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Our reference: MD

Date: 12th April 2018

AGENDA

TO: THE MEMBERS OF THE JOINT AUDIT AND STANDARDS COMMITTEE

CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT AND STANDARDS COMMITTEE

A Meeting of the Joint Audit & Standards Committee will take place on **Thursday 24th May 2018** in **Conference Room Two**, Police Headquarters, Carleton Hall, Penrith, at **10:30am**.

Gillian Shearer
Chief Executive

Note: Members are advised that allocated car parking for the meeting is available in the Visitors' Car Park.

Please note – there will be a private meeting between the members and internal audit from 9.30am – 10.15am

COMMITTEE MEMBERSHIP

Mrs Fiona Daley (Chair)
Mr Jack Jones
Ms Fiona Moore
Mr Malcolm Iredale

AGENDA

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

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC

To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.

3. DISCLOSURE OF PERSONAL INTERESTS

Members are invited to disclose any personal/prejudicial interest, which they may have in any of the items on the Agenda. If the personal interest is a prejudicial interest, then the individual member should not participate in a discussion of the matter and must withdraw from the meeting room unless a dispensation has previously been obtained.

4. MINUTES OF MEETING AND MATTERS ARISING

To receive and approve the minutes of the committee meeting held on 21st March 2018.

5. ACTION SHEET

To receive the action sheet from previous meetings.

6. CORPORATE UPDATE

To receive a briefing on matters relevant to the remit of the Committee.
(To be presented by the Chief Constable and OPCC Chief Executive)

7. EXTERNAL AUDIT FEES

To receive from the external auditors the proposal in respect of audit fees. *(To be presented by Grant Thornton)*

8. EXTERNAL AUDIT UPDATE REPORT

To receive from the external auditors an update report in respect of progress on the external audit plan. *Deferred from March'18 (To be presented by Grant Thornton)*

9. JOINT PROCUREMENT REGULATIONS

To review the Joint Procurement Regulations as part of cyclical arrangements for governance. *Deferred from Nov'17 (To be presented by the Director of Corporate Support). Deferred to 22 November 2018 meeting.*

10. JOINT CHIEF FINANCE OFFICER

To receive a report from the Joint Chief Finance Officer providing an update on how the arrangements for a shared Joint Chief Finance Officer are working. *(To be presented by the Joint Chief Finance Officer)*

11. JOINT AUDIT AND STANDARDS COMMITTEE – REVIEW OF EFFECTIVENESS.

To receive a report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance. *(To be presented by the Deputy Chief Finance Officer)*

12. INTERNAL AUDIT – ANNUAL REPORT

To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion. *(To be presented by the Audit Manager)*

13. EFFECTIVENESS OF INTERNAL AUDIT

To receive a report from the Joint Chief Finance Officer in respect of the effectiveness of internal audit. *(To be presented by the Deputy Chief Finance Officer)*

14. INTERNAL AUDIT REPORT(S)

To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the committee. *(To be presented by the Audit Manager)*

- i. Duty Management
- ii. ICT Capacity
- iii. Vulnerability/Hate Crime
- iv. Procurement Follow Up
- v. Cash Receipting

15. RISK MANAGEMENT MONITORING

To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management. *(To be presented by the Governance Manager)*

16. ANNUAL GOVERNANCE STATEMENT

- b) **Effectiveness of Governance Arrangements:** To receive a report from the Joint CFO on the effectiveness of the PCC's and CC's arrangements for Governance.
 - i. Constabulary
 - ii. OPCC
- c) **Code of Corporate Governance:** To consider the PCC/CC Code of Corporate Governance
 - i. Constabulary
 - ii. OPCC

- d) **Annual Governance Statement:** To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting
 - i. Constabulary
 - ii. OPCC

17. ANNUAL STATEMENTS OF ACCOUNTS

To receive the un-audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts. *(To be presented by the Deputy Chief Finance Officer)*

- (i) Statement of Accounts Narrative 2017/18 – To receive a report from the Joint Chief Finance Officer outlining the statement of accounts process for 2017/18 *(To be presented by the Joint Chief Finance Officer)*
- (ii) PCC/Group Annual Statement of Accounts 2017/18 *(To be presented by the Deputy Chief Finance Officer)*
- (iii) PCC/Group Summary Statement of Accounts 2017/18 *(see pages 3-21 of above 17 (ii))* *(To be presented by the Deputy Chief Finance Officer)*
- (iv) CC Annual Statement of Accounts 2017/18 *(To be presented by the Deputy Chief Finance Officer)*
- (v) CC Summary Statement of Accounts 2017/18 *(see pages 3-19 of above 17 (iv))* *(To be presented by the Deputy Chief Finance Officer)*

18. ANTI-FRAUD AND CORRUPTION ACTIVITIES

To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. *(To be presented by the Governance Manager)*

19. ETHICS AND INTEGRITY GOVERNANCE.

To receive an annual report from the chair of the Ethics and Integrity Panel. *(To be presented by the Governance Manager)*

20. TREASURY MANAGEMENT ACTIVITIES

To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report. *(To be presented by the Deputy Chief Finance Officer)*

Future Meeting Dates (For Information)

- 19 July 2018 @ 10:30 – Conference Room 2
- 12 September 2018 @ 10:30 – Conference Room 2
- 22 November 2018 @ 13:00 – Conference Room 2
- 20 March 2019 @ 10:00 – Conference Room 2
- 23 May 2019 @ 10:30 – Conference Room 2



CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY

JOINT AUDIT & STANDARDS COMMITTEE

Minutes of a Meeting of the Joint Audit & Standards Committee held on Wednesday 21st March 2018 in Conference Room 2, Police Headquarters, Carleton Hall, Penrith, at 10.30 am

PRESENT

Mrs Fiona Daley (Chair)
Mr Malcolm Iredale
Mr Jack Jones
Ms Fiona Moore

Also present:

Acting Head of Procurement (Chris Guest)
Director of Corporate Support (Stephen Kirkpatrick)
Joint Chief Finance Officer (Roger Marshall)
Chief Executive, Office of the Police and Crime Commissioner (Gillian Shearer)
Deputy Chief Finance Officer (Michelle Bellis)
Audit Manager, Cumbria Shared Internal Audit Service, Cumbria County Council (Emma Toyne)
Director, Grant Thornton (Robin Baker)
Temporary Chief Constable (Michelle Skeer)
Deputy Chief Constable (Mark Webster)
Group Audit Manager, Cumbria Shared Internal Audit Service, Cumbria County Council (Niki Riley)
Financial Services Trainee (Monika Demczuk)
Financial Services Assistant (Dawn Cowperthwaite)

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

The Chair began the meeting by welcoming everyone and introducing Mark Webster as the new Deputy Chief Constable (DCC) and Monika Demczuk as the new Financial Services Trainee (FST). All other attendees then briefly introduced themselves for the benefit of the DCC and FST.

Congratulations were then given to the new Chief Constable (CC) on their recent promotion and the Temporary Deputy Chief Constable (T/DCC) was welcomed as the new chief officer representative on the committee. The chair also congratulated Mrs Skeer on her recent award of the QPM.

378. APOLOGIES FOR ABSENCE

Apologies for absence were received from Richard McGahon (Senior Manager, Grant Thornton), Joanne Head (Governance Manager, Office of the Police and Crime Commissioner) and Vivian Stafford (Head of Partnerships and Commissioning/Deputy Chief Executive, Office of the Police and Crime Commissioner).

379. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC

There were no items of urgent business or exclusions of the press and public to be considered by the Committee.

380. DISCLOSURE OF PERSONAL INTERESTS

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

381. MINUTES OF MEETING AND MATTERS ARISING

The draft minutes of the meeting held on 22nd November 2017 had been circulated with the agenda. The minutes were first reviewed for factual accuracy and approved as a true record of the meeting by the committee.

RESOLVED, that the minutes of the meeting held on 22nd November 2017 be approved.

382. ACTION SHEET

The action sheet of the meeting held on 22nd November 2017 had been circulated with the agenda. The following comments were made:

- 360 – The Temporary Chief Constable (T/CC) advised that a full delivery plan had been developed and that it could be circulated if members wished, the members confirmed that they would like to see it
- 367/359 – The Director of Corporate Support gave a brief summary of what work had been completed and circulated a paper regarding ICT security and asked that the members provide feedback to clarify what they wanted to see in the members' development session on ICT Security which is to be held on 22nd November 2018
- JASC1 – The Chief Executive (CE) advised that the reporting date for the OPCC Annual Report was 31st March and that it would be presented to the Police and Crime Panel (PCP) at their July 2018 meeting and published shortly after that. Although the committee do

not statutorily need to see the report the CE advised that they would be happy to submit it to the meeting on 19th July 2018.

The Ethics and Integrity Panel Annual Report was presented to the committee by the CE as a means to update the members on the work undertaken by the Ethics and Integrity Panel during 2017 and the beginning of 2018.

Members showed concern regarding the wording in paragraph 6.4 and asked that in future reports some clarification be given as to what constitutes 'non-compliance' and 'requires some improvement' the CE confirmed that this would be done.

The Chair asked for the Ethics and Integrity Panel to be thanked for the report and clarified that it was a useful report for the committee to see as it feeds into their overall body of evidence around the governance of the organisations.

383. CORPORATE UPDATE

The T/CC advised that in the recent HMICFRS report the Constabulary were given a grading of 'Good' right across the organisation. Some of the areas highlighted for improvement had already been actioned.

The Joint CFO advised that the 2018/19 budget had been agreed during the last quarter.

11am – The DCC left the meeting at this point

The CE advised that a lot of consultation work had been carried out around potentially increasing the precept and that they had received their highest response on any consultation with 72% in support of the increase.

The Bluelight Collaboration has been reviewed by the Commissioner and following consultation with key partners the Commissioner made the decision to move forward with working collaboratively rather than a formal governance model of collaboration and work is now on-going to develop this. The CE reported that a Blue Light Collaboration Manager had been appointed in October 2017 and that he was now leading on this work for the Commissioner.

There are new arrangements within the OPCC. The previous week there was a handover of the Chief Executive responsibilities with Gillian Shearer taking on the role and Vivian Stafford taking up the role of the Deputy Chief Executive. A capacity review within the department is moving forward and a full update will be provided at the next meeting.

11.05am – The Committee took a 5 minute refreshment break

384. ANNUAL WORK PROGRAMME: ASSURANCE FORMAT

The Deputy Chief Finance Officer introduced the Annual Work Programme for 2018/19 and gave a summary of the planned contents of the meetings for 2018/19 including the anticipated development sessions for the members.

The Audit Manager advised that the 'Report of the Internal Audit: Annual Governance Statement' wasn't in the audit plan for this year. The Chair asked the Director of Grant Thornton if they had an opinion on this work not being done. He accepted that there was no requirement to complete this specific piece of work and that the key item from their perspective was the Annual Review and the Annual judgement on the effectiveness of internal control. The Audit Manager confirmed that they would still be producing the Annual Report.

The Chair requested additional training for the committee around Treasury Management, it was felt that although Arlingclose gave good information about what was happening in the wider markets it doesn't keep live their understanding of Treasury Management and Prudential Indicators and that an update would refresh this understanding. The Joint CFO and Deputy CFO felt that this could adequately be taken care of internally by finance staff and could be timetabled for the development session in September.

RESOLVED, that the report be approved subject to the stated amendments.

385. EXTERNAL AUDIT PLAN

The Senior Manager introduced the Joint Audit Plan for the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary and drew attention to a number of items within it.

- The identification of significant risks
- Assessment of Materiality which equates to 2% of gross expenditure for the year
- Value for money arrangements

The members asked for clarification around the section detailing the risks associated with the Police Officer Pension Scheme and that it stated that the Chief Constable administers the three pension schemes. The Chair asked the CC if she was comfortable with this responsibility and if she required any additional support from anyone else at the meeting to look at any of it. The Joint CFO advised that the CC had support from both the Internal Lead on Pension, The Head of Central Services, and also the Regional Pension Board which the Constabulary are a member of.

RESOLVED, that the report be noted.

386. EXTERNAL AUDIT UPDATE REPORT

Due to the timing of the interim audit visit (26/2/18 – 9/3/18) this paper has been deferred to the May 2018 meeting.

387. VALUE FOR MONEY

The Deputy CFO introduced the review of Value for Money which provided a high level analysis of the HMICFRS (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services) VfM profile published on 16th November 2017.

The profiles in general focus on cost per head of population and as Cumbria has the lowest resident population of the 43 forces they tend to fair badly in comparisons and appear expensive in comparison in a lot of areas. The profiles also fail to recognise the seasonal influx of visitors that tourism brings. There is also a certain degree of subjectivity around how different forces allocate costs.

There are 22 areas where Cumbria is seen as an outlier, an outlier being defined as being in the top or bottom 10%. A member asked how many areas there were in total and although an exact answer was not immediately available it was highlighted that the report was more than 90 pages long so those outlier areas form only a very small percentage of the whole report.

A member asked if the Value for Money reports were used for decision making. The Deputy CFO advised that they highlight areas when the Constabulary may want to undertake extended bench-marking work or dig into the figures in more depth.

RESOLVED, that the contextual issues of the report be noted and advice to the Commissioner and the Chief Constable is to continue to use this information within the organisation and to look for opportunities to do the more detailed analysis of what the causes are

388. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS

The Joint CFO informed the committee that there were 26 items on the monitoring spreadsheet, 7 of which had been completed. Of the remaining 19, the majority related to the most recent audit reports and had timescales for completion falling in the next three to six month period. An update was provided on those which were either ongoing or had exceeded their timescales.

- Digital Case File Preparation – additional resources that have been working on this will now be included permanently, which effectively completes that recommendation
- Fleet – tactical level improvements to systems and processes are ongoing and are due to

be implemented at the end of May beginning of June

- Finance Funding Formula – this is in relation to governance arrangements to do with the role of formal COG, following changes to the meeting structure around COG it is anticipated that reports will be taken to a monthly meeting
- Offender Manager – in relation to the update of the Offender Manager’s job description, this work has now been done and will be reviewed by a Hay panel later in the week
- Offender Management – The MOU for MAPPA being re-looked at, this has now been done and will go to the Senior Management Board (SMB) on 26th March and it is anticipated that it will be signed off at this point.

A member asked if the traffic light system on the monitoring report could be looked at to ensure that the key is consistent with the main body of the report.

RESOLVED, that the report be noted.

389. INTERNAL AUDIT EXTERNAL QUALITY ASSESSMENT (EQA)

The Audit Manager advised that the External Quality Assessment was carried out by the Institute of Internal Auditors (IIA) in October 2017 and the overall assessment was that the OPCC and Constabulary’s arrangement for Internal Audit ‘generally conforms’ to the Public Sector Internal Audit Standards (PSIAS), this is the highest possible outcome. Seven recommendations were made and the actions and responses to the recommendations are included in the report.

A member commented that after reading the standards and the report hadn’t found the recommendations to be particularly helpful and asked how internal audit felt about the assessment. The Group Audit Manager (GAM) advised that the assessment was challenging and came out with some useful pointers around opportunities to streamline the audit process although it was felt that they had been harsh around comments made around the audit planning process as it was felt that the current processes complied with the standards. They appear to be very purist around their approach to audit planning and their belief that an audit plan should be based purely on the risk register. The GAM believes that their process is more robust and collaborative than that.

The Director of Grant Thornton stated that he felt the committee could take comfort from the fact that it appeared that a thorough review had been conducted.

The Chair accepted the further explanations given by Internal Audit in response to the recommendations made but highlighted that a more thorough initial written response would

have been useful to the committee. The GAM advised that further work had been carried out since the completion of the report which had enabled a fuller response to the recommendations.

RESOLVED, that the report be noted.

390. PROPOSED INTERNAL AUDIT PLAN / INTERNAL AUDIT CHARTER

The AM presented the proposed internal audit plan, which had been prepared in consultation with senior management and in conformance with the Public Sector Internal Audit Standards.

The plan has been prepared in line with the mission to ensure there is adequate audit coverage to deliver the mandatory annual assurance opinion.

Emergency Services Mobile Communications Programme (ESMCP) and Emergency Services Network (ESN) have previously been the highest risk on the Constabulary's risk register although the risk has been downgraded with the most recent review of the risk register. JASC were asked to consider whether they were assured that the risk is effectively mitigated and whether Internal Audit assurance is required in this area.

A member commented that they would welcome this audit although they were unsure if 15 days would be required or whether a more pared down audit would be appropriate and perhaps leaving the audit until the final quarter of 2018/19. The T/CC reviewed for the committee the decisions behind the downgrading of the risk.

The Chair commented that they didn't think it was for the committee to decide whether the audit was carried out but would like Internal Audit to be clear on what they could add and also whether they had the skills to carry it out as there are already a number of very experienced people looking at it. There was also a general concern that the Audit Plan had been formulated solely based on the risk register, as this was a dynamic document subject to regular change and there is a risk that Internal Audit might end up auditing something that was a high risk 6 month ago but that may have been downgraded or removed in the intervening months.

The Director of Corporate Support stated that if an audit was to be carried out they would encourage it being done at a regional level where there is a central team and there may be opportunities for audit colleagues to work together. The CE highlighted that this is a national issue and asked whether other internal audit functions were providing assurance to other forces. The AM had looked at various audit plans for other forces and there was only one out of 13 that included similar work.

The GAM asked if it would be useful to leave it in the audit plan for the time being and review around quarter 3 or 4 to see if there was something that Internal Audit could usefully do. The Chair agreed that this would be a good idea and would also give flexibility if something more urgent came onto the risk register in the meantime.

The members accepted the amendments on the updated Internal Charter.

RESOLVED, that the report be noted.

391. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The AM presented the JASC quality assurance and improvement programme, which was designed to provide assurance that the work of internal audit was undertaken in conformance with the Public Sector Internal Audit Standards (PSIAS).

Key elements of the QAIP are:

- Ongoing monitoring of the performance of the internal audit activity
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices; and
- External assessments conducted in accordance with the PSIAS

RESOLVED, that the report be noted.

392. INTERNAL AUDIT – PROGRESS REPORT

The AM informed the Committee that up to 2nd March, the audit was progressing as planned and that 75% of the planned days had been delivered. The level of risk based audits receiving 'Reasonable' or higher assurance is currently 89%.

RESOLVED, that the report be noted.

393. INTERNAL AUDIT REPORTS

- **OPCC Commissioning**

The CE advised that the Commissioning team had carried out a lot of work in respect of documenting all procedures around grant funding. A 'Swim Lane map' has been produced

which sets out all of the processes and also where they cross over, this should help to administer and provide guidance around the grants. Guidance documents and application forms have been revised which should aid the evaluation of all grant forms. The Head of Commissioning and the Financial Services Officer meet on a monthly basis to go through the finances to review what has been spent and how much remains in the budget. Work is currently underway to ensure the timely update of Commissioning issues on the website and also that the website is more interactive and not used solely as a means of disseminating information.

A member highlighted that there is a fundamental principle that if you have allocated a budget it just doesn't get overspent without anyone understanding that they are overspending.

- **Business Improvement Unit**

A member stated that they did not feel that the management response to the actions dealt with the recommendation itself. The T/CC advised that this recommendation was in relation to not minuting meetings. Office 365, which is the technology that has recently been introduced, enables the listing of open actions as well as much more easily tracking the activity. The system is also more open to audit.

- **Use of Force**

The T/CC advised that a dedicated 'Use of Force' Board had been set up to drive activity, along with a dedicated App on the Kelvin devices, Cumbria is one of the few forces that have this. The Director of Corporate Support confirmed that the Board was now up and running and that the appropriate quarterly reporting was in place.

- **15 week reviews and PDR's**

PDR's have previously been moved to be due on the anniversary of appointment, at this time 15 week reviews were also put in place. An updated system will be rolled out in April which effectively brings the PDR and 15 weeks reviews together in conjunction with training/mentoring. This will allow the Constabulary to streamline the 2 systems and will provide regular stats which in turn will enable the whole process to be more appropriately managed.

The Chair queried why, when full PDR system is planned to be in place by April 2018, the implementation date given on the recommendation was September 2018. The Director of Corporate Support confirmed that the system would be up and running in April but that it would take a period of time to roll out in terms of coaching for the supervisors and to get the systems fully embedded.

- **Detailed Procurement Testing**

The Director of Corporate Support welcomed the report and advised that the current Procurement function is in quite a challenging situation and a lot of work is being undertaken in order to move things forward, they were reassured through discussions with the AM that there were no evidence of fraudulent activity but it was clear that policies and joint procurement regulations were not being consistently applied.

The procurement department has historic recruitment and retention issues as well as struggling to raise the professional level of knowledge and expertise within the existing team, which are the two main areas which have led to the current problems. There is an action plan now in place.

A member asked if it had been possible to identify a root cause, was it a lack of knowledge and understanding of what needs to be done or perhaps are the regulations not really workable. The Temporary Head of Procurement (HoP) advised that it was a mix of the lack of specific knowledge within the department and the current Procurement Regulations being extremely difficult to understand.

The Internal Audit report on Firearms Licensing had been reviewed by Members and there were no points which Members wished to discuss at the meeting.

RESOLVED, that the reports be noted.

394. STRATEGIC RISK REGISTER

- **COPCC Strategic Risk Register**

The Ce explained changes in terms of:

- ESN downgraded – extended timescales have reduced the chances of short term issues
- OPCC Capacity – A full report will be available in September 2018
- GDPR – new regulations come into force on 25th May 2018
- Funding Formula – downgraded the likelihood element following on from the government announcing that the funding formula will now be reviewed in the next spending review (2021 onwards)

- **Constabulary Strategic Risk Register**

The T/CC advised that a risk had been added around the risk of an act of terrorism taking place in Cumbria. This has been added not as a result of specific intelligence around a potential attack but more as a result of the national picture.

RESOLVED, that the reports be noted.

395. TREASURY MANAGEMENT ACTIVITIES

The Deputy CFO introduced the report by stating that it provides details of the Treasury Management activities undertaken in the first three quarters of 2017/18. It provides a forecast of income from investments which is currently on target at £75k.

The Chair asked for an amendment on Appendix B, line 11, which reads as £9.4m rather than £9.40. The Deputy CFO advised that this would be so amended.

RESOLVED, that the report be noted.

396. TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES

The Deputy CFO presented the Treasury Management Strategy statement for approval. The Strategy was consistent with how it has been presented in previous years. The TMSS was approved by the Commissioner on 14th February, later that same day Arlingclose updated their forecast in relation to interest rates, therefore a one-page update has been included on what the changes to the forecast means to the strategy.

The Chair advised that there were a number of small points which they were happy to forward on to the Deputy CFO after the meeting. The Chair asked what the rationale was behind the continued use of fixed rate investments at a time when there was an anticipation of rates increasing and any reduction would be tiny. The Deputy CFO advised that there are considerable funds held in money market funds, which are next day, if something else became available we would have the flexibility to respond to that. The Chair advised that if this is part of the strategy it should be clearly articulated in the TMSS.

Treasury Management Practices – TMP 10 Training and Qualifications

It was felt by the Chair that Paragraph 3 should specifically name the Commissioner and the Chief Constable (if they were the responsible individuals) rather than referring to ‘those charged’. The Deputy CFO advised that this was within the remit of the Commissioner and that they would clarify this section.

RESOLVED, that the report be reviewed.

397. FOLLOW UP TO ANNUAL REVIEW OF GOVERNANCE

- **Joint Procurement Regulations**

The Director of Corporate Support apologised for the updated Joint Procurement Regulations not being made available to the committee. They reiterated that there have been both capacity and professional skills issues but work is ongoing to ensure this work is completed.

- Recruitment is underway for a new HoP and approval has been given for a further vacancy to be re-classified to a more senior level which would deputise for the HoP. A third vacancy which focussed on ICT activity has been re-classified, this post is to be a Contracts and Administration role working in ICT, but assisting with a lot of procurement activities, this post has now been recruited to. The Temporary HoP has also been extended for a further 3 months which should help to ensure some overlap once the permanent post has been recruited to
- There is an ongoing review across the Corporate Support functions which will give the opportunity to address our approach to strategic and transactional procurement activities
- The temporary HoP is providing critical ad hoc training to the team in terms of insuring better levels of compliance
- The update of the Joint Procurement Regulations is taking longer than planned. Some soft changes have been made in terms of reducing thresholds and tightening the overall grip, this has already had the effect of reducing the number of exemptions being sought and the general compliance levels have been increasing

Going forward, we are striving to have revised joint procurement regulations by mid-April with a view to having them signed off at the end of April and submit them to the JASC meeting in May.

The Director of Corporate Support circulated an updated process flow and asked if the members had any thought/comments could they forward those prior to the May 2018 meeting to enable these queries to be incorporated into the document they would be seeing in May.

- **OPCC Arrangements for Anti-Fraud and Corruption / Whistleblowing and Update report in relation to plans for a Joint Anti-Fraud and Corruption Strategy covering both the Constabulary and the OPCC**

At the previous meeting the OPCC were asked to review their policies with a mind to bringing them more in line with the Constabulary policy and also to explore if a joint policy with the Constabulary would be a suitable alternative. The CE advised that the decision had been taken that it would be better to have the two stand-alone policies and that the OPCC policy has now been aligned with that of the Constabulary, as the Constabulary policy was much more up to date and reflective of current legislation.

A member commented that some of the references/contacts within the document seemed to be out of date and suggested that these be checked in both documents with a mind to them being updated

The dates of the next meetings were confirmed as follows:

24 May 2018 @ 10:30 – Conference Room 2

19 July 2018 @ 10:30 – Conference Room 2

12 September 2018 @ 10:30 – Conference Room 2

22 November 2018 @ 13:00 – Conference Room 2

20 March 2019 @ 10:00 – Conference Room 2

Meeting ended at 1.40 pm.

