional audit information

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 1, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

#### Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. Reading other information contained in the financial statements, the Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

 Appendix C

## Additional audit information (continued)

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements. We will update the Committee prior to our audit of the 2019/20 financial statements on our planned level of audit materiality.

For the Group, we typically base our audit materiality on gross expenditure we believe the Group's gross expenditure on its core services influence the economic decisions of the users of the financial statements. We typically base our audit materiality for the CC on gross expenditure as expenditure on operational policing services in our opinion influence the economic decisions of the users of the financial statements. For the PFCC, we typically base our audit materiality on gross assets as the PFCC holds the rights and obligations to the tangible fixed assets and is responsible for their funding and maintenance.

Materiality determines the level of work performed on individual account balances and financial statement disclosures. The amount we consider material during and at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.



**Northamptonshire Office of Police, Fire and Crime Commissioner**

**Report to Joint Independent Audit Committee on Police Complaints System**

**Introduction**

The aim of this report is to provide the Joint Independent Audit Committee with an overview of the police complaints system, the legislation that governs it, the role of the OPFCC and the processes the OPFCC has in place.

**Complaints Legislation and Guidance**

The police complaints process is heavily legislated and all complaints must be handled in compliance with the below legislation:

- Police (Complaints & Misconduct) Regulations 2020
- Police (Conduct) Regulations 2020
- Police (Performance) Regulations 2020
- Schedule 3 of Police Reform Act 2002
- Policing & Crime Act 2017 (Sch's 4,5 & 6)
- College of Policing, Code of Ethics 2014

Complaints must also be handled with in compliance with the below Statutory Guidance:

- Independent Office for Police Conduct Statutory Guidance amended Feb 2020
- Home Office Guidance – Conduct, Efficiency and Effectiveness (Professional Standards, Performance and Integrity in Policing, Jan 2020)

**New Legislation and Changes**

On the 1<sup>st</sup> February 2020, the Policing and Crime Act 2017 was enacted, giving PCCs additional responsibilities in relation to complaints. The legislation aims to:

- Improve public confidence and satisfaction.
- Provide a more customer focused service.
- Increase transparency.
- Make appeals more effective by providing greater independence.
- Make the process more time efficient.
- Simplify the system.
- Enable trends and areas for concern to be identified more effectively.

All PCCs became the relevant review body for less serious complaints and were given additional oversight and accountability responsibilities in relation to the complaints process.

In addition to these mandatory responsibilities described as model 1, PCCs were given two other options described as models 2 and 3. Locally in Northamptonshire the PFCC chose to adopt additional responsibilities described as model 2. These responsibilities include the recording of all complaints,

service recovery where appropriate and initial contact with the complainant. The PFCC chose to adopt the functions described as model 2 in order to increase transparency, accountability and oversight of the police complaints system; whilst decreasing demand on the force, freeing up resources to concentrate on more serious complaints and conduct matters. The Customer Service Team was established to carry out these responsibilities on behalf of the PFCC.

PCCs were also given the option described as model 3. This includes all of the responsibilities outlined in models 1 and 2 along with the additional responsibility of providing 28 day updates to the complainant. The PCC chose not to adopt this responsibility as the information contained in the updates is information held by PSD and therefore it is less bureaucratic and more appropriate for the 28 day update to be provided directly to the complainant by the person investigating the complaint.

### **Definition of a complaint**

Prior to the implementation of the Policing and Crime Act 2017, a complaint was only considered recordable where it related to the conduct of a specific officer.

Post February 2020, the definition of a complaint has been updated to 'any expression of dissatisfaction'. The only caveat to that is that the complainant must meet eligibility criteria as set out in the Independent Office for Police Conduct Statutory Guidance. Part of the eligibility criteria is that the complainant must be considered adversely affected in order to be entitled to have their complaint recorded. This means that complaints about organisational policy and decisions must now be recorded, as long as the complainant is adversely affected by that policy or decision.

The standards of recording have shifted to a two tier approach. This means that complaints that are successfully service recovered by the Customer Service Team are not formally recorded under schedule 3 of the Police Reform Act. They are logged using the same system as those formally recorded to ensure that there is continuity, a clear audit trail and to ensure accurate records are maintained.