Signed: _____ **Date:** _____

Joint Audit & Standards Committee – Action Update and Plan

Minute Item	Action to be taken	Person Responsible	Target Date	Comments	Status
DATE OF MEETING: 15th March 2017					
302	Item 6 – Corporate Update Review of new Joint CFO arrangements	Roger Marshall / Michelle Bellis	November 2017 / March 2018 May 2018	<p>A review of the CFO arrangements will be provided in March 2018, once arrangements have settled in. Verbal update provided at November 2017 meeting.</p> <p>The Joint CFO will provide a verbal update to the meeting in March, it is requested that the formalised report providing an update is deferred to the May 2018 meeting, at this point the new arrangements will have been in place for a full year and as such the full cycle of financial activities will have been completed.</p> <p>This is included on the agenda at item 10 for the meeting of 24 May 2018.</p>	Complete
DATE OF MEETING: 13th September 2017					
359	Item 6 – Monitoring of Audit, Internal Audit and Other Recommendations and Action Plans Further clarity regarding responsibilities for information security to be provided.	Michelle Skeer	November 2017 March 2018	<p>Deferred to March 2018.</p> <p>A detailed explanation was provided by Mrs Skeer at the 21 March 2018 meeting.</p>	Complete
360	Item 9 – Offender Management Delivery plan to be developed and evidence for completed actions to be provided	Michelle Skeer	November 2017 March 2018	<p>Brief update provided at November meeting. Full update to be provided at March 2018 meeting.</p> <p>A detailed explanation was provided by Mrs Skeer at the 21 March 2018 meeting.</p>	Complete

DATE OF MEETING: 22 nd November 2017					
367	Item 4 Matters Arising (re minute 359) – Further clarity regarding responsibility for ICT security to be provided.	Stephen Kirkpatrick	March 2018	A verbal updated was provided at the 21 March 2018 meeting with a development session planned for 22 November 2018 11:00-12:00.	Complete
367	Item 4 Matters Arising (re minute 359) – Development session on ICT security to be arranged.	Roger Marshall	November 2018	Development session arranged for 22 November 2018 11:00-12:00. Members are asked to clarify what they would like to be included. Further discussion, see item 382 below.	Complete
369	Item 7(ii) – Revised version of Joint Procurement Regulations to be provided, incorporating covering report addressing any potential conflict of interest issues.	Stephen Kirkpatrick /Chris Guest	March 2018 May 2018	At the 21 March meeting SK & CG explained the current difficulties regarding the updating of the Joint Procurement Regulations and circulated a process chart illustrating the procurement routes. The updated JPR will be presented to the May meeting. In the meantime a draft will be circulated to JASC members by the end of April to allow their comments to be incorporated into the final version. The JPR are included on the agenda for 24 May 2018 at item 9.	Complete
369	Item 7(v) (OPCC Arrangements for Anti Fraud & Corruption) – Updated version of document to be provided, to cover arrangements for dealing with unlawful activity by PCC and conflict of interest issues.	Gill Shearer	March 2018		Complete
369	Items 7(i) Constabulary Arrangements of Anti-Fraud and Corruption and (v) OPCC Arrangements for Anti Fraud & Corruption – Meeting to take place to discuss possibility of joint OPCC / Constabulary document. Document(s) to be updated to take account of member comments. Progress report to be provided at next meeting.	Joanne Head / Furzana Nazir	March 2018 (progress report only)	The updated documents relating to arrangements for anti-fraud and corruption for the constabulary and the OPCC were presented to members at the 21 March 2018 meeting. It was determined that the documents could not usefully be merged into a single document but the separate documents are now consistently prepared.	

DATE OF MEETING: 21 st March 2018					
382	Item 5 action sheet, members to review document provided by Stephen Kirkpatrick (367/359) and to give clarification what they want included.	Members	May 2018	Member agreed to email Michelle Bellis with details of what they would like included in the development session.	Ongoing (within original timescale)
382	Item 5 Annual OPCC Report to be brought back to the July meeting for comment by the members.	Gill Shearer	July 2018	This has been added to the work programme for future years and will be included on the agenda in July 2018. Annual report will be presented to JASC at July meeting.	Ongoing (within original timescale)
382	Item 5(i) Ethics and Integrity Panel Annual Report, members stated would be useful in future reports for there to be a note re what constitutes 'non-compliant' & 'requires some improvement', with regards to STOP & SEARCH	Gill Shearer/ Joanne Head	March 2019	This feedback was given to Ethics Panel for consideration at their next meeting.	Complete
384	Item 7 Annual Work Programme: Assurance Format, members requested additional training around Prudential Indicators.	Roger Marshall/ Michelle Bellis	September 2018	A development session has been added in September to include practical applications of treasury management and prudential indicators	Ongoing (within original timescale)
388	Item 11 Audit Monitoring, wording to be amended. References to 'timescale exceeded' & 'timescale extended'	Michelle Bellis	May 2018	Covering report and detailed table now have consistent wording and colouring.	Complete
396	Item 19 Treasury Management Strategy and Practices, specific queries to be emailed to Michelle Bellis.	Fiona Daley	May 2018	Fiona provided these to Michelle in hard copy format at the end of the meeting. Changes/comments will be incorporated into next revision of the TMSS and TMPS	Complete
396	Item 19 Treasury Management Practices should be updated (section 11) to highlight that the money held in money market funds is short term and therefore can be readily accessed if favourable investments became available (rather than investing in purely fixed rate investments).	Michelle Bellis	May 2018	Comments will be incorporated into next revision of the TMSS and TMPS.	Complete

Joint Audit & Standards Committee – Review of Effectiveness

Improvement Action Plan 2017/18

Ref	Improvement Area	Planned Action	Action Owner	Target Date	Status
JASC1	Support and monitor the OPCC and Constabulary plans to address the increasingly stringent funding environment.	Members to apply learning from March 2018 training session and consider as appropriate the arrangements flowing from significant changes in funding levels. JASC members to consider efficiency aspects of any recommendations or reports to Committee.	JASC	March 2019	Ongoing
JASC2	Support and challenge any new governance arrangements, for example, from restructuring and capacity reviews, greater collaboration with other organisations or joint working on delivery of services.	Continue monitoring of the new Joint Chief Finance Officer arrangement and the rotating appointment of Monitoring Officer and CEO. JASC to encourage clarity in any new arrangements; appropriate documentation and; ensure governance arrangements considered as part of the risk assessment.	JASC	March 2019	Ongoing
JASC3	Exploring ways to strengthen partnership working with the Police and Crime Panel and the Ethics and Integrity Panel where appropriate.	Raise the Committee’s awareness of issues and concerns of the Police and Crime Panel to the extent that they might inform the work of the Joint Audit and Standards Committee. JASC members to attend PCP meetings by rotation. Consider impact of Ethics and Integrity Panel review of control room.	JASC	November 2019	Ongoing Dates agreed by members for PCP attendance
JASC4	Help improve the focus on outcomes so that delivery can be measured more effectively.	Consider the arrangements for monitoring delivery of the Police and Crime Plan. Review the OPCC Annual Report and consider the qualitative outcomes.	JASC	March 2018	Amber – action TBA



Mrs Michelle Skeer
Chief Constable
The Chief Constable for Cumbria Constabulary
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20 April 2018

Dear Mrs Skeer

Planned audit fee for 2018/19

The Local Audit and Accountability Act 2014 (the Act) provides the framework for local public audit. Public Sector Audit Appointments Ltd (PSAA) has been specified as an appointing person under the Act and the Local Authority (Appointing Person) Regulations 2015 and has the power to make auditor appointments for audits of opted-in local government bodies from 2018/19. The Chief Constable is an opted-in body.

For opted-in bodies PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

Scale fee

PSAA published the 2018/19 scale fees for opted-in bodies in March 2018, following a consultation process. Individual scale fees have been reduced by 23 percent from the fees applicable for 2017/18. Further details are set out on the [PSAA website](#). The scale fee for the Chief Constable for 2018/19 has been set by PSAA at £11,550.

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes'.

The audit planning process for 2018/19, including the risk assessment, will continue throughout the year. Fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

There are no changes to the overall work programme for audits of police bodies for 2018/19. Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors. Audits of the accounts for 2018/19 will be undertaken under this Code. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its latest guidance for auditors on value for money work in November 2017. The guidance states that for police bodies, auditors are required to give a conclusion on whether the Chief Constable has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

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.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2018	2,888
December 2018	2,888
March 2019	2,887
June 2019	2,887
Total	11,550

Outline audit timetable

We will undertake our audit planning and interim audit procedures in December 2018 to March 2019. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit, work on the VfM conclusion and work on the whole of government accounts return will be completed by 31 July 2019.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2018 to March 2019	Joint Audit Plan	The plan summarises the findings of our audit planning and our approach to the audit of the Chief Constable's accounts and VfM arrangements.
Final accounts audit	June to July 2019	Joint Audit Findings Report (to the Chief Constable as 'the individual charged with governance'))	This report sets out the findings of our accounts audit and VfM work for the consideration of the Chief Constable as the individual charged with governance.
VfM conclusion	December 2018 to July 2019	Joint Audit Findings Report (to the Chief Constable as the individual charged with governance)	As above
Whole of government accounts	July 2019	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	September 2019	Joint Annual Audit Letter to the Chief Constable	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2018/19 are:

	Name	Phone Number	E-mail
Engagement Lead	Robin Baker	0161 214 6399 / 07880 456159	robin.j.baker@uk.gt.com
Engagement Manager	Richard McGahon	0141 223 0889 / 07880 456156	richard.a.mcgahon@uk.gt.com
In Charge Auditor	Ashling Conway	0151 224 7237	ashling.conway@uk.gt.com

Additional work

The scale fee excludes any work the Chief Constable may request that we may agree to undertake outside of our Code audit. Any additional work will be separately agreed and a detailed project specification and fee agreed with the Chief Constable.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Sarah Howard, our Public Sector Assurance regional lead partner, via Sarah.Howard@uk.gt.com.

Yours sincerely

Robin Baker
Engagement Lead

For Grant Thornton UK LLP

cc Roger Marshall, Joint Chief Finance Officer



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20 April 2018

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For opted-in bodies PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

Scale fee

PSAA published the 2018/19 scale fees for opted-in bodies in March 2018, following a consultation process. Individual scale fees have been reduced by 23 percent from the fees applicable for 2017/18. Further details are set out on the [PSAA website](#). The scale fee for the Police and Crime Commissioner for 2018/19 has been set by PSAA at £23,360. The scale fee for the Chief Constable for 2018/19 has been set by PSAA at £11,550. The total scale fee for 2018/19 for the audit of the group financial statements of the Police and Crime Commissioner, including the statements of the Chief Constable, is £34,910.

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes'.

The audit planning process for 2018/19, including the risk assessment, will continue throughout the year. Fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

There are no changes to the overall work programme for audits of police bodies for 2018/19. Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors. Audits of the accounts for 2018/19 will be undertaken under this Code. Further information on the NAO Code and guidance is available on the [NAO website](#).

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- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
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PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

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The Code requires us to consider whether the Police and Crime Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its latest guidance for auditors on value for money work in November 2017. The guidance states that for police bodies, auditors are required to give a conclusion on whether the Police and Crime Commissioner has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

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.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2018	5,840
December 2018	5,840
March 2019	5,840
June 2019	5,840
Total	23,360

Outline audit timetable

We will undertake our audit planning and interim audit procedures in December 2018 to March 2019. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit, work on the VfM conclusion and work on the whole of government accounts return will be completed by 31 July 2019.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2018 to March 2019	Joint Audit Plan	The plan summarises the findings of our audit planning and our approach to the audit of the Police and Crime Commissioner's accounts and VfM arrangements.
Final accounts audit	June to July 2019	Joint Audit Findings Report (to the PCC as 'the individual charged with governance')	This report sets out the findings of our accounts audit and VfM work for the consideration of the PCC as the individual charged with governance.
VfM conclusion	December 2018 to July 2019	Joint Audit Findings Report (to the PCC as the individual charged with governance)	As above
Whole of government accounts	July 2019	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	September 2019	Joint Annual Audit Letter to the Police and Crime Commissioner	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2018/19 are:

	Name	Phone Number	E-mail
Engagement Lead	Robin Baker	0161 214 6399 / 07880 456159	robin.j.baker@uk.gt.com
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In Charge Auditor	Ashling Conway	0151 224 7237	ashling.conway@uk.gt.com

Additional work

The scale fee excludes any work the Police and Crime Commissioner may request that we may agree to undertake outside of our Code audit. Any additional work will be separately agreed and a detailed project specification and fee agreed with the Police and Crime Commissioner.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Sarah Howard, our Public Sector Assurance regional lead partner, via Sarah.Howard@uk.gt.com.

Yours sincerely

Robin Baker
Engagement Lead

For Grant Thornton UK LLP

cc Roger Marshall, Joint Chief Finance Officer

Audit Progress Report

The Police and Crime Commissioner for Cumbria and The Chief Constable
for Cumbria Constabulary

Year ending 31 March 2018

May 2018



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Progress at 8 May 2018	4
Audit Deliverables	5
Results of Interim Audit Work	6

Introduction



Robin Baker

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This paper provides the Joint Audit and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.



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Progress at 8 May 2018

Financial Statements Audit

We have started planning for the 2017/18 financial statements audit and will issue a detailed audit plan, setting out our proposed approach to the audit of the Police and Crime Commissioner's (PCC's) and Chief Constable's (CC's) 2017/18 financial statements.

We commenced our interim audit in late February 2018. Our interim fieldwork visit included:

- Updated review of the PCC's and CC's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

The findings from our interim audit are summarised at pages 6 and 7.

The statutory deadline for the issue of the 2017/18 opinion is brought forward by two months to 31 July 2018.

The final accounts audit is due to begin on the 1 June 2018 with findings reported to you in the Audit Findings Report by the earlier deadline of July 2018.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that both; "the Police and Crime Commissioner and the Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited bodies had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We have carried out our initial risk assessment to determine our approach and reported this to you in our Joint Audit Plan.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

Other areas

Meetings

We met with Finance Officers on 31 January 2018 as part of our liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

In March 2018 we had separate meetings with the Police and Crime Commissioner and the new Chief Constable, to discuss strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the police sector.

Audit Deliverables

2017/18 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2017/18.	April 2017	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Police and Crime Commissioner, the Chief Constable and present it to the Joint Audit and Standards Committee setting out our proposed approach in order to give an opinion on the PCC's and CC's 2017-18 financial statements.	March 2018	Complete
Interim Audit Findings We will report to you the findings from our interim audit within our Progress Report.	May 2018	Complete - – included as part of this meetings agenda
Audit Findings Report The Audit Findings Report will be reported to the July Joint Audit and Standards Committee which will be attended by the Police and Crime Commissioner and the Chief Constable.	July 2018	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2018	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	September 2018	Not yet due

Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusions and recommendations
Internal audit	We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to the Police and Crime Commissioner's or Chief Constable's attention.	Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Police and Crime Commissioner's and Chief Constable and that internal audit work contributes to an effective internal control environment.
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	Our work has identified no material weaknesses which are likely to adversely impact on the Police and Crime Commissioner's or Chief Constable's financial statements.
Walkthrough testing	<p>We have completed walkthrough tests of the Police and Crime Commissioner's and the Chief Constable's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. We have completed walkthrough tests for Property, Plant and Equipment, Employee Remuneration, Operating Expenses and the Police Officer Pension Fund benefits payable..</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Police and Crime Commissioner and the Chief Constable in accordance with our documented understanding.</p>	Our work has not identified any weaknesses which impact on our audit approach.

	Work performed	Conclusions and recommendations
Journal entry controls	<p>We have reviewed the Police and Crime Commissioner's and the Chief Constable's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Police and Crime Commissioner's or the Chief Constable's control environment or financial statements.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Early substantive testing	<p>We have continued to work closely with the finance team to identify areas of the 2017/18 accounts that can be audited early. We have carried out initial audit procedures on:</p> <ul style="list-style-type: none"> • Property, Plant and Equipment additions (10 months completed) • Exit packages • Operating Expenses (10 months of testing) • Employee Remuneration – Analytical review • Police precepts and grant received (10 months tested) • Other revenues (10 months of testing completed) • Police Officer Pension Fund Benefits Payable (11 months of testing) • Police Officer Pension Fund Contributions – Analytical review <p>Further audit procedures will be required once the final accounts are submitted for audit, however this work will be reduced because of that already done at the interim visit.</p>	<p>Our early work has not identified any material misstatements or issues to report.</p> <p>We would like to thank the finance team for their continued cooperation in bringing audit work forwards in the year in order to streamline the final accounts audit process.</p>





Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee 24 May 2018: Agenda Item 10

Review of the Role of the Joint Chief Finance Officer

Joint Report by the Police and Crime Commissioner and Chief Constable

1. Introduction and Background

1.1. In May 2017, following a re-structure within the Office of the Police and Crime Commissioner (OPCC), the Commissioner and Chief Constable jointly proposed that they would appoint a Joint Chief Finance Officer who would serve both the Office of the Police and Crime Commissioner and the Constabulary. Although this arrangement has been adopted successfully in other areas both the Police and Crime Panel and Joint Audit and Standards Committee raised concerns particularly regarding potential conflicts of interest. Subsequently it was agreed to go ahead with the proposal, appointing the Chief Constable's Chief Finance Officer to the role. However, a number of safeguards were put in place in the event that a conflict of interest arose and it was also agreed that the role and associated operation of the finance team would be reviewed after a year. This report provides the results of the review process.

2. The Operation of the Joint Chief Finance Officer.

2.1. The shared Chief Finance Officer between the Office of the Police and Crime Commissioner and Constabulary has now been operating for a full financial year. A shared Deputy Chief Finance Officer and supporting finance team has operated since the inception of Police and Crime Commissioners. The review of the shared CFO is in two parts, firstly drawing on work to assess the role of the CFO against CIPFA best practice, which is part of the normal governance framework and then providing the views of key stakeholders.

- 2.2. At the November meeting of the Joint Audit and Standards Committee a report was presented evaluating the Joint Chief Finance Officer against CIPFA guidance on the role of the CFO. The results of the internal assessment provided assurance that the OPCC and Constabulary were 100% compliant with the five core principles of the CIPFA role. There have been no significant changes to the CFO arrangements since the report was produced, which would indicate that there is no longer full compliance.
- 2.3. In relation to the views of key stakeholders these are outlined in the following paragraphs :-
- 2.3.1. The Police and Crime Commissioner - In creating a single CFO post for the Constabulary and the OPCC I had two aims namely to reduce administrative cost and, more importantly, to improve efficiency and coherence in senior financial management and decision making. There was always of course an element of risk in making the change to a single finance focus and some concerns that there may be conflicts of interest for the incumbent CFO trying to serve both the OPCC and the Constabulary. In my view, and this is now borne out by recent strong audit reports that these risks have not materialised and our financial management and planning is as strong, and I would contend stronger, than ever.
- 2.3.2. Across the strategic management of the Force including the OPCC we now have a much more coherent and responsive finance management focus. There have been no conflicts of interest and I am very clear that it is a responsibility of both the Chief Constable and I as PCC that we should address any issues of difference at our level and that the advice and guidance of the CFO is independent specialist advice - if there are differences therefore it is for the Chief Constable and I to resolve them. As it is, we have not had a single occasion when any significant difference has arisen and I do not believe that the single CFO has had an occasion when he has been conflicted in terms of the advice he is required to give. I would go further and suggest that because the CFO is advising both partners we are able to arrive more coherently and corporately at decisions much more rapidly than hitherto, bureaucracy has reduced without any compromise to the integrity of proper accounting process.
- 2.3.3. The saving of salary for a second CFO are self-evident and are a significant saving to the taxpayer meaning that more cash can be spent on front line policing. Given the above I am convinced that the move to rationalise our financial management by the creation of a single CFO post remains a positive step and has improved senior decision making for both the Constabulary and the OPCC.

- 2.3.4. The Chief Constable - I believe the joint CFO post is working really well along with the deputy CFO post and the team servicing both organisations. In fact, I believe the changes have simplified and streamlined the overall process, enhancing governance and assurance. I also don't feel that the joint post is conflicted in anyway as we do endeavour to be open and transparent between the two organisations in any case, working on a no surprises basis. I feel that the Joint CFO has managed to straddle the two organisations very effectively without being compromised professionally.
- 2.3.5. The Joint Chief Finance Officer – To date I have been very comfortable with the operation of the shared CFO role. I have not felt that there have been any conflicts of interest in the first year of operation. I believe that the advice I give is objective. I have tested this with myself at various junctures and have concluded that my advice is invariably the same to both parties. The second criteria to consider is how the streamlined management arrangements have impacted on the wider finance function. The finance function remains very busy. Both the Deputy Chief Finance Officer and myself undoubtedly definitely experience pinch points on occasion, generally associated with fitting the delivery of key financial products such as the budget and annual governance statements alongside a heavy schedule of meetings for both organisations. On balance, I do not think these peaks of work are principally attributable to the move to a shared CFO, but more to the dynamic environment which represents policing in the 21st century. I will continue to closely monitor the workload and well-being of the finance team as part of my statutory responsibility to ensure an adequately resourced finance function.
- 2.3.6. The Head of Internal Audit - Controls are in place to mitigate risks should a conflict of interest arise in the Joint Chief Finance Officer role. These are documented in guidance and procedures. Our work has not identified any such conflicts since the Joint Chief Finance Officer post was created.
- 2.3.7. External Audit – the views of external audit will be communicated at the meeting of the Joint Audit and Standards Committee.

3. Conclusions

- 3.1. Based on the views of the stakeholders outlined in the report, the Joint Chief Finance Officer arrangement appears to be working well and has the support of both the Police and Crime Commissioner and the Chief Constable.

4. Recommendations

- 4.1. Members of the Joint Audit and Standards Committee are asked to consider this report and determine any comments or recommendations they might wish to make to the Commissioner and Chief Constable.

Peter McCall
Police and Crime Commissioner

Michelle Skeer
Chief Constable

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications:

It is critical that the arrangements for the finance function and Chief Finance Officer operate effectively to ensure high standards of financial management.

Contact points for additional information

Roger Marshall – Joint Chief Finance Officer

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Peter McCall



Joint Audit and Standards Committee
Review of Effectiveness 2017/18

Executive Summary

The purpose of an audit committee is to provide those charged with governance¹ independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

CIPFA's guidance document, Audit Committee's Practical Guidance for Local Authorities and Police, recommends that audit committees review their effectiveness annually. The Annual Report of the Committee sets out the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

The review covers four areas, Core Committee Functions, Wider Functions, Independence and Accountability and Membership and Effectiveness. For each area under review, the overall conclusions are assessed against an evaluation key with a score of 1-5, with 5 indicating the highest level of effectiveness.

CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.

The overall conclusions from the assessment is that the committee is effective in its operation. The key messages arising from the review are that:

- The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- Members were appointed based on their skills and experience, are politically neutral.
- The Committee's remit complies with best practice and members are clear about their role and focus of attention.
- The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- Joint Audit and Standards Committee members have carried out their duties diligently, achieving 100% attendance at meetings, have made a valued contribution to governance arrangements and have taken action on specific issues.
- Members have maintained formal and informal training and development activities to enhance their understanding of the Constabulary and OPCC.

The committee achieves a consistent grade of 5 across all areas of the assessment against the Core Functions and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability and Membership and Effectiveness both score a grade 5, being evidenced as fully compliant with best practice requirements.

¹ The Commissioner and the Chief Constable
Corporate Support / Financial Services / MB

The Committee's continues to strive for improvements across all areas of its activities. The Committee has identified four priority areas within its wider programme where in 2018/19 it will seek to have impact: These priorities are included in an action plan and comprise efforts to:

- Support and monitor the OPCC and Constabulary plans to address the increasingly stringent funding environment.
- Support and challenge any new governance arrangements, for example, from restructuring, greater collaboration with other organisations or joint working on delivery of services.
- Explore ways to strengthen partnership working with the Police and Crime Panel and the Ethics and Integrity Panel where appropriate.
- Help improve the outcome focus of the Police and Crime Plan so that delivery can be measured more effectively.

In carrying out the review Committee members have been able to evidence numerous examples of their impact. This has included:

- Improvements to the risk management strategy which now includes on recommendation from the Committee, arrangements for determining risk appetite.
- Taking steps to ensure that the Committee are appropriately briefed on key issues including potential changes to the funding formula and reports on performance issued by HMIC.
- Increased understanding of the impact of regulatory changes in relation to the treasury management function, supporting robust scrutiny of the annual treasury management strategy.
- Oversight and scrutiny of a wider range of thematic audit reports recognising the increasing scope of each entities risk profile.

The review of the effectiveness of the arrangements has demonstrated that the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as the factors that evidence the Committee's effectiveness.

The Committee's full review of Effectiveness provides further information on the assessment process and CIPFA standards, this together with the Committee's Terms and Reference and detailed work programme for 2017/18 can be found on the Commissioner's website at <https://cumbria-pcc.gov.uk/finance-governance/budget-finance/joint-audit-and-standards-committee/>. The Joint Audit and Standards Committee holds public meetings, Committee papers and audit reports are all available on the Commissioner's website using the above link.

Introduction

The purpose of an audit committee is to provide those charged with governance² independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

CIPFA's document, Audit Committee's Practical Guidance for Local Authorities and Police, recommends that audit committees review annually their effectiveness. This report sets out for the Commissioner and Chief Constable's Joint Audit and Standards Committee the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

Review of Effectiveness

The review has been undertaken against the framework of the CIPFA document. It reviews the activities and impact of the Committee against the guidance in relation to the purpose and functions for Audit Committees and a checklist for effectiveness. The full range of activities undertaken by the Committee during 2017/18 is also set out in Appendix A as a consolidated summary of the work of the Committee in fulfilling its functions. For each of the areas in the CIPFA guidance, an assessment is made to award a grade in accordance with the CIPFA standard, based on the conclusions of the review. The grades are set out in table one below. In addition to consideration of Committee activity the review of effectiveness is also supported by consideration of the issues of Committee independence and objectivity and the skills and experience of members. Audit Committee members have further agreed a self-assessment checklist for good practice, included with the CIPFA document to support the annual review.

Table One: CIPFA Effectiveness Evaluation Assessment Key

Score	Assessment Key
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvements across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. This is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

² The Commissioner and the Chief Constable
Corporate Support / Financial Services / MB

Overall Conclusions and Assessment

The overall conclusion and assessment is that the Audit and Standards Committee is extremely effective in its operation.

The review has demonstrated that within the areas of the self-assessment the Committee can evidence the effective use of substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. The committee achieves a consistent grade of 5 in all 8 areas of the assessment against the Core Functions and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability score a grade 5 and Membership and Effectiveness also score a grade 5. The key messages arising from the review are that:

- Committee members have carried out their duties diligently, meetings are well attended and members have made an effective contribution to governance arrangements
- Members have kept up to date with training and developments. During 2017/18 these arrangements have continued to include a corporate briefing as part of Committee meetings and for 2017/18 specific development sessions covering treasury management, police and fire collaboration, control room and 101 performance, the police and crime plan and the budget/MTFF.
- In 2016/17 Members were provided with an “Induction Pack and Handbook” which provides a number of useful documents in one handbook and includes details of structures, key individuals and governance arrangements within the OPCC and Constabulary, these handbooks are updated on a periodic basis to include latest information.

As part of the overall assessment process the Commissioner and Chief Constable were asked to comment on the effectiveness of the Committee, their comments were as follows:

The Police and Crime Commissioner for Cumbria Comment

The Joint Audit and Standards Committee continues to provide independent professional assurance with regard to governance and standards across a wide spectrum of work undertaken by the Constabulary and OPCC. This is of particular importance this year to assure me, on behalf of the public, that the efficiencies delivered by the combining of the CFO roles for OPCC and Constabulary has been without detriment or undue risk, I am pleased to note that this is the case, indeed, it has been a significant improvement; not just in savings which have been significant, but also in improved working and effectiveness. The service supports both the OPCC and Chief Constable and is complimentary to the work of internal audit, the public accountability process and the work of Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The Committee’s specialist knowledge and flexibility to provide in depth scrutiny as necessary, gives me, on behalf of the public, additional assurance of the appropriate performance and accountability of the Constabulary.

Chief Constable for Cumbria Constabulary Comment

I value the work of the Joint Audit and Standards Committee in providing assurance that governance within the Constabulary is effective and supports the delivery of an effective policing service for the people of Cumbria.

The independence, complimentary skills and conscientious approach of the committee to their role facilitates robust scrutiny and challenge which contributes to the Constabulary achieving its objectives.