### **How the OPFCC manage complaints**

The PFCC has established the Customer Service Team to carry out functions in relation to complaints on his behalf. The Customer Service Team consists of 1 Customer Service Manager and 2 Customer Service Caseworkers, all of whom are full time members of staff. The Customer Service Team is overseen by OPFCC Director of Delivery, Paul Fell.

### **Customer Service Team Process**

There are 4 channels of communication that members of the public can use to submit a complaint:

- The online form
- By email
- By telephone
- By post

Upon receipt of a complaint via any of the above channels of communication, it is allocated to a caseworker who will take the steps below:

- Eligibility assessment - is the complainant eligible to complain under schedule 3 of the Police Reform Act? There are a small number of reasons why a person may be not be eligible to complain, including that they are a serving member of the force they are complaining about or they are not adversely affected by the matter they wish to complain about.
- If the complainant is eligible, the caseworker will assess whether the complaint is suitable for service recovery. The caseworker will use the test 'could the allegations, if proven, amount to a breach of the standards of professional behaviour that is so serious it could justify the bringing of misconduct proceedings against the officer.
- Where the threshold for misconduct could be met, the complaint is recorded and referred to the Professional Standards Department. The complainant will also receive an acknowledgement of their complaint which will include details of what they can expect to happen next.
- Where the threshold for misconduct is not met, the caseworker will log the complaint and attempt to service recover the complaint by offering the complainant an appropriate explanation or apology where appropriate.
- Where a complainant remains dissatisfied with the outcome provided to them by the caseworker, they are entitled to have their complaint recorded under schedule 3 of the Police Reform Act and referred to the Professional Standards Department.

### **Service Recovery**

The Independent Office for Police Conduct have suggested that the Customer Service Team should be resolving around 60% of all complaints outside schedule 3 of the Police Reform Act. Prior to February 2020, there was no direct comparator with service recovery and the IOPC assessment of 60% is based on an old process called Local resolution which no longer exists. We are currently working towards that and have recently increased the tools available to the Customer Service Team to carry out service recovery to include:

- Viewing body worn video – this is useful in resolving incivility complaints where an apology can be offered and feedback given to the Officers line manager if appropriate.
- Line manager feedback
- Contact with the subject of the complaint – often the Officer complained about may have information that will assist in resolving the complaint

The Customer Service Team also have access to relevant force systems so that they can access information that may assist in resolving a complaint.

Where a complainant remains dissatisfied with a response they have received from the Customer Service Team, they are entitled to have their complaint recorded under schedule 3 of the Police Reform Act and referred to the Professional Standards Department. The complaint will undergo further assessment and if the Professional Standards Department determine that there are no further lines of enquiry, the complaint will be filed and no further action taken, reducing demand on the force.

For the year 2019/20 Northamptonshire Police recorded 413 complaints and whilst we have not completed a full year under the new legislation, it looks like there will be a small increase in the number of complaints recorded under schedule 3 of the Police Reform Act. This is to be expected due to the change in definition of a complaint. Whilst the Customer Service Team are increasing the percentage of complaints dealt with by service recovery, they have effectively dealt with 196

complaints that did not need to be submitted to the Professional Standards Department and 570 other matters that would have otherwise required action from the force. We had estimated that the Customer Service Team would deal with approximately 1634 matters per year, which is likely to be slightly high given the figures below, however given that reviews are now being carried out by the Customer Service Team, this is a good balance.

Type of complaint	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Total
Schedule 3	35	31	22	45	51	67	55	31	28	44	407
Service recovery	17	12	11	23	17	12	15	24	23	42	196
Other	44	49	43	41	54	51	73	80	66	69	570
Total	96	92	77	109	122	130	143	135	117	155	1173

### **Professional Standards Department**

The Professional Standards Department receive complaints that have been recorded under schedule 3 of the Police Reform Act from the Customer Service Team. These complaints will consist of those assessed as not suitable for service recovery due to the nature of the allegations and those where service recovery has failed.

The Professional Standards Department will assess each complaint to determine whether it should be dealt with otherwise than by investigation by the Countywide Complaints Unit, formal investigation by the Professional Standards Department or by taking no further action.

### **Service Level Agreements**

Under previous Independent Office for Police Conduct Statutory Guidance, there was a requirement that all complaints were recorded within 10 working days. Whilst this has not been included in the updated 2020 Guidance we will still be required to report on this to the IOPC.

The OPFCC have, in agreement with PSD, implemented the below service level agreements in order to offer the best possible service to the complainant:

#### **Logging & Recording Complaints**

The Customer Service Team will log complaints that are suitable for resolution outside of Schedule 3 of the Police Reform Act 2012 within 2 working days.

The Customer Service Team will record complaints that fall under Schedule 3 of the Police Reform Act 2012 within 2 working days.

The Customer Service Team will make initial contact with the complainant to explain what will happen next and the complaint will be referred to PSD via Centurion workflow on the same day that it is recorded.

The Customer Service Team have met this Service Level Agreement 91% of the time. There are a number of reasons why there may be a delay in logging or recording a complaint, which are outside the control of the Customer Service Team. These include:

- Requiring permission from the person adversely affected where another person is making a complaint on their behalf
- Requiring further information from the complainant in order to make a decision as to whether the complaint should be recorded.
- The complaint may have initially been received by another department and not sent to the Customer Service Team straight away.

Where the above applies, the complainant will still receive initial contact within 2 working days of receipt by the Customer Service Team.

### **Initial Contact with the Complainant**

The Customer Service Team will make initial contact with the complainant within 2 working days. This will help to establish whether the complaint is suitable for resolution outside of Schedule 3.

The Customer Service Team have met this Service Level Agreement 91% of the time. This is based on when the complaint was received in force rather than the complaint being received by the Customer Service Team, which is what the system that is used nationally to manage complaints records. The figure is likely to be closer to 100% when using the date received by the Customer Service Team. This is reflected in the average time for making initial contact with the complainant which is 2 working days.

### **IOPC Referrals**

The Customer Service Team will continually monitor the inbox to ensure that any complaints that could be IOPC referrals are picked up by the end of same working day that they are received. They will be forwarded to the PSD main inbox, flagged as a possible referral on the same day. They will also be recorded on Centurion on the same day.

The Customer Service Team have met this Service Level Agreement 100% of the time.

### **Review Assessments**

Upon receipt of a request for review, the Customer Service Team will make initial contact with the complainant within 2 working days.

The Customer Service Team have met this Service Level Agreement 100% of the time.

### **Reviews**

All reviews will be completed within 28 days of receipt.

The Customer Service Team have met this Service Level Agreement 100% of the time.

Service Level Agreement	Average completion time	Percentage SLA is met
Complaints should be logged or recorded within 2 working days of receipt	2 working days	91%
Initial contact should be made with the complainant within 2 working days	2 working days	91%
Requests for review should be acknowledged within 2 working days	2 working days	100%

Reviews should be completed within 28 days	12 days	100%
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## **Reviews**

Following the introduction of the Policing and Crime Act 2017, the PFCC is now the relevant review body for less serious complaints. The Independent Office for Police Conduct remain the relevant review body for more serious complaints. The majority of the reviews that are now the responsibility of the PFCC would have been conducted by the Force under previous legislation. This change is intended to increase transparency and independence in the complaints system.

### **Independent Review Service**

Initially the OPFCC commissioned a service to carry out reviews on behalf of the PFCC. This was because at that stage we were unsure about the volume of requests for review we would receive and the workload that this would create. The intention was that the independent reviewer would conduct the review and submit a report to the OPFCC review decision maker, Paul Fell. This report would contain all the information the decision maker needed to make a decision on whether the review should be upheld. After working with the independent reviewer on several complaints it was clear that the reports were not of the quality expected and additional work was required by the Customer Service Team before the decision maker could make a decision. As the Customer Service Team has become embedded into its new way of working they have taken on this responsibility, the external contract was terminated and reviews are now carried out by the Customer Service Team.

### **Our Review Process**

In all final letters that are sent out by PSD in conclusion of a complaint where the relevant review body is the PFCC, instructions are included that detail how the complainant can submit a request for review. Complainants are given the option of submitting a request for review either via email to the Customer Service Team or by completing the online form available on the OPFCC website.