The rest of this report sets out the requirements of the CIPFA guidance, the arrangements for the Committee and the evidence and conclusions of the review. It is set out in four sections with supporting appendices:

- **Section One:** Core Committee Functions and the Effectiveness Checklist page 7-21
- **Section Two:** Possible Wider Functions of an Audit Committee page 22-23
- **Section Three:** Independence and Accountability page 24-25
- **Section Four:** Membership and Effectiveness page 26-28
- **Appendix A:** Committee Activities 2017/18 page 29-31
- **Appendix B:** Committee Terms of Reference Assurance Framework page 32-38
- **Appendix C:** Governance Documents Review Schedule page 39
- **Appendix D:** Committee Attendance page 40
- **Appendix E:** Committee Chair and Member Role Profiles page 41-44
- **Appendix F:** CIPFA Good Practice Checklist page 45-47

Section One: Core Committee Functions and the Effectiveness Checklist

CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.

Promoting the Principles of Good Governance/Annual Governance Statement

CIPFA guidance makes clear that Audit Committees should address governance principles in the course of its regular business rather than governance being limited to a once a year reporting process.

There should be a local code of governance setting out how the principles of the CIPFA SOLACE good governance framework are applied, that should be reviewed by the Committee. Police Audit Committees should review the Annual Governance statement (AGS) of both the Commissioner and the Chief Constable prior to approval.

The CIPFA guidance provides that to meaningfully review the AGS, the Committee should be in a position to draw on their knowledge of the governance arrangements as they are established and on assurances of their operation in practice. It should also ensure that the AGS is underpinned by a framework of assurance.

Over the course of the year the Committee should receive reports and assurances over the application of the governance framework, monitor action plans and recommendations and consider the application of governance principles to other agenda items. CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what happened in the past.

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme includes an independent cyclical review of the Commissioner and Chief Constable's governance framework and all material governance arrangements. During 2017/18 the work of the Committee has included:

- Reviewing and advising on revisions to arrangements for anti-fraud and corruption, the OPCC scheme of delegation/consent and the OPCC treasury management strategies and practices. The review of treasury management included a briefing by external treasury management advisors (Arlingclose) in respect of changes to the wider economic environment and associated implications for the operation of the treasury management function within the OPCC, following which members were able to robustly challenge changes in the approach to investment strategy. Members input to arrangements for anti-fraud and corruption has resulted in improvements to the overall wording of the document and greater clarity being provided.

- A review of the role of the Joint Chief Finance Officer against the CIPFA guidance for police and consideration of the Joint Chief Finance Officer's review of the effectiveness of arrangements for governance, including internal audit and a review of the role of the Head of Internal Audit against CIPFA guidance.
- In line with CIPFA recommendations, the Committee reviewed the Chief Constable and Commissioner's AGS in May, prior to the publication of the unaudited statement and again in July prior to publication alongside the audited accounts. Alongside the AGS, members reviewed the Commissioner and Chief Constables Code of Corporate Governance.
- The Committee receive all audit internal reports in full, at the point at which they were finalised, with members requesting that reports with significant issues are tabled at Committee meetings. Members have given specific focus to audit reports covering digital case file preparation, receipt, handling and disposal of drugs, main accounting system, stingers, command & control, offender management, funding formula, fleet, opcc commissioning, business improvement unit, use of force, 15 week reviews and PDRs and detailed procurement testing.
- The scope of the internal audit plan has been significantly developed since 2014/15 to ensure it provides wider governance assurance in addition to that provided on core financial systems and financial governance. The audit areas covered in 2017/18 are highlighted in the bullet above. During 2018/19 the approved audit plan will focus on risk management, emergency services mobile communications programme, governance structure, general data protection regulations, specified information order, digital media investigation unit, command and control room and 101, neighbourhood policing hubs, overtime spend, workforce planning, force tasking and co-ordination, victims code of practice, main accounting system, debtors, payroll, pensions and follow up audits in relation to offender management, CJU, Stingers, receipt and handling of drugs.
- At their meeting in May 2017 internal audit provided members with a draft annual audit opinion and an audit report on the Annual Governance Statement providing assurance from the group Audit Manager (Head of Internal Audit). Members also receive further assurance at each meeting through reports from the external auditors. This included the Audit Findings Report presented to members in July 2017 setting out the external auditor's un-qualified opinion on the financial statements and an un-qualified value for money conclusion.

Through these arrangements and their prior experience and skills, members develop a robust understanding of governance across the OPCC and Constabulary and the extent to which those arrangements are well embedded. This provided the basis on which Committee members provided assurance and add value with regard to governance.

Conclusion and Overall Assessment: Assessment Grade 5.

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Contributing to the development of an effective control environment & supporting the quality and independence of Internal Audit

The Audit Charter is a key governance document setting out the purpose, authority, responsibilities and objectives of Internal Audit.

CIPFA guidance makes clear that the Audit Committee has a clear role in relation to oversight of the internal audit function.

Within policing, the advisory role of the Committee means that this responsibility is managed through support and review of the arrangements for internal audit. These arrangements are set out under the requirements of the Public Sector Internal Audit Standard (PSIAS) and the supporting Local Government Application Note (LGAN) within an Audit Charter.

The Audit Charter sets out the functional reporting arrangements between Internal Audit, the Board³ and the Joint Audit and Standards Committee. CIPFA guidance sets out a number of roles for the committee as part of the support and review arrangements. These are to oversee Internal Audit's independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote the effective use of internal audit within the assurance framework.

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme, in line with the CIPFA guidance, includes a review of the Internal Audit Charter and a review of a risk based internal audit plan including the audit budget and number of audit days within the plan. The report that incorporates the Plan and Charter was received by members in March 2017 in respect of the 2017/18 financial year. In March 2018 members approved the Plan and Charter for 2018/19 which has increased the number of audit days from 281 in 2017/18 to 296 in 2018/19, the 15 additional days in 2018/19 represent days that were agreed to be carried forward from 2017/18 following a management request. The plan sets out the process undertaken to assess risks and develop a programme of audit in accordance with the risk based approach of the PSIAS.

The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor

The Audit Charter, in compliance with the PSIAS, makes a number of statements setting out how the arrangements for Internal Audit provide assurance with regard to ethics, independence and objectivity, including arrangements for resourcing and ensuring proficiency and due professional care. The Committee receive an annual statement on conformance with the PSIAS and LGAN. In reviewing the Audit Charter Committee members are able to assess and challenge the robustness of these arrangements.

³ The Executive Board comprising the Commissioner, the Chief Constable, the Commissioner's Chief Executive and the Commissioner's Chief Finance Officer
Corporate Support / Financial Services / MB

The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor on the adequacy and effectiveness of governance, risk management and internal control. The report includes a summary of the audit work on which the opinion is based. This is supported by a report from the Joint Chief Finance Officer on the overall effectiveness of the arrangements for internal audit including the opinion of the external auditor.

The Committee receives all internal and external audit reports in full supporting assurance on the overall control environment. The reporting format of internal audit reports was improved in 2014/15 to provide a stronger link between audit recommendations and control objectives. The reports also aim to focus attention on internal control strengths and recommendations. Members have considered reports across a diverse range of Constabulary and OPCC business including digital file preparation, the use of stingers, information security, offender management, use of force, treasury management, fleet, firearms licensing, business improvement unit, 5 and 15 week reviews and follow up audits in respect of business continuity.

Monitoring against performance measures and benchmarks for the Internal Audit service was introduced in 2014/15 and has continued throughout 2017/18. Proposed performance measures are reviewed at the start of the financial year and have been included within the Internal Audit Charter on the recommendation of the Committee. Members have received a quarterly monitoring report assessing actual performance against the benchmark. In 2014/15 recommendations were made by members regarding ways in which the service might improve the volume of post audit customer feedback. The result is that during 2017/18 feedback forms have been provided in respect of the majority of finalised audits. Where these were not initially received, a programme of reminders both by internal officers and by internal audit is implemented to ensure 100% compliance.

The terms of reference of the Committee and associated annual work programme fully complies with the detailed CIPFA guidance. Collectively these arrangements ensure members are able to make effective judgements on the effectiveness of internal controls and Internal Audit provision, making recommendations with regards to improvement.

Conclusion and Overall Assessment: **Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area.

Internal Audit's work is designed to provide assurance to management and members that effective systems of governance, risk management and internal control are in place in support of the delivery of the Commissioner and Chief Constable's objectives

Supporting arrangements for the governance of risk and effective arrangements to manage risk

CIPFA guidance references that Police Audit Committees are directed in the Home Office Financial Management Code of Practice to advise the Commissioner and Chief Constable on the adoption of appropriate risk management arrangements.

It also notes the assurance that risk management provides in respect of the AGS and when reviewing the risk based internal audit plan. The guidance describes governance of risk as the arrangements for leadership, integration of risk management arrangements, ownership and accountability. Effective arrangements to manage risk include:

- those for reviewing risks,
- arrangements that secure the ownership and management of strategic, operational and project risks,
- assurance arrangements for risk assessing strategies and polices,
- the arrangements for monitoring effectiveness and supporting the development and embedding of good practice in risk management.

Self-evaluation, examples, areas of strength and weakness

In accordance with the CIPFA guidance, specific actions undertaken by the Committee during 2017/18 included:

- Receipt at the Committee's meeting in May of a report from the Chief Executive setting out the OPCC arrangements for monitoring the effectiveness of risk management. This was the fourth annual report on the arrangements for risk management following a recommendation made by the Committee in 2013/14.
- Reviewing the arrangements for risk management within the Constabulary and making specific recommendations regarding improving the openness and transparency of those arrangements. This in previous years has resulted in agenda items on risk management being moved from the private agenda to the public meetings.
- Review of the Commissioner's annual Risk Management Strategy. The strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and managed. The strategy now includes on recommendation from the Committee arrangements for determining risk appetite. The review of Risk Management Strategy is supported by a

The Risk Management Strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and managed.

The Committee has nominated a lead member for risk who provides prior input and advice on the Risk Management Strategy prior to its consideration by the full Committee

quarterly review of strategic risk registers that set out the most significant risks facing the Commissioner and Constabulary and the mitigations in accordance with the methodology within the strategy. This ensures the Committee has an effective understanding of the significant risks facing both organisations and can hold risk managers to account.

In accordance with best practice, the Committee also compiles and maintains a separate, dedicated risk register to manage risks relating to the Committee's own activities.

Conclusion and Overall Assessment: **Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Assurance Frameworks and Assurance Planning

CIPFA guidance explains assurance frameworks as a description that typically outlines the key areas of assurance required by the Joint Audit and Standards Committee that supports the AGS and is available to enable the Committee to meet its terms of reference.

A framework will support the ability to ensure that assurance is planned and delivered efficiently and effectively, avoiding duplication and with independence across a range of assurance providers. It also ensures that the Committee is clear on the extent to which assurance is reliant on the arrangements for Internal Audit.

The Joint Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference

Self-evaluation, examples, areas of strength and weakness

The Joint Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference and that, in line with the guidance, forms an appropriate balance between cost and risk. The assurance framework that was in place for 2017/18 is set out at appendix B and includes assurances from management, Chief Officers, internal and external audit and external inspectorates. During 2017/18 and in recognition of CIPFA's updated guidance for Audit Committees, members have:

- Improved the arrangements for assurance in relation to a number of areas within the work programme. This included receipt at the May meeting of monitoring reports covering the areas of risk management anti-fraud and corruption monitoring. At their March meeting the Committee received a report covering the Chief Constable's arrangements for providing value for money (the PCC no longer falls under the inspection regime of HMICFRS).
- Improved the efficiency and focus of assurance gathering continued at formal meetings of the Committee by continuing to exclude from the agenda audit reports where there are no significant/material issues arising.
- Received an assurance report from the Joint Chief Finance Officer in respect of the sources of assurance members can place reliance on in respect of their review of the statement of accounts.
- Maintained the number of committee meetings at 5 per year to ensure that members can give appropriate time and consideration to agenda items in the context of the widening of the assurance framework.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Supporting the development of robust arrangements for value for money and best value

The CIPFA guidance notes that in the Police sector it is the Chief Constable that has statutory responsibility for securing value for money and that the Commissioner's responsibility is to hold the Chief Constable to account for this duty.

The Joint Audit and Standards Committee role is to support both the Commissioner and Chief Constable to fulfil their responsibilities through the assurance process. This should focus on arrangements to ensure value for money and the progress in achieving value for money. This includes how performance in value for money is evaluated as part of the AGS and the Committee's consideration of the external audit opinion on value for money. The AGS should be focused on outcomes and value for money. The Committee should also consider what other assurances are available.

The Constabulary has developed and agreed a Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews which aim to secure maximum value from the resources available to it.

Self-evaluation, examples, areas of strength and weakness

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2016/17 was positive.

The Commissioner's Code of Corporate Governance and AGS sets out the arrangements for securing the achievement of the goals and objectives set out within the Police and Crime Plan. This includes a performance framework that supports the Commissioner in holding the Chief Constable to account for VFM. These documents also reference the receipt annually of HMICFRS value for money profiles and inspection reports that further support VFM accountability.

The Chief Constable's Code of Corporate Governance provides reference for the Committee to the Constabulary Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews, which aim to secure maximum value from the resources available to it. The AGS references the specific reviews that have been undertaken during the year and the improvements in efficiency and effectiveness arising from that work.

The work of the Committee further supports value for money in providing an overview of the treasury management strategy and activities that helps to promote value in the treasury function. This will have greater impact in future years, when decisions will need to be made in respect of borrowing. The timing of decisions will be instrumental to the value for money achieved from the balance between borrowing costs and investment returns.

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2016/17, received by the Committee in the External Auditor's July 2017 Audit Findings Report was positive.

From 2014/15 the format internal audit reports have supported wider assurance for members by covering a specific control objective on 'value: the effectiveness and efficiency of operations and programmes.' Specific audit recommendations with value for money implications are categorised within audit reports under this heading.

Following a review by the Committee during 2013/14 that identified limited 'other' sources of assurance with regard to value for money and securing best value, the Committee now routinely receives a number of reports from the OPCC and Constabulary with a specific focus on value for money. This has included an analysis of HMICFRS value for money profiles for the Constabulary (the OPCC no longer falls under the remit of HMICFRS), and the outcome of the HMIC PEEL review of efficiency, effectiveness and legitimacy. As part of the review of the arrangements for value for money, members also sought assurances regarding the approach to the management of reserves, the reserves strategy was included as part of the member development session on the budget, medium term financial strategy and change programme provided in March 2018.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Helping to implement values of good governance & countering fraud and corruption

CIPFA guidance states that the role of the Audit and Standards Committee is to have oversight of counter-fraud strategy, assessing whether it meets recommended practice, governance standards and complies with legislation.

The Committee should understand the level of fraud risk to which the organisation is exposed and the implications for the wider control environment. The guidance also recognises the link to ethical standards and the role of the committee in championing good counter-fraud practice. The committee should also monitor performance on counter fraud activity including monitoring action plans and overseeing any major areas of fraud.

Self-evaluation, examples, areas of strength and weakness

The Joint Audit and Standards Committee undertakes a cyclical review of counter-fraud strategy, policy and action plans as part of the arrangements for review of all core strategic governance documents. This provides an opportunity for members to consider the approach to counter-fraud within the context of the wider governance arrangements and internal controls that support the anti-fraud approach. These arrangements include those covering codes of conduct and ethical behaviour.

During 2017/18 members reviewed and provided constructive feedback on the overall arrangements for anti-fraud and corruption which had been updated to incorporate the abuse of authority for sexual gain. As a result of feedback provided by members changes and improvements have been made to support the clarity of key documents.

In May 2017 members received a report from the Chief Executive monitoring the anti-fraud and corruption arrangements within the OPCC. The report sets out the activity that takes place during the year in line with the strategy and policy and to ensure anti-fraud arrangements are well embedded. The report covered the 2016/17 financial year and members will receive in May 2018 a report covering the 2017/18 financial year.

In July 2017, as part of the arrangements for the financial statements, members received copies of the Commissioner and Chief Constable's letter of management assurance. These are prepared by the Joint Chief Finance Officer and include a full fraud risk assessment. Within the assessment members are briefed on any actual or suspect fraud that has taken place during the year and any changes to the control environment as a consequence of that fraud.

Members further support their understanding of the control environment through receipt of audit reports. During 2017/18 members received a variety of audit reports with judgements of substantial (3), reasonable (14) and partial (4) assurance. The audit reports in relation to major financial systems in respect of payroll provided substantial assurance, those on the main accounting system and pensions provided reasonable assurance. The work on detailed procurement testing was a compliance audit and as such did not provide an assurance rating, the report did however raised concerns regarding compliance with Joint Procurement Regulations. Members receive the full report on all audits supporting a wider understanding of internal controls that can be gained from summary reports.

During 2017/18 the Committee has operated as a Standards Committee for the Commissioner. This has included monitoring the effectiveness of the Commissioner's Code of Conduct and PCC/Officer Protocol, supporting the approach to ethical standards. In 2015/16 the Commissioner and Constabulary established an independent Ethics and Integrity Panel to facilitate a more in-depth scrutiny of arrangements for ethics and integrity including Constabulary conduct matters and the handling of complaints. The third annual report of the Ethics and Integrity Panel was provided to members of the Joint Audit and Standards Committee in May 2017.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

External Audit & Inspection

CIPFA guidance states that the Audit Committee's role should include receiving and considering the work of the external auditor.

This includes receiving the planned work programme and reports following completion of the audit work such that the committee is able to make judgements on audit resources, assess the effectiveness and quality of the audit (this may include feedback from key people e.g. CFO) and report to the Commissioner or Chief Constable where appropriate. The Committee should also support the implementation of external audit recommendations, review any non-audit work undertaken and have the opportunity to meet separately and privately with the external auditors. The guidance also recognises the assurance that can be provided from reports about financial management and governance from wider inspection agencies.

Self-evaluation, examples, areas of strength and weakness

The Joint Audit and Standards Committee receive all reports of the External Auditors and conduct an annual private meeting with the External Auditors. The External Auditors have attended all Committee meetings during 2017/18. The Committee's terms of reference are fully compliant with the CIPFA guidance and provide for an annual private meeting with the External Auditors. The Committee receives inspection reports from other agencies where these are relevant to the Committee's functions. Recommendations arising from audit and inspection are monitored for implementation by the Committee.

Membership of the Audit and Standards Committee includes the skills and experience of a former district auditor and former S151 officers, and also a qualified lawyer. All members have significant experience of committees fulfilling audit and governance functions. This ensures that the Committee have the skills and experience to assess the work of the external auditors and will have clear expectations regarding the requirements in respect of seniority, quality and experience of audit staff. During 2017/18 members have:

- Individually attended national training sessions on the role of audit committees and police specific issues or risk management accreditation.
- Undertaken robust scrutiny of the external audit plan, including questioning the robustness of work that will be carried out in respect of the value for money conclusion and the assurance it can provide.
- Received the External Auditors Annual Fee letter.
- Received the External Auditors Audit Findings report covering the financial statements, matters of governance and the value for money conclusion in respect of the 2016/17 financial year.
- Scrutinised HMICFRS reports covering value for money (HMICFRS annual profiles), national child protection inspections and efficiency, effectiveness and legitimacy (PEEL inspections). Members have also received as part of the corporate update from the Deputy

Chief Constable updates covering the full HMICFRS inspection programme for the Constabulary and issues that need to be brought the attention of members.

- In 2014/15 Members agreed a change to their terms of reference to incorporate

responsibility as an audit panel, to oversee the appointment of external auditors for the Commissioner, at the time the relevant provisions of the 2014 Local Audit and Accountability Act come into effect.

Conclusion⁴ : Assessment Grade 5

The Committee is compliant with the CIPFA guidance through a combination of the activity undertaken and the particular specialist mix of skills and experience within the Committee membership.

⁴ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Promoting effective public reporting, partnership governance & accountability

The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.

The guidance from CIFPA on the core functions of an audit committee focuses primarily on the role of the Committee in relation to financial reporting and governance and specifically on the work of the Committee in relation to the statement of accounts.

This is recommended to include reviewing consistency between the foreword to the accounts, the financial statements and the committee's own understanding of financial challenges and risks, reviewing the sustainability of policies, areas of judgment and changes in accounting policies/treatment. The guidance also notes that the Committee should give consideration to the accessibility of the statements to the lay person e.g. use of plain English and key messages. The Committee should review the financial statements prior to approval, although best practice is to review the accounts prior to the commencement of the audit.

The guidance also considers how the Committee supports transparency and public accessibility in relation to decision making taken through partnership arrangements, specifically where these involve stewardship of public funds. The guidance identifies these arrangements as strategic relationships, shared services, commercial relationships and third sector. The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.

Self-evaluation, examples, areas of strength and weakness

Financial reporting: The statement of accounts is presented to the Joint Audit and Standards Committee prior to formal approval and at a joint meeting of the Committee and the Public Accountability Conference. This facilitates members in undertaking their review of financial statements and providing assurances to the Commissioner and Chief Constable.

The financial statements are supported by a report from the Chief Finance Officer that consolidates for members all key areas of assurance on which they can place reliance in respect of the statements and details significant areas of risk and the basis of material judgments. This dialogue assists in explaining a number of complex transactions within the 2016/17 statements arising from changes in legislation that have impacted on how the Chief Constables financial position is presented. The 2016/17 report also highlighted to members the work undertaken by the finance team to prepare in advance for the forthcoming earlier date for the statutory publication of both the draft (subject to audit) and final audited statement of accounts.

The financial statements are supported by a report that consolidates all key areas of assurance and details significant areas of risk and the basis of material judgments.

During 2017/18 the draft unaudited accounts for 2016/17 were reported to the Committee in May 2017, prior to publication on the website, in order to provide members with an early opportunity to review and scrutinise the accounts. The subsequent audited accounts were presented in July alongside the External Auditors Audit Findings report. This represents a change from previous years where previously the timing of the May committee meeting (at the start of the month) and tight timescales for the production of the accounts meant that it was not possible for the statement of accounts to be received by the committee prior to publication.

The revised arrangements for the earlier production of the annual financial statements come into effect from the Statement of Accounts for 2017/18. The revised arrangements (implemented during 2017/18) mean that the committee will now receive the draft subject to audit statements at the May meeting and the audited statements at their meeting in July.

The arrangements in respect of governance for partnerships are set out in the appropriate governance documents that are presented to the Committee for cyclical review as part of their review of governance. During 2017/18 members reviewed and contributed to the further development of the Role of the Joint CFO, the Joint Procurement Regulations, and Arrangements for Anti-fraud and Corruption.

The overall arrangements for partnerships are set out within the Commissioner and Chief Constable's Code of Corporate Governance which was received by members in May 2017 alongside the AGS, setting out how those arrangements have been complied with.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is now fully compliant with the CIPFA guidance and best practice standards in relation to its contribution to financial reporting. This is as a result of the change for 2017/18 that meant the committee received the draft Statement of Accounts for 2016/17 at the May meeting, prior to audit and publication on the website. In respect of partnership governance the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

Section Two: Possible Wider Functions of an Audit Committee

Ethical Values and Treasury Management

The Committee has received and reviewed the Treasury Management Strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices

The Audit and Standards Committee undertake two areas of work that CIPFA guidance acknowledges are appropriate to the role of the Committee but not a core function. These areas are Ethical Values and Treasury Management.

In relation to ethical values the guidance acknowledges the role of the Committee in promoting high standards and that it may take on the role and responsibilities of a standards committee.

With regards to Treasury Management the Committee may be nominated as the responsible body for ensuring effective scrutiny of the Treasury Management Strategy and policies. The guidance is clear that this excludes executive and decision making roles in relation to this function. Scrutiny involves developing an understanding of treasury matters and receiving treasury activity reports to support this, reviewing policies and procedures, treasury risks and assurances.

Self-evaluation, examples, areas of strength and weakness

Evaluation of the role of the Committee in respect of ethical values is covered in the section on good governance & countering fraud and corruption⁵. In respect of treasury management the Committee received and reviewed at its March 2017 meeting the treasury management strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices that would apply to the 2017/18 financial year.

During 2017/18 members have also received and reviewed the arrangements for Treasury Management proposed for 2018/19. This included a robust scrutiny of the strategy, where members have been keen to ensure an appropriate balance between risk and return in respect of the range of permissible investment counterparties and increased risk in the more traditional banking investments.

To ensure members sufficiently understand treasury matters, training has been provided by the Commissioner's treasury management advisors and treasury management activities reports are presented to the Committee at every regular meeting. This understanding is further supported by the skills and experience profile of members

⁵ The conclusion and assessment of that review is a grade 5
Corporate Support / Financial Services / MB

of the Committee. Members have requested for 2018/19 a further internally led development session on Treasury Management and Prudential Indicators to supplement the information provided annually by the Commissioners treasury advisors, Arlingclose Ltd.

Conclusion⁶ : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance through a combination of the activity undertaken and the; particular specialist mix of skills and experience within the Committee membership.

⁶ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.
Corporate Support / Financial Services / MB

Section Three: Independence and Accountability

CIPFA guidance sets out a position statement that covers the key features that should be evidenced within all Audit Committees.

Outside of this statement arrangements should reflect local circumstances and focus on factors promoting effectiveness. The Committee is fully compliant with the requirements within the CIPFA guidance to ensure independence and accountability. Specifically:

- The Committee acts as the principal non-executive advisory function supporting those charged with governance⁷ and is independent of executive and operational responsibilities. The Committee has access to and is accountable to the Commissioner, the Chief Constable and the respective Chief Officers of both entities, meets at least 5 times a year and operates with a set of Committee standing orders to regulate business including matters received in public and those to be considered in private.
- The Committee meets privately and independently with both the external auditors and the internal auditors (separately) as part of its annual agenda.
- The Chief Officers⁸ or appropriate senior substitutes of the Commissioner and Chief Constable attend all meetings of the Committee. Internal audit and external audit are in attendance in addition to other officers as appropriate to the agenda. The Committee is able to call on other officers as required. The Committee is well attended, attendance for 2017/18 is set out at Appendix C.
- This report constitutes the Annual Report on the assessment of the Committee's performance and is reported to the Public Accountability Conference and the Police and Crime Panel.
- The arrangements for the Committee comply with the guidance set out within the Home Office Financial Management Code of Practice. The Code states that the Commissioner and Chief Constable should establish an independent Audit Committee. It is recommended that this is a joint committee and that the Commissioner and Chief Constable should have regard to the CIPFA Guidance on Audit Committees.
- The Committee maintains its independence by ensuring a focus through the work programme on oversight of governance, risk, control and the audit process. It has no delegated decision

⁷ The Commissioner and the Chief Constable

⁸ Chief Finance Officers, Chief Executive, Deputy Chief Constable
Corporate Support / Financial Services / MB

making or approval powers from the Commissioner or Chief Constable.

- Agenda items are planned up to 12 months in advance through the development of an annual work programme agreed by the Committee in March and developed from the assurances needed to fulfil the Committee's terms of reference.
- The relationship between the Committee and the Joint Chief Finance Officer is one of reciprocal support and constructive challenge.
- The Committee receives full audit reports at the point in which they are agreed, determining those that will be considered as part of the formal Committee agenda on the grounds of the materiality and significance of audit findings.
- All meetings of the Committee are held in public and members have actively challenged the reasons for any issues being discussed in private. Agendas and papers are published on the Commissioner's website supporting accountability and transparency.
- The work program of the Committee ensures it can be effective in holding to account those officers who are responsible for implementing recommendations and actions arising from review. This is achieved through monitoring reports presented at each Committee meeting.
- The assurance format of the Committee's work programme and this Annual Report ensure that the Committee itself is effectively held to account for its own performance.

Conclusion⁹ : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance in respect of independence and accountability. This is based on the arrangements for the Committee that ensures independence, compliance with regulatory requirements and public accountability.

⁹ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the

effectiveness checklist but has been graded on a similar basis.

Section Four: Membership and Effectiveness

CIPFA guidance recognises that the membership, composition and operation of the audit committee is a key factor in achieving the characteristics of a good audit committee.

Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable

These are defined as:

- Membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.
- Membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
- A strong, independently minded chair, displaying a depth of knowledge, skills and interest
- Unbiased attitudes – treating auditors, the executive and management fairly
- The ability to challenge the executive and senior managers when required.

Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable. Recruitment should be publically advertised with a job description that sets out requirements for knowledge and expertise. Candidates should be able to demonstrate their political independence. Appointments should be for a fixed term and formally approved by the Commissioner and Chief Constable and members should follow a Code of Conduct. The guidance acknowledges that the role of Chair may be advertised specifically and will need to take into account the characteristics required by an effective Chair. Induction training and other briefing and training updates should form part of a programme informed by a review of knowledge and skills.

Self-evaluation, examples, areas of strength and weakness

Membership, composition and operation of the Joint Audit and Standards Committee comply with the CIPFA guidance. The Committee comprises four independent members, appointed through public advert for a tenure of 4 years, with a potential to extend to a maximum of 8 years in compliance with the practices recommended by Standards for England. Independence and objectivity, including political independence is secured through restrictions on membership. Specifically membership excludes:

- Serving elected members/officers of a Council/Local Authority represented on the Cumbria Police and Crime Panel and/or similar Cumbria public sector bodies
- Former elected members/officers of the above Council/bodies (time restricted to 3 years)
- Serving Police Officers and Police staff and former Police Officers/staff (time restricted to 3 years)

- Individuals active in local or national politics
- Individuals who have significant business or personal dealings with the Constabulary/OPCC
- Individuals who have close relationships with any of the above including immediate family members

In addition, standard disqualifications apply to ensure the avoidance of any reputational embarrassment, for example individuals who have been removed from a trusteeship of a charity, anyone under a disqualification order under the Company Directors Disqualification Act. Appointed committee Members are required to abide by a Code of Conduct and Member/Officer Protocol.

The requisite skills and experience of members are secured through the recruitment process based on a role profile. The profiles distinguish between the experience and skills expected of the Committee Chair and those expected of Committee members. The role profile is supported by a person specification that sets out essential and desirable skills, experience and ability across a range of governance, risk, finance and audit requirements. The person specification requirements are set out below. The role profiles for committee members are set out at appendix E.

Essential experience and knowledge	Special aptitudes, intelligence and skills	Desirable experience and knowledge
<ul style="list-style-type: none"> • <i>Experience in Chairing at Committee/Board level.</i> • Sound experience of strategic planning, risk management and performance management. • Ability to assure financial and statistical information • Experience of leading or conducting or reviewing audit activity. • Experience of scrutinising financial information and processes. • Knowledge of best practices in governance and internal control • Good understanding of the roles of Internal and External Audit. 	<ul style="list-style-type: none"> • <i>Be able to demonstrate leadership skills to fulfil the responsibilities of the Audit Committee Chair.</i> • Ability and confidence to challenge and hold to account. • Treat auditors, executives and management equally and with respect. • To maintain an up to date knowledge and awareness of national and local policing and crime issues. • To have high ethical standards • Good communication skills, both written and oral, with the ability to actively contribute to discussion and debate 	<ul style="list-style-type: none"> • Practical experience in the financial and/or general management of businesses or public sector organisations. • Experience of a Local Government Environment. • Audit Committee/Standards Committee (or equivalent) experience. • Professional Financial Qualification (CCAB or Audit based)

Note – text in italic relates to skill relevant only to the committee chair.

Members are recruited independently of the Commissioner and Chief Constable but are subject to their approval. During 2017/18 there have been no changes to the committee membership. The most recent appointee to the committee started in September 2016 and the appointment further strengthened the Committee.

The work programme for members has again for 2017/18 included formalised development seminars prior to Committee meetings, these sessions support members with a more in-depth understanding of areas within the remit of the Committee's terms of reference. During 2017/18 the development sessions have included treasury management (with the Commissioner's external advisors), Police and Fire Collaboration, the Police and Crime Plan, the budget and the medium term financial forecast. Throughout 2017/18, the meeting agenda has included a corporate update from both the Constabulary and the OPCC, this update is usually provided by the Deputy Chief Constable/Joint Chief Finance Officer and Chief Executive and provides a flavour of the key issues facing the Constabulary/OPCC at the time. In September 2017, two members attended a CIPFA workshop "Development Day for Police Audit Committee Members" in York. For 2018/19, members have specifically requested additional internal development sessions on ICT Security and Treasury Management and Prudential Indicators.

Conclusion¹⁰ : Assessment Grade 5

The Committee is compliant with the CIPFA guidance in respect of effective membership. This is based on the arrangements for the composition, recruitment and operation of the Committee that ensures independence and a specialist mix of skills and experience that make the Committee members effective in their roles. Effectiveness of members scrutiny function has been enhanced during 2017/18 through the continuation of a more structured approach to member development and the regular inclusion of a corporate update on the agenda for all meetings. In addition, copies of all HMICFRS inspection reports are now routinely provided to members and the opportunity to discuss these reports and receive an update regarding report recommendations is included on the agenda for meetings.

¹⁰ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Joint Audit & Standards Committee 2017/18 Activities

Wednesday 24 May 17	Friday 21 July 17	Wednesday 13 September 17	Wednesday 22 November 17	Wednesday 21 March 18
PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors . (IA)	PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors . (GT)	PRIVATE DEVELOPMENT SESSION: 1-2pm Police and Fire Collaboration 2-3pm Police and Crime Plan	PRIVATE DEVELOPMENT SESSION: , Arlingclose LTD, to provide an update on Treasury Management developments (DCFO)	PRIVATE DEVELOPMENT SESSION: Medium Term Financial Forecast, change programme & value for money (CFO)
Regular Reports				
CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC)
TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report (DCFO)	N/A	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 1 (DCFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 2 (DCFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 3 (DCFO)
N/A	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)
INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)
N/A	STRATEGIC RISK REGISTER: To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE/GM & DCC)	STRATEGIC RISK REGISTER: To consider the COPCC strategic risk register as part of the Risk Management Strategy. (CE/GM & DCC) Note CC removed as this is produced on 4 monthly basis not quarterly. MB 20/04/17	STRATEGIC RISK REGISTER: To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC)	STRATEGIC RISK REGISTER: To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE/GM & DCC)
N/A	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO)	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO)	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO)	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO)
Cyclical/Annual Reports				
EXTERNAL AUDIT FEES: To receive from the external auditors the proposal in respect of audit fees. (GT)	AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. (GT)	ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter and reports (GT). Note Deferred to November meeting due to RMcG sickness and RB attendance at conference.	ANNUAL REVIEW OF GOVERNANCE: To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years. (Relevant Chief Officers)	TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES: To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices. (DCFO)
			ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter and reports (GT). Note Deferred from September meeting due to RMcG sickness and RB attendance at conference.	

Joint Audit & Standards Committee 2017/18 Activities

Wednesday 24 May 17	Friday 21 July 17	Wednesday 13 September 17	Wednesday 22 November 17	Wednesday 21 March 18
Cyclical/Annual Reports (continued)				
RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management. (CE/GM)	ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS: To receive a report from the PCCCFO/Deputy Chief Executive in respect of the PCC's framework of assurance; To receive a report from the CCCFO in respect of the CC's framework of assurance. (CFO)		ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE: To receive an update on progress against the development and improvement plan within the annual governance statement (CFO)	RISK MANAGEMENT STRATEGY: To provide the annual review of the COPCC (CE/GM) and Constabulary (DCC) Risk Management Strategies.
ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. (CE/GM)	ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (DCFO)		VALUE FOR MONEY: To receive an annual report on Value for Money within the Office of the Police and Crime Commissioner. (DCFO) To receive an annual report on Value for Money within the Constabulary. (DCI)	ANNUAL WORK PROGRAMME: To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference. (DCFO)
ETHICS AND INTEGRITY GOVERNANCE: To receive an annual report from the chair of the Ethics and Integrity Panel.				EXTERNAL AUDIT PLAN: To receive from the external auditors the Joint Annual External Audit Plan. (GT)
INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion. (IA)				EXTERNAL AUDIT UPDATE REPORT: To receive from the external auditors an update report in respect of progress on the external audit plan. (GT)
EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the PCC Chief Finance Officer in respect of the effectiveness of internal audit. (DCFO)				PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions. To receive a copy of the internal audit charter from the Internal Auditors. (IA)
JOINT AUDIT AND STANDARDS COMMITTEE - REVIEW OF EFFECTIVENESS: To receive a report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance. (DCFO)	JOINT AUDIT AND STANDARDS COMMITTEE - ANNUAL REPORT: To receive an annual report of the Committee. Once approved this annual report will be presented to the Police and Crime Panel by the chair of JASC. (DCFO)			QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement. (IA)

Joint Audit & Standards Committee 2017/18 Activities

Wednesday 24 May 17	Friday 21 July 17	Wednesday 13 September 17	Wednesday 22 November 17	Wednesday 21 March 18
Cyclical/Annual Reports (continued)				
<p>ANNUAL GOVERNANCE STATEMENT</p> <ul style="list-style-type: none"> ▪ Report of the Internal Auditor: Annual Governance Statement: To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the date of this meeting. (IA) ▪ Effectiveness of Governance Arrangements: To receive a report from the PCCCFO/PCC Chief Executive on the effectiveness of the PCC's arrangements for Governance/ To receive a report from the CCCFO on the effectiveness of the CC's arrangements for governance ▪ Code of Corporate Governance: To consider the PCC/CC Code of Corporate Governance ▪ Annual Governance Statement: To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting 				
<p>ANNUAL STATEMENT OF ACCOUNTS: To receive the un-audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (DCFO)</p>				
Ad Hoc Reports				
<p>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference</p>	<p>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference</p>	<p>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference</p>	<p>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference</p>	<p>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference</p>

Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Governance, Risk and Control		
Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances. Note - Underlined governance documents are scheduled for review in 2017.	May (Ethics and Integrity Annual Report)	ETHICS AND INTEGRITY GOVERNANCE: To receive an annual report from the Chair of the Ethics and Integrity Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for ethics and integrity.
	November: (All governance reviews excluding ethics and integrity)	ANNUAL REVIEW OF GOVERNANCE: To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years covering: <ul style="list-style-type: none"> ▪ <u>Role of the Chief Finance Officer: annual review (2017)</u> ▪ Financial Regulations: bi-ennial review (2018) ▪ Grant Regulations: tri-annual review (2019) ▪ <u>Scheme of Delegation/Consent: annual review (2017)</u> ▪ <u>Procurement Regulations: bi-ennial review (2017)</u> ▪ <u>Arrangements for Anti-Fraud and Corruption /whistleblowing: bi-ennial review (2017)</u>
Review the Annual Governance Statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement	May	ANNUAL GOVERNANCE STATEMENT
	July (updated governance statement prior to approval and publication)	<ul style="list-style-type: none"> ▪ Report of the Internal Auditor: Annual Governance Statement: To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the date of this meeting ▪ Effectiveness of Governance Arrangements: To receive a report from the PCCCFO/PCC Deputy Chief Executive on the effectiveness of the PCC's arrangements for Governance/ To receive a report from the CCCFO on the effectiveness of the CC's arrangements for governance ▪ Code of Corporate Governance: To consider the PCC/CC Code of Corporate Governance ▪ Annual Governance Statement: To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting
	November	ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE: To receive an update on progress against the development and improvement plan within the annual governance statement.

Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Governance, Risk and Control		
Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements	Every meeting excluding May	INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (<i>NB audit work in compliance with PSIAS will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes'. Specific audit recommendations will be categorised within audit reports under this heading.</i>)
	November	To receive an annual report on Value for Money within the Office of the Police and Crime Commissioner. To receive an annual report on Value for Money within the Constabulary.
	July	AUDIT FINDINGS REPORT: To receive from the external auditors the Annual Audit Findings Report incorporating the External Auditor's Value for Money Conclusion.
Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Constabulary	March	ANNUAL WORK PROGRAMME: ASSURANCE FORMAT: To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference.
	July	FRAMEWORK OF ASSURANCE: STATEMENT OF ACCOUNTS: To receive a report from the PCCCFO/Deputy Chief Executive in respect of the PCC's framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.
Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them	March	RISK MANAGEMENT STRATEGY: To provide the annual review of the COPCC and Constabulary Risk Management Strategies.
	May	RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management.
	Every meeting excluding May	STRATEGIC RISK REGISTER: To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy.

Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Governance, Risk and Control (continued)		
Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	Every meeting excluding May	INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
		MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations.
Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources	November – cyclically when updated	ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION: To receive the COPCC and Constabulary strategy, policy and fraud response plan.
	May	ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption.
Terms of Reference: Internal Audit		
Annually review the internal audit charter and resources	March	INTERNAL AUDIT CHARTER: To receive a copy of the internal audit charter from the Internal Auditors.
Review the internal audit plan and any proposed revisions to the internal audit plan	March/Ad-hoc	PROPOSED INTERNAL AUDIT PLAN: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions.
Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence	March	QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement.
	May	EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the PCC Chief Finance Officer in respect of the effectiveness of internal audit.
	Quarterly	INTERNAL AUDIT PERFORMANCE: To receive from the Internal Auditors quarterly reports on the performance of the service against a framework of performance indicators <i>(provided within the internal audit progress reports and annual report.)</i>
	May	PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors

Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Internal Audit (continued)		
Consider the Head of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements	May	INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion.
	Every meeting excluding May	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.
Consider internal audit reports and such detailed reports as the Committee may request from the Police and Crime Commissioner and the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions	Every meeting excluding May	INTERNAL AUDIT REPORTS: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
Consider a report on the effectiveness of internal audit to support the Annual Governance Statement	May	EFFECTIVENESS OF INTERNAL AUDIT: To consider a report of the Commissioner's Chief Finance Officer reviewing the effectiveness of Internal Audit.
Terms of Reference: External Audit/External Inspection		
Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money	March	EXTERNAL AUDIT PLAN: To receive from the external auditors the Annual External Audit Plan
	May	EXTERNAL AUDIT FEES: To receive from the external auditors the proposal in respect of audit fees.
Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance	November/Ad-hoc	ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter and reports
	March	JOINT AUDIT AND STANDARDS COMMITTEE UPDATE: To receive from the external auditors an update report in respect of progress on the external audit plan

Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: External Audit/External Inspection (continued)		
Consider specific reports as agreed with the external auditors/specific inspection reports e.g. HMIC, relevant to the Committee's terms of reference	Every meeting excluding May	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, HMIC/INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference
Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies and relevant bodies	July	PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors
Terms of Reference: Financial Reporting		
Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable	July	ASSURANCE FRAMEWORK: STATEMENT OF ACCOUNTS: To receive a report from the PCCCFO/Chief Executive in respect of the PCC's framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.
	July	ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts
Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements	July	AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion.
Terms of Reference: Accountability Arrangements		
On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.

Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Accountability Arrangements (continued)		
Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Commissioner and the Chief Constable	May	JASC Review of Effectiveness: To receive a report reviewing the effectiveness of the committee against the CIPFA framework as a contribution to the overall effectiveness of arrangements for governance
	July	JASC Annual Report: To receive the annual report of the committee (following the review of effectiveness undertaken in May). Following approval, the Annual Report will be presented to the Police and Crime Panel meeting in October by the chair of JASC.
Terms of Reference: Treasury Management		
Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory	March	TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES: To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices.
Review the Treasury risk profile and adequacy of treasury risk management processes		
Receive regular reports on activities, issues and trends to support the Committee’s understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity	Every meeting excluding July	TREASURY MANAGEMENT ANNUAL REPORT/ACTIVITIES: To receive for information the treasury management annual report and an update on Treasury Management Activity.
		TREASURY MANAGEMENT ADVISORS: To receive briefings/training from the Commissioner’s Treasury Management advisors.
Review assurances on Treasury Management	Every meeting excluding May (where applicable)	INTERNAL AUDIT REPORT: To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee

Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Standards Activity		
To hear and determine appeals in relation to the OPCC’s personnel policies and decisions of the Chief Executive where appropriate	n/a	As and when required, to act as an “Appeal Board”
To hear and determine appeals by Independent Custody Visitors and Independent Members of Police Misconduct Panels from decisions of the Chief Executive	n/a	As and when required, to act as an “Appeal Board”

Governance Documents Review Schedule

Documents	Review Cycle	Lead Officer	December 2015	November 2016	November 2017	March 2018	March 2019	March 2020	March 2021
OPCC Risk Management Strategy	tr-ennial (from 2017 onwards)	Governance Manager Joanne Head	✓	✓	✓	✗	✗	✓	✗
Constabulary Risk Management Strategy	tr-ennial (from 2017 onwards)	Director of Corporate Improvement Jane Sauntson	✓	✓	✓	✗	✗	✓	✗
			December 2015	November 2016	November 2017	November 2018	November 2019	November 2020	November 2021
Role of the Joint Chief Finance Officer	annual	Deputy CFO Michelle Bellis	✓	✓	✓	✓	✓	✓	✓
Joint Procurement Regulations	bi-ennial	Head of Procurement Chris Guest	✓	✗	✓	✗	✓	✗	✓
Scheme of Delegation/Consent	annual	Chief Executive Gillian Shearer and/or Governance Manager Joanne Head	✓	✓	✓	✓	✓	✓	✓
OPCC Arrangements for Anti-fraud & Corruption/Whistleblowing	bi-ennial	Chief Executive Gillian Shearer and/or Governance Manager Joanne Head	✓	✗	✓	✗	✓	✗	✓
Constabulary Arrangements for Anti-fraud & Corruption/Whistleblowing	bi-ennial	Head of People Supt. Sarah Jackson and/or Head of Professional Standards	-	-	✓	✗	✓	✗	✓
Financial Regulations & Financial Rules	bi-ennial	Deputy CFO Michelle Bellis	✗	✓	✗	✓	✗	✓	✗
Grant Regulations	tri-ennial	Head of Partnerships and Commissioning Vivian Stafford	✗	✓	✗	✗	✓	✗	✗

Attendance Listing for Joint Audit & Standards Committee Meetings 2017/18

	24 May 2017	21 July 2017	13 Sept 2017	22 Nov 2017	21 Mar 2018
Independent Members					
Mrs Fiona Daley (Chair)	✓	✓	✓	✓	✓
Mr Jack Jones	✓	✓	✓	✓	✓
Mrs Fiona Moore	✓	✓	✓	✓	✓
Mr Malcolm Iredale	✓	✓	✓	✓	✓
Commissioner's Officers					
Police & Crime Commissioner for Cumbria (Peter McCall)		✓			
Chief Executive (Stuart Edwards/Vivian Stafford/Gillian Shearer)		✓		✓	✓
Head of Partnerships & Commissioning (Vivian Stafford)					
Head of Communications & Business Services (Gillian Shearer)			✓	✓	
Governance and Business Services Manager (Joanne Head)	✓			✓	
Constabulary Officers					
Chief Constable (Jeremy Graham/Michelle Skeer)		✓			✓
Deputy Chief Constable (Michelle Skeer/Mark Webster)	✓	✓	✓	✓	✓
Joint Chief Finance Officer (Roger Marshall)	✓	✓	✓	✓	✓
Constabulary Director of Corporate Support (Stephen Kirkpatrick)				✓	✓
Deputy Chief Finance Officer (Michelle Bellis)	✓	✓		✓	✓
Principal Financial Services Officer (Lorraine Holme)	✓	✓			
Financial Services Assistant (Dawn Cowperthwaite/Dawn Masters/Neil Collins/Monika Demczuk)	✓	✓	✓	✓	✓
Temp. Head of Procurement (Chris Guest)				✓	✓
Detective CI Complaints Investigation (Furzana Nazir)				✓	
Internal Audit					
Chief Internal Auditor, Management Audit Unit, Cumbria County Council (Niki Riley)	✓				✓
Audit Manager, Management Audit Unit, Cumbria County Council (Emma Toyne)	✓	✓	✓	✓	✓
External Audit					
Appointed Auditor, Grant Thornton (Robin Baker)		✓	✓		✓
Senior Auditor, Grant Thornton (Richard McGahon)	✓	✓		✓	

Joint Audit & Standards Committee - Role Profile

Job Title: Committee Chair

JOB PURPOSE / KEY RESPONSIBILITIES

1 Chair

The Chair of the Committee is responsible for providing leadership to the Committee in effectively discharging its duties and responsibilities as set out in the Committee terms of reference.

Ensuring that the Committee achieves its purpose of providing an independent assurance function for the governance, internal control, risk and financial and non-financial performance of the Constabulary and OPCC. Ensuring the Committee fulfils its responsibilities as a Standards Committee.

The Chair must create and manage effective working relationships among the Committee, Police and Crime Commissioner, the Chief Constable, Section 151 officer (Joint Chief Finance Officer) and both internal and external auditors.

Meet separately with the Section 151 officer and External Auditor to discuss risk compliance and governance issues arising as a result of external or internal audit activity.

Act as the committee's spokesperson using his or her best efforts to see that the committee receives all material to be discussed at the meeting at least one week before the meeting to ensure sufficient time to review information.

2 Conduct of Committee Meetings

Act as the chair of each Committee meeting ensuring the appropriate conduct of business in accordance with the committee terms of reference.

Conduct the business of each Committee meeting in a manner which will result in all matters on the agenda being dealt with effectively and appropriately.

Propose the termination of discussion on any matter when he or she is of the opinion that the matter has been thoroughly canvassed and discussed and that no new points of view or information are being presented.

Attempt to achieve resolution of all issues discussed at the meeting in respect of which a decision is required and members express conflicting positions, views, or advice, but such attempt should in no way inhibit a member from maintaining a different position, view, or advice.

Ensure that all members who wish to address a matter at a meeting are afforded a reasonable opportunity to do so.

In any case where a member of the Committee has an interest or potential conflict in respect of a matter to be discussed at a meeting, arrange for that member to excuse himself/herself from all or a portion of the Committee discussion.

3 Committee Culture

Provide leadership in promoting and supporting a Committee culture characterised by:

- i) The willingness of each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
- ii) The Committee's insistence on the highest level of integrity accountability and honesty in the actions of the Committee and of the PCC, Chief Constable and the other officers of the OPCC/Constabulary;
- iii) Respect and dignity among the members, officers and the external and internal auditor;
- iv) The candid and timely sharing of information among the members of the Committee, management and the external auditor;
- v) Acceptance by all members of the Committee of the right of every member to hold and express a dissenting opinion; and
- vi) A commitment to best governance practices and standards practices.

4 Miscellaneous Matters

Assist the Committee and management to understand and respect the responsibilities of each.

Whenever necessary or desirable, to facilitate the effective performance of the Committee's duties, attend other meetings and committees including those to facilitate governance of the internal audit shared service.

Joint Audit & Standards Committee - Role Profile

Job Title: Committee Members

1. Job purpose / key responsibilities

To contribute to the effective discharge of the duties and responsibilities of the Committee as set out in the Committee terms of reference.

To maintain effective working relationships with committee members, the Police and Crime Commissioner, the Chief Constable, Section 151 officer (Joint Chief Finance Officer) and both internal and external auditors.

To be diligent in preparing for committee meetings and making an effective contribution to those meetings to provide independent assurance of the governance, internal control and finance, risk and performance management arrangements of the OPCC and Constabulary

2 Conduct of Committee Meetings

Contribute to the business of each Committee meeting in a manner which supports all matters on the agenda being dealt with effectively and appropriately.

Address the Committee on all matters where an opinion or decision is required and in such a manner that does not inhibit other members of the committee wishing to express a different opinion.

Advise the Committee Chair where an interest or potential conflict of interest may exist in respect of a matter to be discussed at a meeting and act on the advice of the Chair.

3 Committee Culture

As a member of the committee, contribute to a culture that supports.

- i) Each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
- ii) The highest level of integrity accountability and honesty in the actions of the Committee and of the PCC, Chief Constable and the other officers of the OPCC/Constabulary;

- iii) Respect and dignity among the members, officers and the external and internal auditor;
- iv) The candid and timely sharing of information among the members of the Committee, management and the external auditor;
- v) Acceptance by all members of the Committee of the right of every member to hold and express a dissenting opinion; and
- vi) A commitment to best governance practices.

4 Miscellaneous Matters

When necessary or desirable, to facilitate the effective performance of the Committee's duties, attend other meetings and committees.

CIPFA Self-assessment of Good Practice

Good Practice Questions	Yes	Partly	No
Audit committee purpose and governance			
Does the Commissioner/Chief Constable have a dedicated audit committee?	✓		
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓		
Is the role and purpose of the audit committee understood and accepted within the OPCC & Constabulary?	✓		
Does the audit committee provide support to the OPCC & Constabulary in meeting the requirements of good governance?	✓		
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓		
Functions of the committee			
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	✓		
good governance	✓		
assurance framework	✓		
internal audit	✓		
external audit	✓		
financial reporting	✓		
risk management	✓		
value for money or best value	✓		

counter-fraud and corruption	✓		
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?	✓		
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?	✓		
Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		
Membership and support			
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 this is not unwieldy	✓		
where independent members are used, that they have been appointed using an appropriate process	✓		
Does the chair of the committee have appropriate knowledge and skills?	✓		
Are arrangements in place to support the committee with briefings and training?	✓		
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓		
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief finance officer?	✓		

Is adequate secretariat and administrative support to the committee provided?	✓		
Effectiveness of the committee			
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓		
Has the committee evaluated whether and how it is adding value to the organisation?	✓		
Does the committee have an action plan to improve any areas of weakness?	✓		

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CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT AND STANDARDS COMMITTEE

Meeting date: 24 May 2018

From: Audit Manager (Cumbria Shared Internal Audit Service)

INTERNAL AUDIT: ANNUAL REPORT 2017/18

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the outcomes of the work of internal audit for 2017/18 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner and Chief Constable's arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).
- 1.2 Key points from internal audit's annual report are:
- The annual opinion of the Head of Internal Audit: based on work undertaken by Internal Audit during the year, the Audit Manager is able to provide Reasonable assurance over the effectiveness of the Police and Crime Commissioner and Chief Constable's arrangements for governance, risk management and internal control.
 - Overall 87% of audits resulted in Reasonable or Substantial assurance.
 - The work of Internal Audit is considered to have provided an appropriate level of coverage to provide the opinion, and there have been no threats to Internal Audit's independence in the year to which this opinion relates.
- 1.3 All audits have received a positive response from management with agreed action plans in place to address all recommendations.
- 1.4 One follow up audit (procurement) has been completed during the year. The level of assurance in this area remains partial. Senior management have

responded positively to the outcome of this audit and are committed to address the outstanding issues.

- 1.5 Summaries of the outcomes of all completed audits during the year are included at Appendix 1. The text shaded in grey has been reported to Joint Audit and Standards Committee through regular progress reports during the year.