Upon receipt of a request for review, the Customer Service Team will assess it to ensure that it is valid, including that it has been submitted within the 28 day time frame and that it has been submitted to the correct relevant review body. Once assessment has been completed the request for review will be acknowledged. The review will be allocated to a caseworker, ideally not the caseworker who dealt with the initial recording of the complaint given that they may have had involvement in the initial service recovery process. PSD will provide relevant documents and the caseworker will review these to establish:

- Whether the outcome of the complaint was reasonable and proportionate
- Whether appropriate lines of enquiry have been followed
- Whether the complaint has been properly addressed

Once the caseworker has completed the review, their findings are submitted to Director for Delivery, Paul Fell, who is the decision maker. A final letter will then be sent to the complainant detailing Pauls findings.

Should the OPFCC uphold a review, the below recommendations are available:

- recommend that the appropriate authority refer it to the IOPC, if the complaint has not been previously referred
- recommend that the appropriate authority investigate the complaint

- make a recommendation under paragraph 28ZA, Schedule 3, Police Reform Act 2002 (recommendation with a view to remedying the dissatisfaction of a complainant, see paragraphs 17.15 – 17.20)

These force are not bound to comply with any review recommendations, however they must consider them and respond in writing within 28 days, detailing whether they accept the recommendations and any action they intend to take as a result of these recommendations.

Since the 1<sup>st</sup> February 2020 we have received 34 requests for review. Of these 3 have been upheld and we have made 3 recommendations to the force, all of which have been accepted.

We have also identified 5 areas of learning for force which have been fed back.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Total
Reviews Completed	0	0	1	6	9	5	3	7	10	6	47
Upheld	0	0	1	2	1	0	0	1	1	0	6
Not Upheld	0	0	0	4	8	5	3	6	9	5 (1 ongoing)	40

### **Audit processes**

The Customer Service Team have developed the below processes for quality assurance and to ensure proper processes are maintained across the whole complaints system.

#### **Monthly PSD Dip Sample**

The OPFCC carry out a monthly DIP Sample of 6 complaints which are chosen at random based on the reference number allocated to the complaint. The DIP Sample captures how the complaint was resolved by PSD and whether the outcome is considered reasonable and proportionate. Feedback is given to the PSD Business Manager during a monthly meeting with the Customer Service Manager. Any feedback and learning is captured on a spreadsheet and followed up if appropriate.

#### **Monthly FCR Satisfaction Survey**

Complainants often call 101 to complain and, given that the Force Control Room operates on a 24/7 basis, it seemed sensible that the Force Control Room would continue to carry out service recovery. Where complaints received in to the Force Control Room are not suitable for service recovery, using the same assessment as the Customer Service Team, a form is completed and the complaint referred to the Customer Service Team where it will be recorded and referred to the Professional Standards Department if appropriate.

The Customer Service Team text a survey monkey to 10 complainants whose complaint has been resolved by the FCR. The aim of this survey is to measure complainant satisfaction in the FCR and to identify learning and any patterns and trends. This process is still under trial however relevant learning is captured on a spreadsheet and feedback given to the FCR Service Improvement and Development Manager.

#### **Monthly FCR Dip Sample**

Similar to the PSD DIP Sample, the FCR DIP Sample is carried out by the Customer Service Team. The objective is to ensure that complaints that are being resolved outside of schedule 3 are being resolved to the complainant's satisfaction. This is because a complainant who remains dissatisfied should be given the option to have their complaint formally recorded under schedule 3 and referred to PSD. The Customer Service Team DIP Sample 5 complaints and capture whether the complainant was satisfied with the outcome of their complaint. Again learning and feedback is captured on a spreadsheet and feedback to the FCR Service Improvement and Development Manager.

### **Monthly OPFCC Dip Sample**

The Professional Standards Department carry out a monthly DIP Sample of 5 complaints that have been logged outside of schedule 3 and service recovered by the Customer Service Team. The objective of this DIP Sample is to ensure that complaints are appropriate for service recovery and that they are resolved to the satisfaction of the complainant. Feedback is captured by PSD and fed back to the Customer Service Manager who actions appropriately.