2.0 OVERVIEW

- 2.1 Internal Audit's assessment of internal control forms part of the annual assessment of the system of governance, risk management and internal control, which is now a mandatory requirement.
- 2.2 The Audit Plan aims to match internal audit coverage with the PCC and Chief Constable's corporate risk assessment.
- 2.3 Internal Audit must conform to the Public Sector Internal Audit Standards which require the preparation by the Head of Internal Audit of an annual opinion on the overall systems of governance, risk management and control. Regular reporting to Joint Audit and Standards Committee enables emerging issues to be identified during the year.

3.0 RECOMMENDATION

- 3.1 Joint Audit and Standards Committee members are asked to note:
 - The progress in delivering the 2017/18 audit plan.
 - The Head of Internal Audit's opinion and assurance statement on the PCC and Chief Constable's overall systems of governance, risk management and internal control for the year ended 31st March 2018.
 - The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.
 - The results of the Quality Assurance and Improvement programme
 - The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.

4.0 BACKGROUND

- 4.1 The PCC and Chief Constable must make proper provision for internal audit in line with the 1972 Local Government Act. The Accounts and Audit

Regulations 2015 require that the PCC and Chief Constable must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

- 4.2 Internal audit is responsible for providing independent assurance to the PCC and Chief Constable and to the Joint Audit and Standards Committee on the systems of governance, risk management and internal control.
- 4.3 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls are operating effectively.

Internal Audit Opinion

- 4.4 The purpose of this report is to give my opinion as the Head of Internal Audit for the PCC and Chief Constable on the adequacy and effectiveness of both organisations' systems of risk management, governance and internal control from the work undertaken by internal audit for the year ended 31st March 2018. The annual opinion from the designated head of the internal audit function is a requirement of the Public Sector Internal Audit Standards.
- 4.5 This report is a key contributor to the PCC and Chief Constable's Annual Governance Statement.
- 4.6 In giving this opinion, it should be noted that assurance can never be absolute and it is not possible to give complete assurance that there are no major control weaknesses. My opinion is based on the work undertaken by internal audit during the year, including the outcomes of follow up work.
- 4.7 I am satisfied that sufficient internal audit work has been undertaken to allow me to give a conclusion on the adequacy and effectiveness of risk management, governance and internal control. I can also report that there has been no threat to the independence of internal audit that would impact on the provision of my annual opinion statement.
- 4.8 In my opinion, the PCC and Chief Constable's frameworks of governance, risk management and internal control are reasonable and audit testing has confirmed that controls are generally working effectively in practice. Where internal audit work has identified scope for improvements, the management response has been positive with agreed action plans in place to address all recommendations.

- 4.9 The Shared Service Group Audit Manager has undertaken review of all internal audit work contributing to the annual opinion statement and is able to confirm that all work has been undertaken in accordance with the Public Sector Internal Audit Standards and with the Quality Assurance and Improvement Programme. All audit work has been reviewed at key stages by the Audit Manager or nominated deputy and is supported by appropriate evidence.
- 4.10 The Group Audit Manager supports the assurance opinion provided in this report.

Internal audit performance

- 4.11 A suite of performance measures was used to monitor Internal Audit's performance during 2017/18. The results are shown at Appendix 3.

Internal audit coverage and outputs

- 4.12 16 reviews contributing to the assurance rating have been finalised.
- 4.13 All audits relating to the OPCC have received an assurance level of reasonable.
- 4.14 Ten Constabulary reviews were assessed as providing reasonable or substantial assurance with all reviews of financial systems, covering both organisations and operated by the Constabulary, receiving reasonable assurance or higher. Two Constabulary audits have received partial assurance levels.
- 4.15 Management responses to Internal Audit reports and recommendations have been positive.
- 4.16 The outcome of the audit follow up of procurement has shown some improvement whilst the overall opinion remains partial. A commitment from Senior Management to address the remaining issues has been set out in their response to the audit. The outcome of this audit does not detract from the overall opinion on governance and internal control.
- 4.17 Progress in implementing Internal Audit recommendations are monitored by the Joint Audit and Standards Committee at each meeting.
- 4.18 The following table summarises the total number of audit evaluations made during 2017/18 for the Constabulary, OPCC and systems operated jointly for both organisations.

Assurance level	Constabulary	OPCC	Joint
Substantial	1	-	1
Reasonable	9	2	1
Partial	2	-	-
No / limited	-	-	-
Total (with assurance)	12	2	2
N/A	-	-	1
Grand total	12	2	3

4.19 Appendix 1 provides the detail of audit work undertaken from the 2017/18 internal audit plan including work in progress from the 2016/17 plan. Text that is shaded in grey has been reported to Joint Audit & Standards Committee during the year and is included here for completeness.

Results of the Quality Assurance and Improvement Programme

4.20 The QAIP was presented to the March 2018 JASC. We can confirm that the QAIP was followed in 2017/18.

Statement of Conformance with Public Sector Internal Audit Standards

4.21 The risk based approach has been designed to ensure internal audit work is conducted in accordance with the Public Sector Internal Audit Standards. All audit work has been conducted in line with the agreed audit methodology and has been subject to quality assurance checks by Internal Audit management.

Emma Toyne
Audit Manager
4th May 2018

APPENDICES

Appendix 1: Final reports issued to 4th May 2018

Appendix 2: Progress on all risk based audits from the 2017/18 plan including work in progress from the 2016/17 plan

Appendix 3: Internal audit performance measures to 4th May 2018

Contact: Emma Toyne, 01228 226261, emma.toyne@cumbria.gov.uk

Appendix 1 – Final reports issued to 4 May 2018

Assignments	Status	Assessment
Command and Control (2016/17 WIP)	Report presented to Joint Audit and Standards Committee at the 21 st July 2017 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
OPCC Annual Governance Statement	Report presented to Joint Audit and Standards Committee at the 21 st July 2017 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
Offender Management (2016/17 WIP)	Report presented to Joint Audit and Standards Committee at the 13 th September meeting. Report included in Committee papers and available on the Commissioner's website.	Partial
Treasury Management	Report circulated to JASC members and available on the Commissioner's website.	Substantial
Fleet	Report circulated to JASC members and included in Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Funding formula	Report circulated to JASC members and included in Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Firearms licencing	Report circulated to JASC members and available on the Commissioner's website.	Reasonable
Use of force	Report presented to Joint Audit and Standards Committee at the 21 st March 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
Commissioning (OPCC)	Report presented to Joint Audit and Standards Committee at the 21 st March 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
Fifteen week reviews / Professional Development Reviews	Report presented to Joint Audit and Standards Committee at the 21 st March 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable

Appendix 1 – Final reports issued to 4 May 2018

Business improvement unit	Report presented to Joint Audit and Standards Committee at the 21 st March 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
Procurement detailed testing	Report presented to Joint Audit and Standards Committee at the 21 st March 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	N/A
Vulnerability (hate crime)	Report presented to Joint Audit and Standards Committee at the 24 th May 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
Resourcing – Duty Management	Report presented to Joint Audit and Standards Committee at the 24 th May 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
IT capacity	Report presented to Joint Audit and Standards Committee at the 24 th May 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	Substantial
Cash receipting	Report presented to Joint Audit and Standards Committee at the 24 th May 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
Procurement (follow up)	Report presented to Joint Audit and Standards Committee at the 24 th May 2018 meeting. Report included in Committee papers and available on the Commissioner's website.	Partial
<p>In addition to the above, a member of the Internal Audit team attended the Police Audit Group Conference in July 2017. The event provided an opportunity to network with other Internal Auditors in the Policing sector and provided an overview of a number of areas including:</p> <ul style="list-style-type: none"> • The policing landscape (a Chief Executive's perspective on key strategic developments in policing and the challenges and opportunities ahead) • Update from the College of Policing • Topical sector developments (including assurance frameworks and collaborative reviews) • Promoting Internal Audit and raising standards (IIA) • Cyber security • Police and crime plan reviews 		

Appendix 1 – Final reports issued to 4 May 2018

- Developments in Internal Audit and Governance (CIPFA)

We will incorporate learning from the event into both current audit work and in preparing the 2018/19 Internal Audit plan.

The Group Audit Manager and Audit Manager attended a finance team training session and the Corporate Support Senior Management Team in August to present key points arising from national governance reports. This was well received and prompted discussion on wider governance issues.

Internal Audit planning meetings for 2018/19 are underway. Our meetings with Senior Managers at the OPCC and Constabulary will inform the audit universe for both organisations. We will consult with the OPCC and Constabulary in January 2018 to consider the areas to be included in the plan which will be approved by Management. The plan will be presented to Joint Audit and Standards Committee in March 2018.

We have prepared and consulted on the 2018/19 draft Internal Audit plan with the Constabulary and OPCC. The draft plan was presented to the March 2018 JASC for information.

Appendix 2 – Progress on 2017/18 Audit Plan, including 2016/17 work in progress

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary (WIP from 2016/17)	Command and Control	Complete	Yes
Constabulary (WIP from 2016/17)	Offender Management	Complete	Yes
Constabulary	Finances (Funding formula)	Complete	Yes
Constabulary	Vulnerability (Hate crime)	Complete	Not yet due – issued 01/05/18
Constabulary	Firearms Licencing	Complete	Yes
Constabulary	Use of Force	Complete	Yes
OPCC	Commissioning	Complete	Yes
Constabulary	Five and fifteen week reviews / Professional Development Reviews (PDRs)	Complete	Yes
Constabulary	Resourcing – Duty Management	Complete	Yes
Constabulary	IT capacity	Complete	Yes
Constabulary	Fleet	Complete	Yes
Constabulary	Digital media investigation unit	Deferred to 2018/19	N/A
Constabulary	Business Improvement Unit	Complete	Yes
OPCC	Information security	Draft report issued 04/05/18 (reasonable assurance)	N/A
OPCC	Annual Governance Statement	Complete	N/A
OPCC/Constabulary	Creditors	Draft report issued 03/05/18	N/A

Appendix 2 – Progress on 2017/18 Audit Plan, including 2016/17 work in progress

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
		(reasonable assurance)	
OPCC/Constabulary	Treasury Management	Complete	Yes
OPCC/Constabulary	Cash receipting	Complete	Yes
OPCC/Constabulary	Procurement – detailed testing	Complete	N/A
Constabulary	Procurement follow up	Complete	N/A
Constabulary	Safeguarding hub follow up	Fieldwork underway	N/A

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Completion of audit plan	% of audits completed to final report	95% (annual target)	85%	<p>Three audits are not yet finalised. The audits of creditors and OPCC information security have been issued in draft and provide reasonable assurance.</p> <p>There have been delays in progressing the follow up audit of the safeguarding hub and this has been discussed at meetings of the JASC during the year. Internal Audit testing is now underway.</p>
	Number of planned days delivered *281 in 17/18 plan plus 6 c/f from 16/17	287*	282	Five planned days remaining will be delivered to finalise the audits of creditors and OPCC information security and to conclude the fieldwork and report on the safeguarding hub follow up.
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%	
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	100%	
Timeliness of final reports	% of final reports issued for Chief Officer / Director comments within five	90%	100%	

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
	working days of management response or closeout meeting.			
Recommendations agreed	% of recommendations accepted by management	95%	100%	
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	100%	
Quality assurance checks completed	% of QA checks completed	100%	100%	
Customer Feedback	% of customer satisfaction surveys returned	100%	100%	Eighteen forms returned. Five relate to audits reported in the 16/17 annual report and thirteen reported in 17/18.
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	100%	Based on the eighteen forms returned.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	80%	



Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee 24 May 2018: Agenda Item 13
Public Accountability Conference 10 May 2018: Agenda Item 10a

Review of effectiveness of the arrangements for Audit 2017/18

A Joint Report by the Chief Executive and Joint Chief Finance Officer of the Police and Crime Commissioner and Chief Constable

1. Introduction and Background

- 1.1. The Accounts and Audit Regulations 2015 removed the requirement within the 2011 Regulations to conduct an annual review of the effectiveness of the arrangements for audit. Assurances in respect of the arrangements for audit are however part of a robust governance framework. They support the Commissioner in placing reliance on the opinion of the Group Audit Manager (Head of Internal Audit) and support the Joint Audit and Standards Committee in placing reliance on the work and reports of the internal auditors. An effective internal audit service is also a characteristic within the seven principles of the CIPFA 2016 Good Governance Framework.
- 1.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines the system of Internal Audit as the entirety of the arrangements for audit put in place by the entity, including the activities of any oversight committee. This report sets out an overall judgment, based on that review. The review comprises the arrangements for internal audit, detailed within this report and the arrangements for the Joint Audit and Standards Committee, detailed in the Committee's Review of Effectiveness accompanying this item on the agenda.
- 1.3. The review process seeks to provide assurance that the arrangements are adequate and effective. This is based on a judgment made following an assessment of compliance with

relevant codes and standards. For internal audit the review is undertaken against the Public Sector Internal Audit Standard (PSIAS). The review, in assessing the adequacy and effectiveness of the internal audit function, provides further assurance in respect of the reliance that can be placed on the opinion given by the Group Audit Manager (Head of Internal Audit) in her annual report for the Annual Governance Statement. The review of the effectiveness of the arrangements for the Joint Audit and Standards Committee is undertaken in line with the CIPFA 2013 guidance¹ that provides an evaluation self-assessment framework and a checklist of good practice.

2. Effectiveness of the Internal Audit Function

- 2.1. The effectiveness of the internal audit function is reviewed on the basis of compliance by the Internal Audit shared service provider with the PSIAS. The Group Audit Manager is required under the PSIAS to include within her annual report, a statement of conformance with the Standards. Any instances of non-conformance must be reported to the Joint Audit and Standards Committee. Furthermore, any significant non-conformance should be considered for inclusion within the Commissioner and Chief Constable's respective Annual Governance Statements.
- 2.2. The Public Sector Audit Standards support audit effectiveness by setting out a set of requirements for the governance, management and delivery of internal audit. This includes a requirement to develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of internal audit activity. Key elements of the QAIP include on-going monitoring of the performance of the internal audit activity, periodic assessment or self-assessment and external assessment. The QAIP also ensures that reasonable assurance is provided that Internal Audit is performing its work in accordance with its Internal Audit Charter, which is consistent with the PSIAS and that it operates in an effective and efficient manner.
- 2.3. The QAIP was presented to members of the Joint Audit and Standards Committee at their meeting 21 March 2018 for review. The QAIP report set out what was in place during 2017/18 and what is envisaged to be in place during 2018/19. The QAIP set out for members how audit engagements are supervised, how work including final reports are reviewed, arrangements for the audit manual and performance measures. The QAIP also includes the annual assessment of

¹ audit committees\Practical Guidance for Local Authorities and Police

Internal Audit's conformance with its Charter and annual completion of the CIPFA checklist for assessing conformance with the PSIAS. At the same meeting members received the Internal Audit Charter. The Internal Audit Charter sets out the purpose, authority, responsibility and objectives of Internal Audit, providing clarity on how Audit works, its scope, lines of reporting and requirements in respect of objectivity and independence. The Charter, alongside the QAIP, supports the organisation and its auditors in ensuring the delivery of arrangements for Internal Audit that are effective. During the year members of the Joint Audit and Standards Committee has also received monitoring reports on actual performance against Internal Audit's performance framework at their quarterly meetings.

- 2.4. The summary of the outcomes of the completed self-assessment is attached to this report at Appendix A and is further supported by an evaluation of the role of the Group Audit Manager (Head of Internal Audit) against the CIPFA standard at Appendix B. The full 50 page checklist is retained on file for review by the External Auditors. The Annual Report of the Group Audit Manager (Head of Internal Audit), provided within this agenda, confirms that the Standards within the PSIAS have been complied with.
- 2.5. In November 2017, the first external quality assessment (EQA) of the internal audit function was carried out in line with the requirement of PSIAS to have an external assessment at least every five years. The outcome of this process was reported to members of the Joint Audit and Standards Committee at its meeting on 21 March 2018. The overall assessment was that the shared internal audit service "generally conforms" to the standards and this represents the highest of three possible outcomes. An action plan has been developed to address the seven recommendations contained within the EQA report.
- 2.6. Whilst the review of internal audit against the PSIAS provides the primary source of assurance, further assurance of the effectiveness of internal audit is taken from the opinion provided by the external auditors. This is included within Grant Thornton's Progress Update Report for the 2017/18 audit. The report sets out that the external auditors have completed a high level review of internal audit's overall arrangements. Their work has not identified any issues that they wish to bring the Commissioner or Chief Constable's attention. Overall, they conclude that the internal audit service continues to provide an independent and satisfactory service to the PCC and the Chief Constable and that internal audit work contributes to an effective internal control environment at both entities.

3. Effectiveness of arrangements for an Audit Committee

3.1. The effectiveness of the arrangements for an audit committee have been assessed by reviewing the arrangements for the Joint Audit and Standards Committee against the assessment criteria and checklist provided by CIPFA in its 2013 publication, audit committees\Practical Guidance for Local Authorities and Police. The guidance document provides a detailed regulatory framework against which the work and activity of the committee, in addition to the overall arrangements, can be assessed and consideration given to areas for improvement and development. The key messages arising from the review are that:

- ◆ The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- ◆ Members are recruited appropriately and the range of skills has been strengthened through new appointments.
- ◆ The Committee's remit complies with best practice.
- ◆ The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- ◆ Audit and Standards Committee members have carried out their duties diligently, achieving 100% attendance, have made a valued contribution to governance arrangements and have taken action on specific issues.
- ◆ Members have continued to increase their formal and informal training and development activities.

3.2. The overall conclusion and assessment from the review is that the Joint Audit and Standards Committee is effective in its operation. The review has demonstrated that within the areas of the self-assessment the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. Against the self-assessment checklist the committee achieves a consistent grade of the maximum score of 5 across all areas. The full report of the review of effectiveness is included on the agenda to this meeting.

4. Conclusions

4.1. From the reviews described above, it is concluded that:

- i. The review of the internal audit shared service against the PSIAS, and supported by the review of the role of the Head of Internal Audit, demonstrates that the service is effective.
- ii. The annual review of the arrangements for an audit committee in accordance with the guidance, assessment criteria and checklists defined by CIPFA, demonstrates that the Joint Audit and Standards Committee is effective in its operation

4.2. When taken together, there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2018, or to the date of this meeting.

5. Recommendations

5.1. Members of the Joint Audit and Standards Committee are asked to consider this report and:

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2018 and to the date of this meeting, and
- ii. Consider any areas where they might wish to make recommendations to the Commissioner and Chief Constable for improvements in 2018/19.

5.2. The Commissioner and Chief Constable are asked to consider this report and:

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2018 and to the date of this meeting, taking into account the views of the Joint Audit and Standards Committee, and
- ii. Consider any areas where they might wish to see improvements or changes in 2018/19.

Gillian Shearer
Commissioner's Chief Executive

Roger Marshall
Joint Chief Finance Officer
10 May 2018

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications:

The Annual Governance Statement and the underpinning reviews, including the effectiveness of arrangements for audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Commissioner and Chief Constable discharge their respective responsibilities.

Contact points for additional information

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Review of Internal Audit Effectiveness

1. Definition of Internal Auditing

- 1.1. Internal audit work is carried out in line with the definition of internal auditing so as to provide independent assurance on the Commissioner's and Chief Constable's systems of risk management, governance and internal control.
- 1.2. All internal audit reviews result in an audit report detailing the level of assurance that can be given. Standard definitions are in place to ensure consistency in the assurance levels across the service.
- 1.3. Internal audit does not have any operational responsibilities, thereby ensuring its ability to independently review all of the Commissioner and Chief Constable's systems, processes and operations

2. Code of Ethics

- 2.1. The internal audit team have been made aware of the mandatory code of ethics within the PSIAS and have the opportunity to discuss this at team meetings.
- 2.2. All internal audit work is performed with independence and objectivity and all staff are aware of the need for them to declare any relevant business interests in order that any potential conflict of interest or compromise to audit objectivity is effectively managed.
- 2.3. Staff are aware of their responsibilities in relation to confidentiality and information governance.
- 2.4. Arrangements are in place to ensure that work is performed by staff with the appropriate skills, knowledge and experience and that training and development needs are identified through annual appraisals and six month reviews.

3. Purpose, Authority and Responsibility

- 3.1. An internal audit charter is in place which defines the purpose, authority and responsibility of internal audit as well as its rights of access to all information, premises and personnel for the purpose of completing internal audit reviews.
- 3.2. The charter sets out the functional reporting line of the Group Audit Manager / Audit Manager to the Joint Audit and Standards Committee to ensure internal audit independence.
- 3.3. The Audit Manager attends all meetings of the Joint Audit and Standards Committee.
- 3.4. The Audit Manager has direct access to the Chief Officer Group, the Chief Executive, the Commissioner and the Joint Audit and Standards Committee Chair.
- 3.5. The reporting lines for the Audit Manager ensure that internal audit independence is maintained and in line with the Standards, the Audit Manager reports directly to the Joint Chief Finance Officer (S151 Officer) who is a member of the Public Accountability Conference.
- 3.6. There have been no identified threats to internal audit independence or objectivity during the year.
- 3.7. The Standards refer to the arrangements for the Audit Manager's appraisal. Input and feedback should be obtained from the Chief Executive or equivalent and Chair of the Audit Committee. This is a requirement of the employing organisation designed to protect the independence of the Audit Manager in relation to those audits that may be subject to undue influence, being within the area of the appraiser's responsibility. Whilst this is not a requirement for either the Commissioner or the Chief Constable, the Joint Chief Finance Officer, on behalf of both entities, will provide feedback on the performance of the Audit Manger as part of the arrangements for management of the shared audit service.

4. Proficiency and Due Professional Care

- 4.1. The Audit Manager is professionally qualified and experienced to deliver an effective internal audit service.
- 4.2. Job descriptions and person specifications reflect the duties required to deliver the risk-based approach to internal auditing and the skills needed to undertake the roles.

- 4.3. The team has a wide range of skills and experience brought about in part by the creation of the Shared Internal Audit Service which brought together a number of existing internal audit teams into a single service.
- 4.4. All audit work is undertaken with due professional care and reviewed by an Audit Manager to ensure that the work undertaken supports conclusions reached.
- 4.5. A Quality Assurance and Improvement Programme (QAIP) has been in place during 2017/18. The programme has been formally documented and was reported to the Joint Audit and Standards Committee on 21 March 2018. This includes the adoption of a comprehensive performance framework that is incorporated within the audit charter. The Joint Audit and Standards Committee have received quarterly reports monitoring actual performance against the framework.

5. Performance Standards

- 5.1. Internal audit work is undertaken to support the purpose of internal audit as defined within the audit charter. Management arrangements are in place to ensure that all work is delivered in accordance with the charter and to deliver relevant assurance to management, the Joint Audit and Standards Committee, the Commissioner and Chief Constable.
- 5.2. Risk based audit plans have been developed across the shared internal audit service. The plans have been developed to enable an overall annual opinion to be provided on the arrangements for governance, risk management and internal control.
- 5.3. In developing the plans, account has been taken of the organisation's risk management frameworks, the expectations of senior management and emerging national and local issues.
- 5.4. Audit plans have been developed based on a documented risk assessment. Arrangements are in place to report required amendments to audit plans to the Joint Audit and Standards Committee should this become necessary.
- 5.5. The plans identify the audit resources required to deliver them and arrangements are in place to allocate the workload across the audit team in advance to ensure all plans can be delivered.
- 5.6. Arrangements are in place to ensure the audit manual is continually updated as working practices continue to be reviewed.

5.7. Internal audit contributes to improving the Commissioner and Chief Constable's operations through delivery of approved audit plans. Internal audit recommendations are aimed at strengthening performance and risk management, governance and ethical policies and values and internal controls.

6. Engagement Planning

6.1. All internal audit reviews are scoped and a brief prepared setting out the scope and objectives of the audit work together. This process ensures that management input to the scope of each audit. A standard client notification document has been designed and has been used for all audit reviews. Audit scopes include consideration of systems, records, personnel and premises.

6.2. The audit planning process includes a preliminary assessment of risk for each audit included in the plan. Auditors then undertake research as part of planning individual audit reviews to identify specific risks within the area under review. Within the risk based approach, once the scope of an audit is agreed, a full risk identification exercise is undertaken as part of the audit fieldwork. This ensures that risk is considered throughout the audit process.

6.3. The Internal Audit management review process ensures that work plans are prepared for each audit that document how the audit objectives will be met and that sufficient audit work is undertaken to support conclusions reached.

6.4. There is a document retention policy in place to manage audit records.

6.5. All internal audit work is subject to management review, and there is a consistent approach in place to documenting and retaining evidence of this review.

6.6. All internal audit reports are issued in draft for management comments and agreement of the factual accuracy and completion of the action plan. Clients have the opportunity to discuss the draft reports with the auditor.

6.7. Audit final reports issued in relation to 2017/18 audit plans were accurate, comprehensive and complete. All contained an assurance statement and agreed action plan.

6.8. The Audit Manager produces an annual report to the Joint Audit and Standards Committee and the Public Accountability Conference, which includes the overall opinion on the arrangements

for governance, risk management and internal control. The report includes a summary of the work undertaken in support of the opinion.

7. Monitoring Progress

- 7.1. Arrangements are in place for follow up of agreed actions arising from internal audit reports and the outcome of these is reported to the Joint Audit and Standards Committee within the quarterly progress reports.

8. Communication of the Acceptance of Risks

- 8.1. Arrangements are in place to ensure that where key risks are accepted by management, this is discussed with senior management. Should the Audit Manager consider that the organisation is accepting a level of risk that may be unacceptable, this would be reported to the Joint Audit and Standards Committee and the Public Accountability Conference.

CIPFA Statement on the Role of the Head of Internal Audit 2010

1. Introduction

- 1.1. In 2010, CIPFA published a Statement on the Role of the Head of Internal Audit (HIA) in Public Sector Organisations in recognition of the critical position occupied by the HIA within any organisation in helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. CIPFA introduced a 'comply or explain' requirement which has been formally set out within the CIPFA / SOLACE publication 'Delivering Good Governance in Local Government: 2016'.
- 1.2. The Addendum sets out 20 key elements of the typical systems and processes that comprise governance arrangements and requires that the annual review of the effectiveness of governance arrangements makes reference to each of these key elements.
- 1.3. In relation to the role of the Head of Internal Audit, the Addendum states that a key element of governance includes the arrangements for:
 - ◆ "Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and where they do not, explain why and how they deliver the same impact."
- 1.4. In order to make a public declaration of conformance with the Statement, it is recommended that a self-assessment is undertaken against the detailed requirements set out within the publication and signed off by the Joint Chief Financial Officer / Corporate Management Team.

2. The Five Principles

- 2.1. The Statement sets out how the requirements of legislation and professional standards should be fulfilled by HIA's in carrying out their role and is structured under five core principles:
- 2.2. The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:
 - ◆ championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and

- ◆ giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

2.3. To perform this role, the Head of Audit:

- ◆ must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee
- ◆ must lead and direct an internal audit service that is resourced to be fit for purpose; and
- ◆ must be professionally qualified and suitably experienced.

2.4. The table below sets out the completed self-assessment for the HIA operating the shared internal audit service on behalf of the Commissioner and Chief Constable.

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
Principle 1: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments					
1.1	Set out the HIA's role in good governance and how this fits with the role of others.	HIA Role Profile sets out the contribution of the annual report of the HIA to the Annual Governance Statement. The PCC Chief Finance Officer acted as a panel member for recruitment to the HIA post.	✓		
1.2	Ensure that the importance of good governance is stressed to all in the organisation, through policies, procedures and training	Code of Corporate Governance sets out the frameworks that are in place to support the overall arrangements. There are individual codes for the COPCC and Constabulary that are subject to audit	✓		
1.3	Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.	Major projects, programmes and policy initiatives were considered during the planning stage and incorporated into the plan as appropriate. The process for development of the audit plan ensures engagement with the business to identify risks and developments for inclusion within the audit programme.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
Principle 2: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control					
2.1	Set out the responsibilities of the HIA, which should not include the management of operational areas.	Responsibilities of the HIA are set out in the Role Profile and do not include any operational responsibilities. This is further supported by the shared service nature of the function with the County Council as provider	✓		
2.2	Ensure that internal audit is independent of external audit.	Internal audit is independent of external audit. IA plans will be shared with external audit, but will not be in any way directed by external audit.	✓		
2.3	Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the IA strategy for these and associated plans and reports and ensure the work is independently managed.	n/a			
2.4	Establish clear lines of responsibility for those with an interest in governance (e.g. Chief Executive, Chief Legal Officer, Chief Financial Officer, and Audit Committee, non-executive directors /elected representatives). This	Clear lines of responsibility are set out in job roles, the scheme of delegation and key supporting governance documents e.g. financial regulations, procurement regulations, grant regulations. The Joint Audit and	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies	Standards Committee has a clear terms of reference consistent with the CIPFA guidance.			
2.5	Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns	Reporting lines are defined within the Internal Audit Charter which has been reviewed by the Joint Audit and Standards Committee and agreed by the Public Accountability Conference.	✓		
2.6	Agree the terms of reference for internal audit with the HIA and the Audit Committee as well as with the Leadership Team	The Internal audit charter sets out internal audit's terms of reference. The charter has been approved by the Public Accountability Conference following review by the Joint Audit and Standards Committee.	✓		
2.7	Set out the basis on which the HIA can give assurances to other organisations and the basis on which the HIA can place reliance on assurances from others.	The basis of assurances provided to other organisations is set out within the Shared Services agreement. Various sources of assurance have been taken into consideration in preparing audit plans to ensure optimum audit coverage.	✓		
2.8	Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g.	Key governance documents include the Code of Corporate Governance, scheme of delegation, arrangements for anti-fraud and corruption, financial regulations and procurement	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	risk management, corporate planning, anti-fraud and corruption and whistleblowing.	regulations. Risk management arrangements are in place and the corporate risk register for each organisation is reported to the Joint Audit and Standards Committee and Public Accountability Conference.			
2.9	Ensure that the annual internal audit opinion and report are issued in the name of the HIA.	Annual report of the Head of Internal Audit contains the internal audit opinion. This report is presented to the Joint Audit and Standards Committee by the Head of Internal Audit for review prior to approval by the Public Accountability Conference.	✓		
2.10	Include awareness of governance in the competencies required by members of the Leadership Team.	Role profiles for the Chief Executive, CFO and deputy monitoring officer are based on the relevant professional standards and include governance responsibilities. Constabulary Chief Officers are trained on governance matters as part of their professional qualification.	✓		
2.11	Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it. The HIA should not be responsible for preparing the report	The framework of assurance that supports the annual governance statement is documented within the Statement itself and the accompanying Code of Corporate Governance.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
		Both documents set out the role of audit. The documents are prepared by the Chief Finance Officer of both entities.			
2.12	Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.	IA is no longer required to produce a strategy. This was a requirement of the CIPFA Code of Practice for IA (2006) which has been replaced by the Public Sector Internal Audit Standards (PSIAS) which now require the annual internal audit plan to contain a high level statement of how the service is to be delivered. This was included within the Internal Audit annual plan for 2017/18.	✓		
Principle 3: The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.					
3.1	Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement.	The Audit Manager is the designated HIA for the OPCC.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
3.2	Ensure that where the HIA is an employee that they are sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.	N/A			
3.3	Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier.	The arrangements for management of the shared service are set out within shared service agreement and operate through a shared service board attended by the Joint Chief Finance Officer. The HIA reports into the board.	✓		
3.4	Establish an Audit Committee in line with guidance and good practice.	There is a joint Audit and Standards Committee which is the recommended approach in the Financial Management Code of Practice for the Police Forces of England and Wales. The Committee has undertaken an annual self-assessment against the CIPFA practical guidance checklist and has assessed itself as performing appropriately.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
3.5	Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA.	The relationship is set out in the Internal Audit Charter.	✓		
3.6	Ensure that the organisation's governance arrangements allow the HIA: <ul style="list-style-type: none"> ▪ to bring influence to bear on material decisions reflecting governance; ▪ direct access to the Chief Executive, other Leadership Team members, the Audit Committee and ▪ external audit; and ▪ to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate. 	There are appropriate arrangements in place to allow the HIA to perform these functions appropriately and these are set out in the Internal Audit Charter.	✓		
3.7	Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.	This is defined within the Internal Audit Charter	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
3.8	Set out the HIA's responsibilities relating to partners including joint ventures and outsourced and shared services.	The HIA responsibilities are defined within the approved audit charter.	✓		
Principle 4: The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.					
4.1	Provide the HIA with the resources, expertise and systems necessary to perform their role effectively.	Internal audit is considered to be adequately resourced to deliver the level of service currently required.	✓		
4.2	Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate.	A range of performance measures have been reported quarterly to The Joint Audit & Standards Committee.	✓		
4.3	Ensure that there is a regular external review of internal audit quality	The PSIA's introduced a requirement for formal external quality assessment (EQA) of internal audit on a regular basis (but at least every 5 years). The first EQA assessment was carried out in November 2017.	✓		
4.4	Ensure that where the HIA is from another organisation that they do not also provide the external audit service	The Shared Internal Audit Service does not provide the external audit service.	✓		

Principle 5: The HIA in a public service organisation must be professionally qualified and suitably experienced

5.1	Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation.	HIA is ACCA qualified. HIA responsibilities are defined within the role profile for the post. The Internal Audit Charter supports the organisational understanding of the HIA role.	✓		
5.2	Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role.	HIA has 20 years' internal audit experience within Local Government and undertakes CPD to keep her skills up to date.	✓		



Cumbria Shared Internal Audit Service Internal Audit Report for Cumbria Constabulary



Audit of Resourcing – Duty Management

Draft Report Issued: **29th March 2018**

Final Report Issued: **26th April 2018**

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	01228 226261
Lead Auditor(s)	Gemma Benson	gemma.benson@cumbria.gov.uk	01228 226252

Audit Report Distribution

For Action:	Superintendent Sarah Jackson, Head of People.
For Information:	Stephen Kirkpatrick, Director Corporate Support.
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 24 th May, will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1. Background

- 1.1. This report summarises the findings from the audit of **Resourcing – Duty Management**. This was a planned audit assignment which was undertaken in accordance with the 2017/18 Audit Plan.
- 1.2. Resource management is important to the Constabulary as it provides the officers to deal with policing issues on a day to day basis and therefore directly contributes to the achievement of the Constabulary's policing priorities.
- 1.3. To allow a more joined up and whole system approach, resource coordination is now part of the People Department along with HR, professional standards and occupational health, safety and wellbeing. The implementation of a new governance structure from April 2018 should further reinforce this approach to resource management.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Director of Corporate Support. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:
 - Monitoring and reporting on delivery across the force and outcomes.
- 2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.
- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within Resourcing – Duty Management provide **Reasonable** assurance.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4. Summary of Recommendations, Audit Findings and Report Distribution

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There are **three** audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1.)	-	1	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	-	-
3. Information - reliability and integrity of financial and operational information (see section 5.2)	-	2	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	-	3	-

- 4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:
- Changes in resource management related policies and procedures are consulted on both across departments and with the Federation and Unison before their approval and communication to staff.
 - Regular resource management team meetings take place.
- 4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:
- 4.4.1. *High priority issues:*
- No high priority issues were identified.
- 4.4.2. *Medium priority issues:*
- The terms of reference setting out the role and responsibilities of the Strategic Workforce Planning Group are not up to date.
 - Information to be reported and recorded in respect of resources at daily operational review meetings (DORM) has not been clearly defined and inconsistencies were identified.
 - The resource management system doesn't allow and facilitate the extraction of all information that may assist the resource management process.
- 4.4.3. *Advisory issues:*
- No advisory issues were identified.

Comment from the Director of Corporate Support

I am satisfied that this review of 'Resourcing – Duty Management' has provided Reasonable assurance which I believe to be a fair reflection of the service provided. This is an operationally critical area of business which ensures that, on a daily basis, the Constabulary has the appropriate staff, with the necessary skills, available across all relevant areas of operational business in order to achieve the Constabulary's policing priorities.

The audit recognised several areas of good practice regarding consultation and engagement with staff associations over changes to policies

and procedures when required. The report also recognises that the team is managed and run effectively, including regular team meetings being held.

Whilst being pleased that no high priority issues were identified, I note and fully accept the medium priority actions resulting in three recommendations which are being addressed.

The first recommendation, regarding clarity over roles and responsibilities has been addressed with the development of new governance arrangements for workforce planning which has resulted in the introduction of a weekly and monthly Gold, Silver, Bronze structure to ensure that the full range of strategic and tactical resourcing matters are considered and addressed. I am satisfied that this recommendation can be considered closed.

The second recommendation, regarding clarity over the level and consistency of resource management related information considered at the Force Daily Operational Review Meeting (DORM), will be addressed by the end of July.

The final recommendation, regarding improving the level of resource management information through the systems upgrade project, will be addressed as part of the ongoing Business Futures project over the next 12-18 months. The Business Futures project will also be introducing improvements to functionality across a wide range of resource related activities (Shift Management, Annual Leave, Sickness Management, Time off in Lieu etc) over the coming months which are all being designed to improve the service offered to officers and staff across the organisation.

I am confident that the responses to the identified recommendations, together with the current Business Futures project, will add value to the service moving forward.

5. Matters Arising / Agreed Action Plan

5.1. **Management** - achievement of the organisation’s strategic objectives.

● **Medium priority**

Audit finding	Management response
<p>(a) Resource Management Responsibilities</p> <p>We were informed that the Strategic Workforce Planning Group sets the strategic direction of resource management and has oversight of the arrangements in place to manage resources. A governance paper from 2016 was provided to support the role of this group but only includes brief information that does not clearly reflect its current role, which we were informed had evolved since this paper was prepared. No new documentation has been prepared that clearly sets out its role and responsibilities.</p> <p>We were informed that from April 2018 there will be a new gold, silver and bronze governance structure in place for the People Department. It should be ensured that group roles, responsibilities and permissions going forward are clearly defined and maintained up to date.</p>	<p>Agreed management action:</p> <p>As of the 1st April 2018 the Bronze, Silver and Gold governance structure is in place. Each meeting has a clear agenda and action / decision logs are maintained. Guidance has been prepared for the Chair of each meeting and maintaining these up to date will form part of business as usual.</p>
<p>Recommendation 1:</p> <p>Management should ensure that arrangements are in place to clearly document and maintain the role, responsibilities and permissions of groups with a key resource management remit.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Lack of clarity on responsibilities in relation to resource management; • Resource management decisions taken by inappropriate groups. 	<p>Responsible manager for implementing: CI Resource Coordination</p> <p>Date to be implemented: Complete</p>

5.2. Information - reliability and integrity of financial and operational information.

● **Medium priority**

Audit finding	Management response
<p>(a) Resourcing Information at DORM</p> <p>Resourcing is a standing item at daily operational review meetings (DORM), where verbal updates are provided on staffing numbers and breaches in staffing levels. Whilst it was stated that short term breaches may not be reported, particularly if they relate to only one below the required staffing level, there is nothing to show that this has been defined by management. Some examples of inconsistent practice were noted whereby identified breaches were documented in DORM notes as reported, yet others with the same or greater level of breach were not.</p>	<p>Agreed management action:</p> <p>The resource management information to be reported at DORM will be defined, agreed, communicated and recorded.</p>
<p>Recommendation 2:</p> <p>Management should ensure there is clarity on the level of resource management related information to be reported and recorded at the Daily Operational Review Meeting.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Inconsistencies in resource management information reported continue; • Management do not receive all the resource management information they expect to; • No evidence that senior management have been made aware of breaches in staffing levels. 	<p>Responsible manager for implementing:</p> <p>CI Resource Coordination</p> <p>Date to be implemented:</p> <p>07/2018</p>

● **Medium priority**

Audit finding	Management response
<p>(b) Management Information</p> <p>Management information has been highlighted as an improvement area in the upcoming upgrade of the resource management system. Information is available from the system and the system produces warnings when police regulations / working time directive will be breached. However, we were informed that it is not currently possible / or easy to obtain information at a granular level and on areas such as how many times the working time directive has been breached, the number of rest days that have been cancelled in a certain period or the number of short notice shift changes.</p>	<p>Agreed management action:</p> <p>There is an ongoing project to upgrade various systems including the duties management system and this aspect will be picked up by the 'Business Futures' project and included in the project plan.</p>

<p>This limited availability / lack of easy access to certain information may impact on the ability to effectively manage resources, identify non-compliance with legislation and procedures or inconsistencies in practice, determine where improvements to the resource management process may be made and assess whether process changes are having the desired outcomes.</p> <p>High level management information relating to resourcing is provided monthly to Business Board and includes sickness and establishment levels, leaver and recruitment data, numbers of suspended staff and misconduct cases, and those on limited duties. It was stated that this report is work in progress whilst the Board determine the information they require and recent changes have included the addition of the balance and value of rest days, time off in lieu and annual leave owed and forecast overspend on pay and overtime, along with the direction of travel for certain items.</p> <p>We were informed that consultation will take place on reporting requirements as part of the system upgrade project, and it should be ensured that this consultation is thorough and covers the information requirements for day to day and longer term resource management, as well as the information that senior officers / managers would find useful and want to receive.</p>	
<p>Recommendation 3:</p> <p>It should be ensured that resource management information requirements of all groups are clearly considered and defined as part of the resource management system upgrade project.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Limited ability to effectively manage resources; • Limited ability to easily identify non-compliance with legislation / procedures or inconsistent practices; • Limited ability to identify improvement opportunities and assess the outcomes of improvement work; • Ineffective outcome of the system upgrade project in terms of reporting ability. 	<p>Responsible manager for implementing: CI Resource Coordination / Head of People</p> <p>Date to be implemented: 10/2019</p>

Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

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Cumbria Shared Internal Audit Service Internal Audit Report for Cumbria Constabulary



Audit of ICT Capacity

Draft Report Issued: **10th April 2018**

Final Report Issued: **26th April 2018**

Audit Resources

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Audit Report Distribution

For Action:	Ian Hogarth (Head of ICT)
For Information:	Stephen Kirkpatrick (Director of Corporate Support)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 24th May 2018, will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Cumbria Shared Internal Audit Service



1. Background

- 1.1. This report summarises the findings from the audit of ICT Capacity. This was a planned audit assignment which was undertaken in accordance with the 2017/18 Audit Plan.
- 1.2. ICT capacity is important to the organisation because ICT resources and capability need to meet current and future business requirements efficiently. ICT capacity impacts upon the organisation's ability to modernise and support elements in the Police and Crime Plan through investment in technology to make efficiency savings, ensuring sustainability, improving visibility and maximising the efficiency and effectiveness of front line policing.
- 1.3. There has been a long standing corporate risk within the Constabulary's strategic risk register around a 'failure to deliver the Change programme and Corporate Support Business Plan **caused by insufficient capacity across the organisation, in particular the reliance on IT to deliver systems which improve officer productivity and reduce manual intervention in processes** resulting in a requirement to find further significant savings from the front line (reduce officer and staff numbers) and the significant detrimental impact this has on policing services over the longer term, damage to reputation and loss of public confidence. The risk description was amended in the strategic risk register in June 2017 to remove any reference to ICT capacity due to actions taken to mitigate this element of the risk. The revised risk register was approved by Chief Officer Group, in accordance with the organisation's Risk Management Policy.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.2. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.3. Audit Scope and Limitations

- 2.3.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Director of Corporate Support. The agreed scope of the audit was to provide assurance over management's arrangements for ensuring effective governance, risk management and internal control in the following area:
 - Mitigating actions recorded in the strategic risk register.

2.3.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

3.2. From the areas examined and tested as part of this audit review, we consider the current controls to address the ICT capacity risk provide **substantial** assurance.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There are no audit recommendations arising from this review.

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Roles and responsibilities for ICT risk management are clearly defined and communicated.
- The ICT team fully and regularly consult with senior managers on strategic plans and programmes and future ICT requirements to support change and manage capacity.
- Senior management have agreed a prioritisation process for ICT projects and Force Strategic Delivery Board ensures the process is complied with.
- Arrangements are in place for ICT risks to be assessed, monitored and managed on a regular basis.

- Provision is made for regular senior management oversight and challenge of ICT strategic risks through progress reports to Chief Officer Group.
- Adequate assurances were provided to Chief Officer Group on mitigating actions to address the ICT capacity element of the strategic risk to support revisions to the risk description.
- There is regular reporting and independent scrutiny of the strategic risk register by the Joint Audit and Standards Committee.

Comment from the Director of Corporate Support :

I am very pleased that this review of ICT Capacity has provided Substantial assurance and that there are no areas for action identified. ICT capacity to support and enable strategic organisational change has been logged as an area of concern on the Constabulary Strategic Risk Register for a significant period of time. Throughout this time, the ICT department have continued to successfully balance priorities and challenges to effectively support evolving organisational needs.

The audit has confirmed that the Constabulary has an excellent approach to managing risks and demand with regards to ICT enabled change. I am particularly pleased that this audit has highlighted that ICT Programme and Project management governance takes a robust and thorough approach to risk management and that there are strong working relationships between ICT and the full range of key organisational stakeholders in terms of managing ICT demands and priorities, including challenge where necessary.

These findings are extremely positive in recognising the excellent work undertaken regarding managing ICT demand which is a credit to all involved.

Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

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Cumbria Shared Internal Audit Service Internal Audit Report for Cumbria Constabulary



Audit of Vulnerability (Hate Crime)

Draft Report Issued: **27th February 2018**

Final Report Issued: **1st May 2018**

Audit Resources

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Audit Report Distribution

For Action:	Vicki Ellis, Detective Superintendent – PPU and Operations; Dean Holden, Chief Superintendent – Crime Command.
For Information:	Andy Slattery, T/Assistant Chief Constable
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 24 th May 2018, will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1. Background

- 1.1. This report summarises the findings from the audit of **Vulnerability (Hate Crime)**. This was a planned audit assignment which was undertaken in accordance with the 2017/18 Audit Plan.
- 1.2. Hate crimes are criminal offences that are perceived to be motivated by hostility or prejudice based on one of five categories: disability, race, religion, sexual orientation and transgender.
- 1.3. Hate crime is important to the constabulary as it directly links with one of its big 6 priorities 'protecting vulnerable people and communities'. Similarly, an objective of the Police and Crime Plan 2016-2020 is to 'tackle crime and anti-social behaviour' and it references addressing hate crime and making it clear it will not be tolerated.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Chief Superintendent of Crime Command. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control over hate crime in the following areas:
 - Policies and procedures
 - Staff training and awareness raising
 - Management information and reporting.
- 2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.
- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within hate crime provide **Reasonable** assurance.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4. Summary of Recommendations, Audit Findings and Report Distribution

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There are **three** audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1.)	-	1	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)	-	2	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	-	3	-

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- An approved hate crime policy and procedure are in place and available to all staff.
- An awareness raising campaign, within the Constabulary, on hate crime has recently been undertaken including a seven minute briefing and the launch of a hate crime page on the intranet.

4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1. *High priority issues:*

- No high priority issues were identified.

4.4.2. *Medium priority issues:*

- There is a lack of clarity around how the Constabulary's hate crime aim will be measured, monitored and reported on.
- The definition of hate crime and hate incident in the hate crime policy is inconsistent with the National College of Policing definition which is used in the hate crime procedure. An old version of the hate crime policy is available on the Constabulary website.
- Hate crime policy and procedure are not being complied with in all cases.

4.4.3. *Advisory issues:*

- No advisory issues were identified.

Comment from the T/Assistant Chief Constable

I acknowledge the findings of the audit and note the recommendations. I am content that progress on the strategic aims are quantified through survey data and monitored through the Vulnerability Meeting and Cumbria Constabulary Improvement Plan. Updated policy and procedure have been circulated in line with College of Policing APP by the Head of Public Protection and compliance is being audited by the Business Improvement Unit. I am, therefore, aware of the actions the Constabulary has signed up and have arrangements in place to monitor their implementation. I am satisfied that the actions identified by your managers address the issues and risks identified within the audit to an acceptable level. I am content that the report can now be finalised and reported in summary to the next meeting of the Joint Audit & Standards Committee via the internal audit quarterly progress report.

Andrew Slattery

Temporary Assistant Chief Constable

30/4/18

5. Matters Arising / Agreed Action Plan

5.1. **Management** - achievement of the organisation's strategic objectives.

● **Medium priority**

Audit finding	Management response
<p>(a) Hate Crime Aim</p> <p>The hate crime policy and procedures include the Constabulary's aim in relation to hate crime as 'reducing the harm hate crime causes, increasing the confidence of victims, and working with partners to identify and prosecute those who commit such crimes'. They also include a list of items that the policy supports which will help the constabulary to achieve its aim including: reducing the under-reporting of hate crime, reducing the overall incidence of hate crime, reducing the impact of hate crime through high quality victim support, bringing offenders to justice, and promoting community cohesion.</p> <p>Despite having a clear aim and linked items that will help achieve the aim there is a lack of clarity around how achievement of the aim will be measured, monitored and progress in achieving it reported.</p> <p>Whilst it was seen that the number of hate crimes / incidents is regularly monitored and reported on, this does not provide enough information to allow progress with achieving all aspects of the hate crime aim to be determined.</p>	<p>Agreed management action:</p> <p>We will survey victims of hate crime so that we can assess whether we are increasing confidence levels as per the aim.</p>
<p>Recommendation 1:</p> <p>Management should ensure there is clarity around how the achievement of the hate crime aim will be measured, monitored and reported.</p>	<p>Responsible manager for implementing: Detective Superintendent – PPU and Operations</p> <p>Date to be implemented: 04/2019</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Constabulary aims are not achieved; • Management are unaware of progress in achieving aims. 	

5.2. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
<p>(a) Hate Crime Definition</p> <p>The definitions of hate crime and hate incident in the hate crime policy are different to the ones in the hate crime procedure, which uses the National College of Policing agreed definitions.</p> <p>It was also noted that the previous hate crime policy dated January 2012, is still available on the external constabulary website and that this does not use the National College of Policing agreed definitions of hate crime and hate incident. There are also noticeable differences between this version of the policy and the latest version.</p> <p>Recommendation 2:</p> <ul style="list-style-type: none"> a) Management should ensure that all hate crime guidance uses consistent definitions. b) Where policy documents are made available to the public through the Constabulary's website, arrangements should be put in place to ensure only the most recent version is published. 	<p>Agreed management action:</p> <ul style="list-style-type: none"> a) We will ensure that the agreed College of Policing definitions are used in all hate crime guidance. b) We will remove the old policy from the website and ensure easy access to the new one.
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> ● Lack of clarity on the definition of a hate crime / incident; ● Public access out of date information. 	<p>Responsible manager for implementing: Detective Superintendent – PPU and Operations</p> <p>Date to be implemented: 06/2018</p>

● **Medium priority**

Audit finding	Management response
<p>(b) Compliance with Hate Crime Policy and Procedure</p> <p>The hate crime policy and procedures require that Hate Crime Managers (a Detective Sergeant in each area) are tasked to review each hate crime investigation within seven days of the case being recorded. Sample testing showed that one of the ten cases sampled had no evidence of a review by a Hate Crime Manager on CaseMan and that two others were tasked and reviewed but outside</p>	<p>Agreed management action:</p> <p>The Business Improvement Unit checks will identify non-compliance with hate crime policy and procedures and provide a baseline for this. Results will be scrutinised at Vulnerability meetings and</p>

<p>of the seven day timescale.</p> <p>Similarly, a Detective Chief Inspector in each area should be tasked to review all hate crimes where 'no further action' is to be undertaken. Sample testing showed that this review was not evidenced on CaseMan in eighty percent of the relevant cases.</p> <p>The policy and procedures also require that Inspectors make contact with victims of hate crime within 72 hours. Sample testing found that only two of the ten cases sampled recorded Inspector contact on CaseMan, and in one of these the contact was not recorded by the Inspector themselves. One case provided a reason for the victim not being contacted and two cases did not have an identified victim, though it is unclear in these cases whether the Inspector should contact the reporter of the crime instead.</p> <p>The Business Improvement Unit has recently started to test hate crimes and incidents for compliance against the hate crime procedure (for hate crimes recorded since January 2018), as part of the Quality Counts initiative. Whilst this will provide management with assurance on whether the procedure is being complied with, BIU testing should not be relied upon as the main control in ensuring compliance with the policy.</p>	<p>reasons for non-compliance identified so that appropriate action can be taken to address it.</p>
<p>Recommendation 3:</p> <p>Arrangements should be put in place to provide assurance to management that hate crime policy and procedures are being complied with, that all staff are aware of processes and their responsibilities in relation to hate crime and that there is sufficient evidence to demonstrate that these are being undertaken.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Non-compliance with Constabulary policy and procedure; • Constabulary aims are not achieved; • No evidence to support compliance with policy and procedure; • Improvements are not made to the hate crime process as lessons are not learned from previous cases. 	<p>Responsible manager for implementing: Detective Superintendent – PPU and Operations</p> <p>Date to be implemented: 10/2018</p>

Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Cumbria Shared Internal Audit Service Internal Audit Report for Cumbria Constabulary



Audit Follow up of Procurement

Draft Report Issued: **23rd April 2018**

Final Report Issued: **3rd May 2018**

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Audit Report Distribution

For Action:	Chris Guest (Interim Head of Procurement)
For Information:	Stephen Kirkpatrick (Director of Corporate Support) Roger Marshall (Joint Chief Finance Officer)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 24 th May 2018, will receive the report.

Cumbria Shared Internal Audit Service



Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker

1. Background

1.1. An audit of Procurement was previously carried out in 2016/17. Based on the evidence provided at that time, the audit concluded that the controls in operation provided **partial** assurance. Improvements were agreed in the following areas:-

- Arrangements to update relevant constabulary staff on the new Procurement Strategy and updated Procurement Regulations.
- The assessment and management of the risks of over dependence on the Head of Procurement in ongoing operational procurement activity.
- Development of the procurement risk register to ensure it complies with the constabulary's Risk Management Policy and associated guidance.
- Arrangements to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.
- Clarity around authorities, roles and responsibilities for undertaking procurement activity and monitoring compliance.
- Arrangements for the supervisory review of work within the procurement team and the evidencing of this..
- Routinely obtaining professional indemnity insurance certificates from consultants, in line with the Joint Procurement Regulations.
- Guidance provided via the Joint Procurement Regulations on the level of professional indemnity insurance required.
- Arrangements for keeping the Procurement Team fully informed of future procurement activity for effective forward planning.
- A mechanism to clearly highlight the amount and source of budget approval to those tasked with approving contracts.
- Defining and communicating arrangements for storing and retaining procurement documentation.
- The undertaking of post completion reviews to identify good practice and areas for improvement in procurement activity.
- The identification, assessment and management of procurement fraud risks.