### **Improving the OPFCC Complaints Process**

We are now coming to the end of the first year since the implementation of the Policing and Crime Act 2017 and the introduction of the Customer Service Team. We intend to keep offering the best possible service to complainants and are constantly looking for new ways to improve our service recovery process. Ultimately we are aiming to service recovery at least 60% of complaints, which will reduce demand on the force and result in more satisfied complainants who have their complaint resolved to their satisfaction at initial contact with the Customer Service Team.

We will continue to maintain a good relationship with the Professional Standards Department by sharing feedback, learning and good practice.

Emily Evans  
Customer Service Manager





## Joint Independent Audit Committee

16 December 2020

### AGENDA ITEM:

<b>REPORT BY</b>	<b>Chief Finance Officer</b>
<b>SUBJECT</b>	<b>Joint Independent Audit Committee (JIAC) - Agenda Plan – Updated 1 December 2020</b>
<b>RECOMMENDATION</b>	To discuss the agenda plan

### 1. Background

1.1 The agenda plan incorporates statutory, good practice and agreed scrutiny items and has been updated to reflect the items at the October meeting.

#### JIAC Annual Plan January 2020-December 2021 (Updated December 2020)

Date of JIAC	February FP20 Workshop 26 February 2020	11 March 2020	29 July 2020	15 September 2020 Fire Accounts Workshop	7 October 2020	15 October 2021 Police Accounts Workshop	November 2020 Workshop NOT REQUIRED	16 December 2020	February Workshop TBC	10 March 2021	Date TBC Accounts Workshops	29 July 2021	6 October 2021	TBC November Workshop	15 December 2021
Confirmed agenda to be circulated			1.7.20		1.9.20			6.11.20		29.1.21		17.6.21	20.8.21		5.11.21
Deadline for papers to be submitted to OPFCC (KO)			17.7.20		25.9.20			4.11.20		25.2.21		15.7.21	23.9.21		2.12.21
Papers to be circulated			22.7.20		30.9.20			9.12.20		2.3.21		21.7.21	28.9.21		8.12.21

Date of JIAC	February FP20 Workshop Date TBC	11 March 2020	29 July 2020	15 September 2020 Fire Accounts Workshop	7 October 2020	15 October 2021 Police Accounts Workshop	November 2020 Workshop TBC	16 December 2020	February Workshop TBC	10 March 2021	Date TBC June 2021 Accounts Workshops	29 July 2021	6 October 2021	TBC November Workshop	15 December 2021
Standing Items		Apologies	Apologies		Apologies			Apologies		Apologies		Apologies	Apologies		Apologies
		Declarations	Declarations		Declarations			Declarations		Declarations		Declarations	Declarations		Declarations
		Meetings log and actions	Meetings log and actions		Meetings log and actions			Meetings log and actions		Meetings log and actions		Meetings log and actions	Meetings log and actions		Meetings log and actions
					Meeting of members and Auditors without Officers Present							Meeting of members and Auditors without Officers Present			
Statutory and Inspection	FP25, Demand and Force Management Statement Workshop				Budget & MTFP process and plan update & Timetable PFCC & CC NCFRA			Update on: Fraud & Corruption Controls and Processes PFCC & CC NCFRA		Update on: Business Continuity and Disaster Recovery PFCC CC NCFRA		Update on: Fraud & Corruption Controls and Processes PFCC & CC NCFRA	Budget & MTFP process and plan update & Timetable PFCC & CC NCFRA		
		Treasury Mgmt Strategy 2019/20 PFCC & CC NCFRA		Statement of Accounts Review: NCFRA	Treasury Management outturn 2019/20 & 2020/21 Update NCFRA PFCC	Statement of Accounts Review: PFCC & CC				Treasury Mgmt Strategy 2020/21 PFCC & CC NCFRA	Statement of Accounts Review: NCFRA PFCC & CC	Statement of Accounts: NCFRA PFCC & CC	Treasury Management outturn 2019/20 & 2020/21 Update NCFRA PFCC		
					<b>Annual Attendance of the PFCC and Chief Officers</b>				JIAC Self-Assessment and Review of Other Audit Committees (TBC)				Annual Attendance of the PFCC and Chief Officers		JIAC Self-Assessment (TBC)
					HMIC reviews – update CC NCFRA						HMIC reviews – update CC NCFRA			HMIC reviews – update CC NCFRA	

Date of JIAC	February FP20 Workshop Date TBC	11 March 2020	29 July 2020	15 September 2020 Fire Accounts Workshop	7 October 2020	15 October 2021 Police Accounts Workshop	November 2020 Workshop TBC	16 December 2020	February Workshop TBC	10 March 2021	Date TBC June 2021 Accounts Workshops	29 July 2021	6 October 2021	TBC November Workshop	15 December 2021
Scrutiny		<i>Update on: MFSS &amp; LGSS (In restricted)</i>	<i>Update on: MFSS &amp; LGSS</i>		<i>Update on: MFSS, LGSS, New System Arrangements</i>					<i>Update on: MFSS, LGSS, New System Arrangements</i>			<i>Update on: MFSS, LGSS, New System Arrangements</i>		
		Update on: Performance Frameworks NCFRA CC						Complaints New System Arrangements							
								Update on Ethics	Update on NCFRA ICT Arrangements and Processes			Enabling Services programme Update			
										<i>PFCC Risk Register</i>			Update on New Procurement Arrangements		Update on: Business Continuity and Disaster Recovery PFCC CC NCFRA
Risk Management										Risk Policy and Processes – Annual Review - NCFRA - PFCC - CC					
		<i>Force strategic risk register</i>	<i>Force strategic risk register</i>		<i>NCFRA Risk Register</i>					<i>Force strategic risk register</i>			<i>NCFRA Risk Register</i>		<i>PFCC Risk Register</i>

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Internal Audit and Updates to Internal Audit Recommendations		Internal Audit Plan 20/21 PFCC & CC NCFRA								Internal Audit Plan 21/22 PFCC & CC NCFRA						
			Internal Audit Annual Report 19/20 PFCC & CC NCFRA									Internal Audit Annual Report 20/21 PFCC & CC NCFRA				
		Progress report PCC & CC NCFRA	2019/20 Progress/ Plan report PCC & CC NCFRA		Progress report PCC & CC NCFRA				Progress report PCC & CC NCFRA		Progress report PCC & CC NCFRA		Progress report PCC & CC NCFRA			Progress report PCC & CC NCFRA
		Implementation of recommendations PFCC & CC NCFRA	Implementation of recommendations PFCC & CC NCFRA		Implementation of recommendations PFCC & CC NCFRA				Update on Implementation of recommendations PFCC & CC NCFRA		Implementation of recommendations PFCC & CC NCFRA		Implementation of recommendations PFCC & CC NCFRA			Implementation of recommendations PFCC & CC NCFRA
External Audit		External Audit ISA260 2018/19			External Audit 2019/20 Plan and Update - NCFRA					External Audit Plan & Proposed Fee Scales 20/21: PFCC & CC NCFRA						
		External Audit Plan & Proposed Fee Scales 19/20: PFCC & CC NCFRA			External Audit Update - NCFRA					External Audit Update PFCC & CC NCFRA					External Audit Update PFCC & CC NCFRA	
								External Audit Update PFCC & CC NCFRA				External Audit ISA260 2020/21 PFCC & CC NCFRA				
								External Audit Plan 2019/20 PFCC & CC							External Audit Annual Audit Letter PFCC & CC NCFRA	

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Standing Information		Agenda plan	Agenda plan		Agenda plan			Agenda plan		Agenda plan		Agenda plan	Agenda plan		Agenda plan
			Members Training/ Updates		Members Training/ Updates			Members Training/ Updates		Members Training/ Updates		Members Training/ Updates	Members Training/ Updates		Members Training/ Updates
		AOB	AOB		AOB			AOB		AOB		AOB	AOB		AOB
		Next meeting	Next meeting		Next meeting and 2021 dates			Next meeting		Next meeting		Next meeting	Next meeting and 2022 dates		Next meeting