1.1.1. Internal Audit has recently undertaken a formal follow up audit to provide updated assurance to senior management and the Joint Audit and Standards Committee that the previously agreed actions to address each high and medium priority recommendation have been fully implemented and all controls are working effectively to mitigate the risks previously identified.

2. Audit Approach

2.1. Follow up Methodology

2.1.1. The Internal Audit follow up process involved obtaining details of management updates to Joint Audit and Standards Committee and then undertaking testing as necessary to confirm that the reported actions have been fully implemented and that controls are working as intended to mitigate risk.

2.1.2. It is the responsibility of management to continue to monitor the effectiveness of internal controls to ensure they continue to operate effectively.

3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.
- 3.2. Where the outcomes of the follow up confirm that actions have been successfully implemented and controls are working effectively, the internal audit assurance opinion may be revised from that provided by the original audit.
- 2.1 From the areas examined and tested as part of this follow up review we consider the current controls operating within Procurement provide **partial** assurance. This remains the same as the original opinion of partial assurance. The audit opinion assumes that controls assessed as adequate and effective in the original report have not changed and these have not been revisited as part of the follow up.

4. Summary of Recommendations and Audit Findings

- 4.1. There are three levels of audit recommendation. The definition for each level is explained in **Appendix B**.
- 4.2. The previous audit raised **3** high and 10 medium priority audit recommendations for action. Whilst there have been some developments made, there are still a number of areas which require further action to enable a greater level of assurance to be reached; in summary:
- **8** recommendations have been successfully implemented (summarised at Section 4.3);
 - **2** recommendations have been partially completed and further action is needed to adequately address the risks exposed;
 - **3** recommendations have not been actioned of which none are considered high priority.

We did not follow up advisory recommendations (R7, R13 and R16)

4.3. Recommendations fully implemented:

- **Communication (High priority R1)**

The original agreed action was to develop a communications strategy to brief key staff on the new Procurement Strategy and revised Procurement Regulations. Tests confirm that briefings were delivered to Business Board and Corporate Support SMT in 2016 and the Director of Corporate support confirmed there was a force wide communication via Forcenet News around the same time.

The Joint Procurement Regulations are currently undergoing a major revision. We were informed that there are plans to communicate the changes across the organisation and embed them through short learning sessions from April 2018.

- **Risk Management (Medium priority R2)**

The original agreed action was to adopt the corporate approach to risk identification and assessment including risk scoring, use of the constabulary risk register template, aligning procurement risks to strategic objectives and obtaining guidance and quality assurance from the Corporate Improvement risk management team as part of the Constabulary's quarterly risk management process. Tests confirm that the agreed actions have been fully implemented.

- **Procurement Fraud Risk (High priority R4)**

The original agreed action was to undertake an exercise to identify, assess and manage procurement fraud risk accordingly. Tests confirm that various types of procurement fraud risks have been identified (bribery, collusion, bid rigging, price fixing, false invoices and conflicts of interest), assessed and captured in an operational risk register for ongoing review.

- **Procurement Regulations (Medium priority R6)**

The original agreed action was that roles and responsibilities would be reviewed and strengthened within the Joint Procurement Regulations and Scheme of Delegation with a refresh of budget holder responsibilities on an annual basis. Tests confirm greater clarity around procurement authorities, roles and responsibilities in respect of daily activity and compliance monitoring.

- **Professional Indemnity Insurance (Medium priority – 2 recommendations R9, R10)**

The original agreed actions were that the Joint Procurement Regulations would be reviewed to consider whether minimum levels of insurances required should be included and the need to obtain copies of insurance certificates would be reiterated with the team and included in the procurement cycle checklist. Tests confirm that the Joint Procurement Regulations have been updated to include guidance on minimum levels of insurance. Adequate controls are now in place to ensure contractors have the required level of insurance cover, in accordance with the Joint Procurement Regulations.

- **Planning Procurement Activity (Medium priority R11)**

The original agreed action was that the Head of Procurement and the Procurement Business Partners would continue to have regular engagement meetings with the relevant Heads of Service and OPCC with regards to current and pipeline procurement activities. Tests confirm that the procurement team maintains ongoing oversight of current and planned procurement activity through their ongoing dialogue with, and involvement in, project boards and strategic groups across the constabulary. Examples provided included the Digital Policing Board, Strategic Vehicle Group and the Emergency Services Mobile Communications Programme.

- **Approval for Procurement Activity (Medium priority R12)**

The original agreed action was that the contract signature request form would be amended to capture further information regarding the amount or source of budget approval. The additional requirements would be made to better inform the certification process for procurements over £20k and ensure that contracts are only awarded where sufficient budgetary provision has been properly agreed in advance. Tests confirm that the contract signature request form has been updated as agreed and the draft is currently awaiting formal approval.

4.4. Areas for further development:

From the evidence provided as part of this follow up there are **5** audit recommendations which require further action as follows:

4.4.1. High priority issues:

- Limited progress has been made to address the risks of over dependence on the Head of Procurement in ongoing operational procurement activity.
- Arrangements for the supervisory review of work within the procurement team and the evidencing of this are not in place.

4.4.2. Medium priority issues:

- Arrangements are not in place to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.
- Post completion reviews are not undertaken to identify good practice and areas for improvement in procurement activity.

4.4.3. *Advisory issues:*

- Arrangements for storing and retaining procurement documentation have not been defined within the Joint Procurement Regulations and communicated.

Comment from the Director of Corporate Support:

The Procurement function providing services to both the Constabulary and the OPCC has been facing a number of challenges, specifically including staffing and professional expertise levels, for a sustained period of time as identified in the 2016 audit review which gave a partial assurance level.

I accept the follow up assurance opinion remaining as partial as a fair reflection of the current situation.

The Chief Officer Group have considered and approved a range of proposals to help address the current situation including (current position in *italics*):

- The immediate advertisement of the Head of Procurement to include 20% market force supplement, which will be reviewed annually in line with policy. *Advertised with appointment made, subject to medicals and vetting.*
- Reclassification and advertisement of a professionally qualified Senior Business Partner in place of the current Business Partner vacancy. *In the process of being advertised.*
- Reclassification of the currently vacant ICT Procurement Officer as an ICT Contracts & Administrator within the ICT department. *Complete.*
- Extension of the current Interim Head of Procurement for a further 3 months. *Complete.*
- The development of a 6-12 month forward plan of procurement activities. *Tools and disciplines now in place with the Procurement Pipeline and Work Plan together with the Home Office Savings Tracker.*
- To review the current Joint Procurement Regulations is currently underway with any amendments to be submitted to JASC. *In progress.*

The following comments provide specific updates to the five audit actions requiring further action detailed within the follow up:

HIGH PRIORITY:

- **Limited progress has been made to address the risks of over dependence on the Head of Procurement in ongoing operational procurement activity.**

The Constabulary have now successfully appointed a Chartered Institute of Procurement & Supply (CIPS) Fellow as the new Head of Procurement with start date to be agreed.

Additionally, the agreement and advertisement of a Senior Business Partner will introduce a second qualified CIPS professional at a senior level within the department which will reduce the over reliance on the Head of Procurement.

Further development of the Joint Procurement Regulations together with the continued training and development for Procurement Business Partners will assist in this area.

- **Arrangements for the supervisory review of work within the procurement team and the evidencing of this are not in place.**

The Interim Head of Procurement has introduced tighter oversight of workloads and forward plans which will be progressed further, and more formally, when the new permanent Head of Procurement assumes post.

All Tenders are overseen by the Head of Procurement but there is a current lack of peer review, particularly in Framework Call-off and higher value quote transactions. The same applies in a lack of peer review in contract management or Blue-Light portal approaches.

This current lack of peer review will be addressed as part of the remit of new Head of Procurement and Senior Business Partner and will be cascaded through normal 15 week reviews.

MEDIUM PRIORITY

- **Arrangements are not in place to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.**

All procurement and stores / supplies staff have completed training delivered by our Professional Standards Department.

Recent written instructions regarding confirmations of processes and best practice have been issued to Procurement Business Partners and all Processors from the Interim Head of Procurement instructing future attachments of all quotes and related offer

correspondence to the Oracle Purchase order file (anti-fraud measures). The same instruction confirmed highlights of the Joint Procurement Regulations recommended Procurement Thresholds and Procurement Process Map prepared for JASC ratification.

- **Post completion reviews are not undertaken to identify good practice and areas for improvement in procurement activity.**

All high value tenders have been subject to post completion reviews from January 2018 but the process can only take place on the completion of the specific procurement activity related to the tendering (Award) of the contracts. Two such de-briefs are diarised for the review (lessons learned) activity; Eden Deployment Centre (02/05/2018) and Body Worn Video.

- **Arrangements for storing and retaining procurement documentation have not been defined within the Joint Procurement Regulations and communicated.**

Procurement contracts with a Value of over £50,000 are retained by the Legal Department. Framework and Service Level Agreements are stored in the Contracts Directory of the Procurement shared team drive.

Additionally, the recent detailed procurement testing raised a number of concerns which are being addressed by the Procurement function.

It is fair to observe that there are many aspects of positive procurement activities across both organisations, however it must be accepted that the function continues to face a great many challenges.

I am confident that the Constabulary has recognised the issues faced and are actively progressing activities to address over the coming weeks and months but note that it will continue to be a challenging journey.

Stephen Kirkpatrick

Director of Corporate Support

02 May 2018

5. Matters Arising / Agreed Action Plan

5.1. **Management** - achievement of the organisation's strategic objectives.

Audit Finding

(a) Risk Management (R3)

Significant reliance is placed on the Head of Procurement in operational procurement activity on an ongoing basis. This reduces his ability to meet the requirements of the post and provide strategic direction to, and oversight of, the procurement function.

● **High priority**

Outcome from follow up:

Since the original audit review in 2016 the risks of over dependence on the Head of Procurement in operational procurement activity have been identified, assessed and captured in the operational procurement risk register for ongoing review and management. The underlying cause of the identified risk relates to the limited expertise and professional qualifications within the procurement team that place additional demands on the Head of Procurement. The team is not considered by management to have the appropriate skill set to meet the increasing demand for complex, high value procurements. Evidence was not provided of any specific training and learning over the last two years to increase the knowledge and skills base of those involved in procurement activities and to mitigate the risks identified.

In February 2018 Chief Officer Group gave approval for the reclassification and advertisement of a professionally qualified Senior Business Partner into the vacant Business Partner position. The post holder will be expected to provide key support to the Head of Procurement and cover when necessary. The position hasn't been advertised yet but the approval demonstrates a clear commitment to address identified risks.

Some recent progress has been made towards mitigating the risks of over dependence on the Head of Procurement but without evidence of action taken over the last two years or successful appointment of a Senior Business Partner management cannot be assured that the risks in this area are being effectively managed.

Recommendation:

Mitigating actions to address the risks of over dependence on the Head of Procurement in operational procurement activity should be agreed and implemented without delay.

● **High priority**

Audit Finding

(b) Fraud Risk (R5)

Action has not been taken to raise awareness of potential fraudulent practices with procurement staff as an important component of proactive fraud prevention and detection. It is vital that procurement staff understand how fraud might occur in the procurement lifecycle and what needs to be in place to mitigate the risks identified. This requires an appreciation amongst staff about what is expected of them in terms of standards of professional behaviour and integrity as part of their role in procurement activity.

- **Medium priority**

Outcome from follow up:

Reference is made in the procurement risk register to a part-day training course on fraud, delivered across a number of departments in 2016 by an external provider. It is unclear which members of the procurement team completed the course as records have not been retained.

Some evidence has been provided of recent activity to raise awareness of ethical issues across the constabulary. It is understood that the Professional Standards Department delivered the training and it provided general coverage of ethical issues, there is no indication that it included procurement fraud.

Without clear record keeping management cannot demonstrate and be assured that all procurement staff understand:

- How procurement fraud might occur.
- Controls that should be in place to mitigate the risk of procurement fraud.
- Expectations regarding their professional behaviour.
- Requirements of their roles.

Recommendation:

Arrangements should be in place to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.

- **Medium priority**

5.2 Regulatory - compliance with laws, regulations, policies, procedures and contracts.

Audit Finding

(a) Supervision (R8)

Arrangements for supervisory review of work within the procurement team and evidencing this are not in place. Procedures do not detail the checks that should be undertaken at key stages, responsibility for undertaking checks, how they should be documented and mechanisms for providing feedback on the outcome of the checks. Supervisory confirmation that tasks are being appropriately undertaken might include the following:-

- Joint agreement and sign off of evaluation criteria (department and procurement team).
- Scoring took place against published criteria.
- Award decisions are fully justified.
- The required number / suitability of personnel are involved in procurement exercises.
- All outcome letters have been issued to bidders.
- All conflicts of interest forms have been returned promptly and reviewed.
- All contracts over £10K have been captured on the Blue Light database for reporting purposes.

Current arrangements do not give the Head of Procurement assurance that procurement activity is being undertaken consistently and effectively, in compliance with Joint Procurement Regulations and that actions are being taken to secure ongoing improvement. Supervision is particularly important given the team's current level of skills, knowledge and experience. It is a relatively new team pulled together from different parts of the organisation, not necessarily with a procurement background.

● **Medium priority**

Outcome from follow up:

Evidence was not provided of any supervisory arrangements put in place to provide the Head of Procurement with assurance that procurement activity is being undertaken consistently and effectively, in compliance with Joint Procurement Regulations. A recent internal audit review involving detailed procurement testing highlighted that procurement regulations are not being consistently applied by the team. There is currently limited capacity and expertise within the procurement team to undertake supervisory checking but the appointment of a Senior Business Partner during 2018 is expected to address this issue.

Recommendation:

Management should define, document and communicate requirements around supervisory checking at key stages of the procurement lifecycle. Responsibility for supervisory checking should be clearly allocated.

- **High priority**

5.3 Information - reliability and integrity of financial and operational information.

Audit Finding

(a) Procurement Records (R14)

The Joint Procurement Regulations state that the Head of Procurement is responsible for securely storing all contracts (including those under seal) and maintaining records of contract exemptions. In practice information is retained by both the Legal Team and the Procurement Team and arrangements have not been defined and communicated.

Without this clarity, management cannot be assured that procurement documentation is held in accordance with the Constabulary's Records Management Policy, Data Protection Legislation and Procurement Regulations. It also raises issues around record duplication, consistency and access to information.

- **Medium priority**

Outcome from follow up:

The original agreed action was that the arrangements for the storage and management of contract documentation would be reviewed jointly by the Head of Procurement and the Senior Legal Advisor with the Joint Procurement Regulations updated accordingly. Tests confirm that a meeting took place between the previous Head of Procurement and Legal Services in 2016 to agree storage arrangements. It is understood that an agreement was reached whereby the Legal Team would hold all records where the total value exceeds £50k. This arrangement is not reflected in the Joint Procurement Regulations. It was agreed at the time of the audit that this would be addressed as part of the current review of the Joint Procurement Regulations.

Recommendation:

Procurement record storage arrangements should be defined and communicated.

- **Advisory Issue- partially implemented**

5.4 Value - effectiveness and efficiency of operations and programmes

Audit Finding

(a) Lessons Learned (R15)

Post completion reviews are not undertaken to identify good practice and areas for improvement in procurement activity that can be taken forward to strengthen future procurement exercises and inform training plans for the procurement team.

- **Medium priority**

Outcome from follow up:

Some evidence was provided of ad hoc discussions around procurement exercises for improvement and learning purposes but a formal post completion review / lessons learned process has not been established for key procurement exercises and included as a stage of the procurement cycle within the Joint Procurement Regulations. It was agreed at the time of the audit that this would be addressed as part of the current review of the Joint Procurement Regulations.

Recommendation:

Post completion reviews should be undertaken in respect of key procurement exercises in order to identify any learning that can be taken forward as part of a commitment to continuous improvement.

- **Medium priority**

Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control.
Medium	●	Some risk exposure identified from a weakness in the system of internal control.
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control.



Cumbria Shared Internal Audit Service Internal Audit Report for Cumbria Constabulary



Audit of Cash Receipting

Draft Report Issued: **16th April 2018**

Final Report Issued: **4th May 2018**

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Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1. Background

- 1.1. This report summarises the findings from the audit of cash receipting. This was a planned audit assignment which was undertaken in accordance with the 2017/18 Audit Plan.
- 1.2. The Joint Chief Finance Officer has a statutory responsibility for ensuring that the financial affairs of the Police and Crime Commissioner and Chief Constable are properly administered and that the financial regulations, which set out the internal framework for financial administration and control within the organisation are adhered to.
- 1.3. The cash receipting function, which is carried out within the Central Services Department (CSD), has been identified as one of the main financial systems and the identified key controls are reviewed through the annual process of management assurance statements.
- 1.4. In the twelve week period examined as part of the audit testing, transactions totalling £190.3K were banked by CSD, of which £66.3K (almost 35%) was in cash.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Head of Central Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:
 - Policy and Procedures, including roles and responsibilities;
 - Security of monies held.

2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating for cash receipting provide **Reasonable** assurance.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There are **3** audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives	-	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.1.)	-	2	-
3. Information - reliability and integrity of financial and operational information	-	-	-

4. Security - safeguarding of assets (see section 5.2)	-	1	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	-	3	-

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- The log of seized monies held in the main safe provides a running total to ensure insurance limits are not exceeded and periodic inspections are undertaken to confirm that seized cash held agrees to the log.

4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1. *High priority issues:*

- None identified

4.4.2. *Medium priority issues:*

- The Procedures prepared for staff in Central Services Department do not define all aspects of the cash receipting and banking process.
- Arrangements for ensuring and evidencing that internal procedures comply with the insurance requirements for carrying cash are not in place.
- Management's arrangements for ensuring compliance with defined timely receipting procedures are not evident.

4.4.3. *Advisory issues:*

- None identified

Comment from the Director of Corporate Support

I am pleased that this audit of Cash Receipting functions and processes has provided Reasonable assurance and that there are no high priority areas for action identified.

I note the recognised strengths regarding the effective management of seized cash. We acknowledge and fully accept the three medium priority recommendations across the regulatory and security aspects.

The Central Services Department have effective controls in place but accept and will action the suggestions to enhance the procedures and to remind staff of their obligations within the timescales agreed.

5. Matters Arising / Agreed Action Plan

5.1. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
<p>(a) Procedures</p> <p>The Financial Regulations, supported by the Financial Rules, set out management’s requirements for cash receipting.</p> <p>For the more procedural aspects of cash receipting, guidance notes have been prepared for staff in CSD, to set out the steps to be followed. However, the procedures provided during the audit do not define all aspects of the cash receipting and banking process. Examples include:</p> <ul style="list-style-type: none"> • Checks required on any cheques received (e.g. to ensure all required information is recorded and there is sufficient information to identify the reason for payment) • Procedure should a discrepancy be identified. • Where the weekly canteen spreadsheet (which is emailed to CSD) should be saved or the file name format that should be used (our testing identified that they were not in the same format each time). • New insurance requirements when carrying cash (<i>number of people etc. required to take the banking depending on value</i>) and a means for demonstrating compliance, • The arrangements and responsibility for granting and recording those with access to the safes. <i>This could include management’s requirements around the circumstances / frequency in which the combination / access should be reviewed.</i> • Reference to the money laundering requirements (<i>although this is covered in Financial Regulations it could be included as a reminder that staff should report to Head of CSD for escalation, where appropriate</i>) <p>The Banking Procedures provided for audit testing are headed - HQ Banking and do not make reference to the Divisional Offices. Discussions indicated that staff in the divisions had been</p>	<p>Agreed management action:</p> <p>CSD staff in HQ and Area based teams have fully documented procedures to follow to undertake the weekly banking. Staff are provided with these along with training when they start to undertake this role.</p> <p>The existing procedures will be enhanced to include more detail as suggested.</p>

<p>provided with procedures as part of their initial training but this was not evident from the information provided as part of this audit. Post audit, evidence was provided that there were documented procedures available to staff in the Divisional Offices. As with those for HQ, some enhancements are suggested.</p> <p>Comprehensive guidance procedures setting out management’s expectations of staff at HQ and in Divisional Offices would ensure that responsibilities are clearly defined and staff can be held to account.</p>	
<p>Recommendation 1: Management should clearly define and communicate their requirements in relation to cash receipting procedures to ensure that staff in HQ and the Divisional Offices are fully aware of their individual responsibilities.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Roles and responsibilities for cash receipting is not defined resulting in a lack of accountability • Non-compliance with management requirements. 	<p>Responsible manager for implementing: Payroll & Transactional Services Manager</p> <p>Date to be implemented: June 2018</p>

• **Medium priority**

Audit finding	Management response
<p>(b) Compliance with insurance requirements</p> <p>The property insurance, which includes cash, was switched from Zurich to AIG in November 2016. Insurance requirements for cash were changed by the new insurer.</p> <p>The new policy provides cover for cash carrying and sets out requirements for the transportation of cash depending on the amount being carried.</p> <p>Although assurance was provided at the time of the audit that Insurance requirements are being complied with, arrangements are not in place to demonstrate this.</p>	<p>Agreed management action:</p> <p>Procedures will be amended to add the requirement to document on the Business Banking Receipt details of who has attended the bank on that particular day.</p>

<p>Without the ability to evidence compliance with the requirements of the insurance company there is a risk that any insurance claim could be rejected by the insurer.</p>	
<p>Recommendation 2: Management should have arrangements in place to ensure that internal procedures comply with the insurance requirements for carrying cash and that compliance can be demonstrated.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Risk of unrecoverable losses due to a breach of insurance limits and requirements. • Reputational damage 	<p>Responsible manager for implementing: Head of Central Services Date to be implemented: May 2018</p>

5.2. Security - safeguarding of assets.

• **Medium priority**

Audit finding	Management response
<p>(a) Prompt Receipting The HQ Banking Procedures state that “<i>cheques and cash are logged and receipted daily in the relevant receipt book</i>”.</p> <p>At the time of audit testing the general receipt book recorded £34 cash in hand. We examined the contents of the cash tin in the safe and it was noted that it contained £59 cash and a cheque for £47 dated November 2017.</p> <p>We were advised that the additional £25 cash had been received after the previous week’s banking had been prepared and was therefore not receipted at the time. The cheque was not supported by sufficient information to identify the reason for payment and additional information was required before it could be banked.</p> <p>Arrangements are not currently in place to be assured that defined banking procedures are being</p>	<p>Agreed management action: Normally all cheques and cash are receipted on the day they are received as detailed in the procedures.</p> <p>A reminder email has been sent to all staff involved in the banking process to ensure all income is receipted on the day it is received in line with the agreed procedures.</p>

<p>complied with and that all income received is being recorded promptly.</p>	
<p>Recommendation 3: Management should put arrangements in place to ensure</p> <ul style="list-style-type: none"> • Compliance with their requirement for the prompt receipting of all cash received, and • the timely follow up of any amounts received for which the reason for payment is unclear. 	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Non-compliance with procedures • Risk of Fraud or misappropriation • Reputational damage 	<p>Responsible manager for implementing: Head of Central Services Date to be implemented: April 2018</p>

Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

Grading of Audit Recommendations

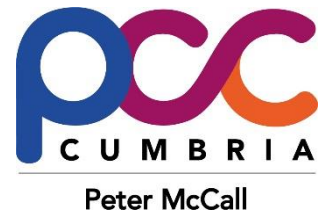
Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

Definition:		
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

Joint Audit & Standards Committee



Title: Effectiveness of OPCC Risk Management Activity Monitoring

Date: April 2018

Agenda Item No: 15

Originating Officer: Gill Shearer

Report of the Chief Executive

1. Introduction and Background

1.1 The Police and Crime Commissioner has a statutory responsibility to provide policing services for Cumbria. This takes place in a constantly changing and challenging environment and therefore the Office of the Police and Crime Commissioner (OPCC) must ensure that it has robust systems and processes in place to identify, monitor and react appropriately to risk.

2. Effectiveness of Arrangements for Risk Management

2.1 In order to ensure that the OPCC's arrangements for Risk Management are effective a number of areas of business are monitored to ensure compliance and identify any risks to the organisation.

Risk Management Strategy

2.2 In 2017 the Governance Manager undertook a cyclical review of the Risk Management Strategy. The strategy outlined the OPCC's approach to risk management and was updated to reflect changes to the way in which the OPCC identified and reviewed strategic and operational risks. Assistance was provided by the Joint Audit and Standards Committee (JASC) lead for Risk, Mr Jack Jones, on various elements within the strategy including risk appetite. JASC were provided with a draft copy of the strategy to review and did not provide any further recommendations.

2.3 Following the review and update the revised Risk Management Strategy was presented to the Police and Crime Commissioner on 5 April 2017 at his public Executive Board Meeting. The strategy contained a proposal to bring the strategy in line with other OPCC policies, strategies and plans with a review being undertaken on a three year cyclical basis, this was approved and the strategy implemented immediately. The strategy has contributed to the overall governance arrangements which are in place for the Office of the Police and Crime Commissioner (OPCC). It has allowed strategic and operational risks to be identified and provided

guidance to enable staff to deal with these appropriately and effectively. Being a dynamic document it assists the consideration of risk to permeate throughout the OPCC's business when making decisions.

Risk Monitoring

2.4 During 2017-18 the previously revised and streamlined risk registers have been reviewed and updated on a quarterly basis. The strategic and operational risk registers are now more focused with a mechanism to enable risks to be moved between the two. Assurance from the Joint Audit and Standards Committee has been enhanced through the reporting of both strategic risks in full supported by the high level register for operational risks. This provides the Committee with oversight that all expected risks are captured and being appropriately scored and monitored.

2.5 Within the reporting period on a quarterly basis JASC were presented with the updated strategic risk registers to enable them to have oversight in line with their terms of reference. Following the retirement of the OPCC Chief Executive and the Chief Finance Officer leaving the organisation in September 2017, the Committee did raise concerns that there could be a potential for a reduction of governance expertise and capacity at a senior level within the organisation. A risk in relation to this was included within the strategic risk register and mitigation identified to enable the risk to be managed; which included a wealth of existing governance experience from within the existing OPCC team along with the new Joint Chief Finance Officer. Throughout the year this risk has been managed and it is anticipated by mid-2018 will be mitigated enough to be removed from the strategic risk register.

2.6 The OPCC is cognisant of the General Data Protection Regulations (GDPR) which will come into force from 25 May 2018. Work is being carried out to prepare the OPCC and ensure its readiness for the new regulations and changes to the way in which it will be able to process data. Due to the overall score of 9 on the operational risk register, this risk has been escalated to the OPCC's strategic risk register. The OPCC's Executive Team have oversight of the progression of GDPR compliance and it is anticipated that this risk will be de-escalated following full implementation.

2.7 During 2017-18 the Commissioner made 30 decisions based on information provided including any areas of risks which need to be considered. The Executive Support Officer when receiving and logging decision forms ensures that this section of the form is completed to enable the Commissioner to make an informed decision. No forms have been received where this section has not been completed.

Oversight of Constabulary Strategic Risks

2.8 In addition to monitoring OPCC risks the Governance Manager and/or the OPCC Chief Executive also carries out monitoring of Cumbria Constabulary's strategic risks. This has taken place on a quarterly basis during 2017-18 whereby they have met with senior Constabulary staff/officers who have responsibility for the Constabulary's Strategic Risk Management. The meetings provide an opportunity to identify risks which impacted upon both organisations.

2.9 During 2017-18, again the risk of a change to the funding formula was present on both organisation's strategic risk registers. Although following the announcement at the beginning of 2018 that there was a delay in any proposed changes to the funding formula and the ability to increase the council tax precept, had seen a reduction in the scoring of these risks on both strategic risk registers. The Governance Manager gained assurance that the Constabulary had correctly identified the risk and had appropriate mitigations in place to deal with and monitor the risk and no areas of concern were identified.

2.10 Similarly both organisations strategic risk registers identified risks in relation to The Emergency

Services Mobile Communications Programme (ESMCP), as there were concerns around cost, coverage and timescales for delivery. Both the Police and Crime Commissioner and the Constabulary's Chief Constable were working regionally and nationally, with the Chief Constable being a member of the national reference group and a member of Constabulary staff seconded to the regional implementation team. This would therefore allow the Commissioner and Constabulary to be sighted on any ongoing issues. In March 2018 the overall scoring on both strategic risk registers have been reduced to reflect the delayed status of the project.

2.11 During discussions in March 2018 it was recognised by the Constabulary's Strategic Risk Lead that GDPR would also need to be included within their risk register as it was also a risk to the Constabulary regarding compliance with GDPR.

Risk Training

2.12 The Governance Manager, as OPCC lead officer for risk management, attended a 2 day refresher training course on the 13th and 14th July 2016 facilitated by our insurance risk control consultant Gallagher Bassett. On a six monthly basis the Governance Manager discussed risk management with staff at team meetings to assist with development and understanding. No areas of concern have been raised or identified at these times.

Joint Audit and Standards Committee

2.13 During 2017-18 the Governance Manager presented the OPCC's strategic risk register to the Joint Audit and Standards Committee on four separate occasions. This afforded the OPCC the benefit of the committee testing the validity of the recorded risks and mitigations; reviewing the current arrangements and ensuring the integration of risk management into governance and decision making processes. Areas of concern or issues identified by the committee have been noted and addressed earlier in this report.

Lead Officer

2.14 The Governance Manager is the OPCC lead officer for risk and carried out this role throughout 2017-18. In order to maintain skills and knowledge they attended training provided to the Constabulary and OPCC on 13th and 14th July 2016. On a quarterly basis they have ensured that the OPCC's strategic and operational risk registers were updated by those members of staff who have responsibility for individual risks. No areas of concern or issues have been identified by the Governance Manager during 2017-18.

3. Internal Audit

3.1 As part of the annual audit programme for 2017-16 Internal Audit carried out reviews over a number of areas of business within the OPCC and Cumbria Constabulary. Each review evaluated any exposures to risks relating to the organisation through its governance, operation and information systems. Audit reviews undertaken during 2017-18 did not identify any new or unidentified risks to the OPCC.

4. Conclusions

4.1 From the monitoring which has taken place during 2017-18 by the Office of the Police and Crime Commissioner, no unidentified risks have been identified or occurred. When taking this into consideration assurance can be gained that the strategy, policy, systems and processes in place are working effectively.

5. Recommendations

Members of the Joint Audit and Standards Committee are asked to consider this report and:

- (i) determine whether they are satisfied with the effectiveness of the OPCC's processes and monitoring of risk.
- (ii) determine whether they wish to make any recommendations to the Commissioner with regard to future developments or improvements in those arrangements

Gill Shearer
Chief Executive

Financial Implications: the inability of the OPCC to successfully identify and manage its organisational and strategic risks could impact financially on not only the OPCC but Cumbria Constabulary and other partner organisation which are financially dependent upon it.

Risk Management Implications: if the OPCC does not identify and mitigate risks then it may mean that it cannot carry out its statutory function efficiently and effectively.

Legal Implications: the OPCC could face legal challenge on some areas of its business, therefore it is essential that these are identified at an early stage and effectively mitigated and managed.

Contact points for additional information

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The Chief Constable for Cumbria Constabulary Effectiveness of Governance Arrangements 2017/18

1. Introduction and background

- 1.1 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2015 Accounts and Audit Regulations place a requirement on those bodies to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS). The Chief Constable is required to consider the findings of that review, approve the AGS and publish (which must include publication on the Constabulary's website) the Statements alongside the Statement of Accounts. The AGS is prepared in accordance with the CIPFA/SOLACE good governance framework that defines 'proper practices' for discharging accountability for the proper conduct of public business through the publication of an annual governance statement that makes those practices open and explicit.
- 1.2 The Chief Constable approves a Code of Corporate Governance, 'The Code', setting out her corporate governance framework. The Code is subject to review and updated annually alongside the process to review the arrangements for governance and prepare an Annual Governance Statement. The 2017/18 Code was subject to review by the Joint Audit and Standards Committee prior to approval by the Chief Constable. It is the compliance with this Code by the Chief Constable, together with an assessment of its effectiveness, which is reflected in the 2017/18 Annual Governance Statement.

2. Governance Framework & Effectiveness

- 2.1 The annual review of the arrangements for governance and their effectiveness support the production of the annual governance statement. The review provides assurance on governance arrangements and the controls in place to achieve the organisation's strategic objectives. The statement is prepared by the Chief Constable's statutory and senior officers and in accordance with the CIPFA delivering good governance in local government guidance note for Police 2016. The guidance supports the application of the CIPFA/SOLACE framework to Policing, recognising the specific structure and governance responsibilities arising from the 2011 Police Reform and Social Responsibility Act.

2.2 The approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles. These have been used as a review checklist. The first stage of the process has been to ensure that the Chief Constable's Code of Corporate Governance adequately reflects all the requirements of the framework. The second stage of the process has been to ensure that the Governance Statement has evidence of the arrangements and practices in place to comply with the framework. Where the review has identified areas where developments are planned or it is identified that improvements can be made, the intended actions are outlined in the 'Areas for Further Development and Improvement' for each core principle. The statement also highlights areas where further assurance is gained, such as the work of internal audit, the reports of the external auditors and the results of inspections carried out by Her Majesty's Inspector of Constabularies, Fire and Rescue Services (HMICFRS). The Chief Constable's Governance Statement setting out the review of governance arrangements for 2017/18 and to the date of this meeting is presented to the Joint Audit and Standards Committee for review, prior to being received by the Chief Officer Group for endorsement and publication alongside the Statement of Accounts.

2.3 Over recent years both internal audit and members of the Joint Audit and Standards Committee have raised concerns that the structure and length of the AGS made it difficult to read and reduced its accessibility to readers. In 2016/17 a summary AGS was produced which met the fundamental requirements of the statement in demonstrating governance arrangements and compliance with the Code of Corporate Governance. The summary AGS was less closely aligned to each principle within CIPFA's guidance but had the benefit of reducing repetition. Members of the Joint Audit and Standards Committee were supportive of the new format. The Chief Constable has therefore decided to adopt the more summarised AGS as the principal document for 2017/18. In preparing the AGS cognisance has been taken of Grant Thornton's AGS checklist to ensure that it continues to deliver the essential requirements of the statement.

2.4 Whilst the above review of arrangements has been specific to the production of the Annual Governance Statement, this is supported by wider reviews of the arrangements for governance that take place during the financial year. This includes cyclical review and updates to core elements of the governance framework. During 2017/18 this has included a review and update of the arrangements for anti-fraud and corruption. It was intended that the Joint Procurement Regulations would also be updated in 2017/18, unfortunately, this work has been delayed due to capacity issues in the Procurement function, however, a draft version of the revised regulations is presented elsewhere on this agenda for members' comments. In addition, the Public Sector Internal Audit Standards and guidance from CIPFA in respect of Audit Committees forms the basis of further reviews of the overall arrangements for audit, with action plans being put in place where potential for improvement and development have been identified.

This is supplemented by specific assessments on compliance by the Joint Chief Finance Officer and Head of Internal Audit with the requirements of the CIPFA statement for these roles. The governance review is also supported by an annually developed comprehensive audit plan from internal and external audit and an opinion from the Head of Internal Audit on the arrangements for internal control and risk. These requirements, whilst challenging, has enabled an approach that has sought to ensure all arrangements take account of best practice, codes and guidance.

3. The Effectiveness of Internal Audit

- 3.1 A separate report reviewing the effectiveness of the arrangements for Audit is set out elsewhere on the agenda. It is supported by the Annual Report of the Joint Audit & Standards Committee of the Commissioner and Chief Constable, and includes an assessment of the effectiveness of the internal audit function. The report demonstrates the effectiveness of the arrangements for Audit against independent and objective criteria as a contribution to good governance. In doing so it concludes the process of providing the necessary assurances that the governance arrangements set out in the Code of Corporate Governance are working as intended and are effective.

4. The Code of Corporate Governance 2018/19

- 4.1 On an annual basis a Code of Corporate Governance is reviewed and updated, setting out the framework for governance within the Constabulary. The 2018/19 Code of Corporate Governance applies the standards set out in the Delivering Good Governance in Local Governance Framework published by CIPFA in 2016, with particular reference to the guidance notes for policing bodies, which recognise the governance implications of the structural differences between policing and other areas of local government. The CIPFA good governance framework is the best practice standard for Public Sector governance. The 2016 governance framework is based on seven principles and has a much broader focus on delivering value for money, including outcomes and demonstrating effective performance, often working in partnership to achieve this in comparison with the previous code.

5. Recommendations

- 5.1 Members of the Joint Audit and Standards Committee are asked to:
- Review the Code of Corporate Governance 2018/19
 - Review the Annual Governance Statement 2017/18.
 - Make any recommendations with regard to the Code, Statement or arrangements for Governance, for consideration by the Chief Constable prior to publication of the documents alongside the Statement of Accounts.

Roger Marshall
Joint Chief Finance Officer

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications: The Annual Governance Statement and the underpinning reviews, including the Effectiveness of Internal Audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Chief Constable discharges his respective responsibilities.

Contact points for additional information

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Cumbria Office of the Police and Crime Commissioner

Joint Audit and Standards Committee 24 May 2018 item 16a (ii)
Public Accountability Conference 10 May 2018 item 7a

Effectiveness of Governance Arrangements 2017/18

Report of the Chief Executive and Joint Chief Finance Officer

1. Introduction and background

- 1.1 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2015 Accounts and Audit Regulations place a requirement on those bodies to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS). The Commissioner is required to consider the findings of that review, approve the AGS and publish (which must include publication on the Commissioner's website) the Statements alongside the Statement of Accounts. The AGS is prepared in accordance with the CIPFA/SOLACE Good Governance framework that defines 'proper practices' for discharging accountability for the proper conduct of public business through the publication of an Annual Governance Statement that makes those practices open and explicit.
- 1.2 The Police and Crime Commissioner approves a Code of Corporate Governance, 'The Code', setting out his corporate governance framework. The Code is subject to review and updated annually alongside the process to review the arrangements for governance and prepare an Annual Governance Statement. The 2017/18 Code was subject to review by the Joint Audit and Standards Committee prior to approval by the Commissioner. It is the compliance with this Code by the Commissioner, together with an assessment of its effectiveness, which is reflected in the 2017/18 Annual Governance Statement.

2. Governance Framework & Effectiveness

- 2.1 The Annual Governance Statement for the Police and Crime Commissioner has been prepared by the Commissioner's statutory and senior officers and in accordance with the CIPFA delivering good governance in local government guidance note for Police 2016. The guidance supports the application

of the CIPFA/SOLACE Good Governance Framework to Policing, recognising the specific structure and governance responsibilities arising from the 2011 Police Reform and Social Responsibility Act. The review of the arrangements for governance and their effectiveness support the production of the Statement. The review provides assurance on governance arrangements and the controls in place to achieve the organisation's strategic objectives.

- 2.2 The approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles. Those core principles and the arrangements that support them are set out in the 2017/18 Code of Corporate Governance approved by the Commissioner following review by the Joint Audit and Standards Committee in May 2017. The development of the Annual Government Statement is an integral part of the review, setting out how the Code has been complied with over the course of the year. Where the review has identified areas where developments are planned or improvements can be made, the AGS sets out an action plan to deliver those changes. The statement also highlights areas where further assurance is gained, such as the work of internal audit and the reports of the external auditors. The Commissioner's Annual Governance Statement setting out the review of governance arrangements for 2017/18 and to the date of this meeting, is presented to the Joint Audit and Standards Committee for review and will be subject to review by internal audit, prior to being received by the Commissioner for endorsement and publication alongside the Statement of Accounts.
- 2.3 Over recent years both internal audit and members of the Joint Audit and Standards Committee have raised concerns that the structure and length of the AGS made it difficult to read and reduced its accessibility to readers. In 2016/17 a summary AGS was produced which met the fundamental requirements of the statement in demonstrating governance arrangements and compliance with the Code of Corporate Governance. The summary AGS was less closely aligned to each principle within CIPFA's guidance but had the benefit of reducing repetition. Members of the Joint Audit and Standards Committee were supportive of the new format. The Commissioner has therefore decided to adopt the more summarised AGS as the principal document for 2017/18. In preparing the AGS cognisance has been taken of Grant Thornton's AGS checklist to ensure that it continues to deliver the essential requirements of the statement.
- 2.4 Whilst the above review of arrangements has been specific to the production of the Annual Governance Statement, this is supported by wider reviews of the arrangements for governance that take place during the financial year. This includes cyclical review and updates to core elements of the governance framework. During 2017/18 this has included a review and update of the arrangements for anti-fraud and corruption. It was intended that the Joint Procurement Regulations would also be updated in 2017/18, unfortunately, this work has been delayed due to capacity issues in the Procurement function,

however, a draft version of the revised regulations is presented elsewhere on this agenda for members' comments. In addition, the Public Sector Internal Audit Standards and guidance from CIPFA in respect of Audit Committees forms the basis of further reviews of the overall arrangements for audit, with action plans being put in place where potential for improvement and development have been identified. This is supplemented by specific assessments on compliance by the Joint Chief Finance Officer and Head of Internal Audit with the requirements of the CIPFA statement for these roles. The governance review is also supported by an annually developed comprehensive audit plan from internal and external audit and an opinion from the Head of Internal Audit on the arrangements for internal control and risk. These requirements, whilst challenging, has enabled an approach that has sought to ensure all arrangements take account of best practice, codes and guidance.

3. The Effectiveness of Internal Audit

- 3.1 A separate report reviewing the effectiveness of the arrangements for Audit is set out elsewhere on the agenda and includes a review of the effectiveness of the internal audit function and the effectiveness of the Joint Audit and Standards Committee. The report demonstrates the effectiveness of the arrangements for Audit against independent and objective criteria as a contribution to good governance. In doing so it concludes the process of providing the necessary assurances that the governance arrangements set out in the Code of Corporate Governance are working as intended and are effective.

4. The Code of Corporate Governance 2018/19

- 4.1 On an annual basis a Code of Corporate Governance is reviewed and updated, setting out the framework for governance within the OPCC. For 2018/19 the Code of Corporate Governance conforms to the updated Framework for Good Governance published by CIPFA which is applicable from April 2016. The CIPFA good governance framework is the best practice standard for Public Sector governance. The updated governance framework is based on seven principles, as set out in the proposed Code and has a much broader focus than previous iterations on delivering value for money, including outcomes and demonstrating effective performance, often working in partnership to achieve this.

5. Recommendations

- 5.1 Members of the Joint Audit and Standards Committee are asked to:
- (i) Review the Code of Corporate Governance 2018/19
 - (ii) Review the Annual Governance Statement 2017/18
 - (iii) Make any recommendations with regard to the Code, Statement and arrangements for governance for consideration by the Commissioner prior to publication alongside the financial statements

5.2 The Commissioner is asked to:

- (i) Where applicable, consider the recommendations of the Joint Audit and Standards Committee, determining any actions and/or amendments to the Code of Corporate Governance 2018/19 and Annual Governance Statement 2017/18.
- (ii) Approve for signature, where applicable with amendments, the Annual Governance Statement for 2017/18 and to the date of this meeting, which will then accompany the Statement of Accounts for 2017/18.

Gillian Shearer

Roger Marshall

Chief Executive

Joint Chief Finance Officer

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications: The Governance Statement and the underpinning reviews, including the Effectiveness of Internal Audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Commissioner discharges his respective responsibilities.

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The Chief Constable for Cumbria Constabulary

Code of Corporate Governance 2018/2019

Introduction

The statutory responsibilities of the Chief Constable 'to maintain the Queen's Peace' are outlined in various Police Acts. The Police and Social Responsibility Act 2011 (PR&SRA), which introduced Police and Crime Commissioners, re-enforced the operational independence of the Chief Constable and clarified her role in supporting the delivery of the Commissioner's Police and Crime Plan.

The PR&SRA also established the Chief Constable for Cumbria Constabulary (the Constabulary) as a separate corporate sole. Accordingly, the Chief Constable is responsible for ensuring that business of the Constabulary is conducted in accordance with this statutory and regulatory framework and in accordance with proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In fulfilling this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for governance, including risk management and the arrangements for ensuring the delivery of the functions and duties of her office.

In doing this, the Chief Constable approves and adopts annually this Code of Corporate Governance, 'The Code'. The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements for Cumbria Constabulary. The Code is based on the core principles of governance set out within the CIPFA/SOLACE good governance standard for public services which has 'proper practices' status.

On an annual basis the Chief Constable will produce an Annual Governance Statement (AGS). The AGS reviews the effectiveness of the arrangements for governance and sets out how this Code of Corporate Governance has been complied with.

The Code of Corporate Governance

This code of corporate governance sets out how the Chief Constable will govern. It is based on the seven good governance principles highlighted by the good governance standard for the public service. This code uses those principles as the structure for setting out the statutory framework and local arrangements that are in place to achieve them.

Those principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable, economic, social and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Chief Constables are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Ethics and Integrity

The Chief Constable and Chief Officer Group recognise that to operate legitimately it is essential that the Constabulary is able to demonstrate the highest standards of integrity in all its activities.

Officers and staff employed by the Constabulary are expected to adhere to the highest standards of conduct and personal behaviour. The requirements of officers are set out in Schedule 2 of the Police (Conduct) Regulations 2012. The requirements of Police staff are set out in the Police Staff Council Standards of Professional Behaviour document.

The Constabulary has adopted and provided training on the Code of Ethics produced by the College of Policing and all officers and staff are expected to abide by its provisions.

The Constabulary has an Anti-fraud and Corruption Policy and Procedures, which set out clear definitions of fraud and corruption. The policy embodies the values of the Code of Ethics based on the 7 Nolan Principles for Public Life and makes clear the duty of everyone with regard to their own actions and conduct and those of others to protect the organisation against fraudulent and corrupt acts. The procedure includes guidance for integrity

in respect of gifts and hospitality, completion of a register of interests and declarations of related party transactions. These ensure that staff avoid being engaged in any activity where an actual or perceived conflict may exist and that there is transparency in respect of any personal or business relationships.

Ethics and integrity issues are specifically covered in the Constabulary's fifteen week and performance development review processes, in which all officers and staff are required to participate.

The Home Office Financial Management Code of Practice requires the Chief Constable to ensure that governance principles are embedded within the way the organisation operates. This is achieved through the Chief Constable's arrangements for corporate governance, which embody the principles of openness, accountability and integrity in the conduct of the Constabulary's business

The Joint Financial Regulations set out the internal framework and procedures for financial regulation and administration. They set out the arrangements for the proper administration of financial affairs ensuring these are conducted properly and in

compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life, particularly the need for openness, accountability and integrity. The Financial Regulations also re-enforce the anti-fraud and corruption policy, covering the culture expected within the organisation, responsibilities and measures in place to prevent fraud and corruption and how it will be detected and investigated.

The Joint Procurement Regulations, re-enforce the integrity requirements within the anti-fraud and corruption policy in the context of procurement activity and interactions with commercial suppliers. They provide a guide to staff and suppliers in respect of the principles that will be followed in the conduct of business and the processes we expect staff to comply with when buying goods and services. Provisions within the tendering process re-enforce the requirement for suppliers to act in an ethical manner.

The Constabulary maintains arrangements for confidential reporting (whistleblowing) and guidance for managers with regard to how any reporting will be responded to. These are contained in the Anti-Fraud and Corruption Policy and Procedures and the Professional Standards Confidential Reporting Policy and Procedure. The confidential reporting policies and procedures are supported by a regularly publicised confidential phone line and e-mail reporting system on which individuals can leave anonymous information. The Constabulary also subscribes to and publicises 'Public Concern at Work' (PCaW), an independent authority on public interest whistleblowing to allow employees the facility to report externally to the Constabulary if required.

The Police and Crime Commissioner and Chief Constable have established an Ethics and Integrity Panel to ensure that arrangements for integrity, standards, conduct and behaviour are subject to independent external scrutiny. As part of its role the Panel reviews performance across agreed indicators of integrity, including public complaints. The Panel report to the Commissioner's Public Accountability Conference to ensure good practice is recognised and encouraged, while any potential areas requiring improvement can be identified and dealt with accordingly to enhance performance.

The Joint Audit and Standards Committee operates within Standing Orders for the regulation of its business. The orders include expectations in respect of the conduct of members and how any conflicts of interest should be managed. Members of the Committee are independent and will scrutinise and monitor the operation and effectiveness the arrangements for governance including arrangements for anti-fraud and corruption.

Respecting the Rule of Law

The Chief Constable recognises that in fulfilling her duty to 'Maintain the Queen's Peace' it is essential that the Constabulary as an organisation is able to demonstrate respect for the law.

The Chief Constable is committed to operating an environment where open debate and transparent governance is the norm, allowing senior officers to carry out their responsibilities in delivering the Constabulary's objectives.

The Director of Legal Services, who is a qualified solicitor, provides advice to the Constabulary on all legal matters and is consulted on all strategic decisions to ensure that laws are not contravened.

As part of their training police officers receive specific training on the law and its applicability to policing services.

The Constabulary has a People Department, which includes a Professional Standards function, whose role is to promote proper standards of conduct and monitor compliance with codes. The function actively liaises with management teams and other groups with the aim of maintaining high standards of conduct and produces regular reports, which set out details of non-compliance with standards and codes. The function has its own intranet site to facilitate demonstration of best practice and produces a newsletter highlighting areas of concern, guidance, learning and signposts officers and staff to those that can provide welfare / support. The Professional Standards function has an anti-corruption unit whose role is to investigate information and intelligence received concerning the conduct of officers and members of police staff.

The Professional Standards function also oversees all complaints, local resolutions and non IOPC appeals from the public, ensuring compliance with Police Reform Act 2002 and the Police (Complaints and Misconduct) Regulations 2012. These complaints are reported to and audited periodically by the Office of the Police and Crime Commissioner. The Chief Constable also has a procedure in place to receive and investigate complaints made to it about the conduct of Association of Chief Police Officers (with the exception of the Chief Constable

who is accountable to the Commissioner) under the relevant conduct regulations.

B. Ensuring openness and comprehensive stakeholder engagement.

Constabularies are run for the public good, they therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Openness

All decision making operates within the specific legislative and regulatory frameworks that confer on the Chief Constable duties, powers and responsibility. The significant elements of the statutory framework for decision making comprise:

- Various Police Acts, which outline the responsibilities of the Chief Constable and provide clarity on her operational independence.
- The Police Reform and Social Responsibility Act 2011 (PR&SRA) providing the legal framework for decision-making.
- The Policing Protocol Order 2011 setting out the framework within which the PCC & CC should work and requiring all parties to abide by the Nolan Principles.
- The Home Office Financial Management Code of Practice for the Police Service embedding the principles of good governance into the way the Chief Constable operates.

Challenge and scrutiny contribute to good governance by being part of accountable decision making, policy making and review. The implementation of a robust decision making process ensures that the right decisions are taken for the right reason at the right time. The Chief Constable adopts rigorous standards of probity, regularity and transparency in decision making and all decisions are

taken solely in the public interest and to maintain the Queen's peace.

The Constabulary has a Chief Officer Group, which has responsibility for strategic decision making and is supported by subsidiary boards organised around delivery of priorities within the future strategic vision outlined in Cumbria Vision 2025, with defined terms of reference. Formal Chief Officer Group meetings are minuted. Decisions of the Chief Officer Group and strategic boards are recorded and published in an open forum, which can be accessed by all officers and staff with the aim of providing clarity and transparency. All significant strategic decisions are referred to the Chief Officer Group. A forward plan and standing items ensure that all significant areas of Constabulary business are considered on a regular and planned basis. Reports for decisions are prepared on a standard template, which ensures that the implications of all decisions are clearly understood. This includes a requirement to acquire relevant financial, legal, human resources, equality, procurement, ICT and risk management advice. The Director of Legal Services, in conjunction with the Chief Finance Officer has responsibility for the lawfulness of Chief Officer Group decisions.

Items of Constabulary business falling under the remit of the Police and Crime Commissioner or of a strategic nature are referred to the Commissioner from the Chief Officer Group. Decisions for financial

investment are subject to a fully developed business case that provides a clear justification for the expenditure. The Commissioner's decision making policy sets out the decision making process and how decisions will be recorded and published to ensure transparency of all decisions taken. A Code of Conduct provides advice with regard to potential conflict and declarations of interest.

The Constabulary's wider governance framework details specific responsibilities of key officers in relation to areas of governance. The framework includes financial regulations and rules, procurement regulations, anti-fraud and corruption policies, a scheme of delegation and codes of conduct. These documents ensure all officers and staff have a shared understanding of their roles, responsibilities and decision making authority within the organisation.

The Constabulary has also agreed a media protocol with the Commissioner, setting out who is responsible for communicating information and clearly identifying whether there is a single lead organisation, a joint responsibility or a supporting responsibility.

The Chief Constable complies with guidance provided by the Information Commissioner in respect of an information publication scheme. This ensures key information to ensure public accountability is available through the Constabulary's website.

Engaging Effectively with Institutional Stakeholders

The Police and Crime Plan sets out a Pan-Cumbrian vision. The vision recognises that, in preventing

crime, commitment is needed from a range of organisations involved in policing, community safety and criminal justice. The Constabulary works in partnership with a number of public, private and third sector partners to do this. The Chief Constable reports details of actual and planned collaborative ventures to the Commissioner on a regular basis.

The financial and procurement regulations, together with the Constabulary's financial rules provide for the regulation of partnership arrangements and to ensure that the purpose of such partnerships is evaluated and risks assessed, before the Constabulary agrees to participate. The Constabulary also undertakes a Value for Money assessment on its major strategic partnerships.

Significant partnership working arrangements are supported by memorandums of understanding, strategic plans and operating protocols which clearly state the respective responsibilities expectations of each partner.

Engaging stakeholders effectively, including citizens and service users

The Constabulary has a Community Engagement and Consultation Strategy, which is reported through the Local Policing and Specialist Capabilities Gold Board. This includes a consultation action plan, which co-ordinates all on-going consultation activities and is reviewed and refreshed on an annual basis to continually improve consultation arrangements.

The Constabulary engages with local communities through the work of its Neighbourhood Policing Teams, operating Engagement Plans, which use a range of methods that are specific to urban and rural

community needs. The plans ensure that community priorities, concerns and areas for improvement are identified and dealt with.

The Constabulary has a marketing and communications strategy aimed at establishing clear channels of communication with all sections of the community. This includes alternatives to traditional communication methods including the force website to warn and inform and undertake surveys. Social media and pro-active media coverage of events are used to provide accurate messages and re-assurance.

The Strategic Independent Advisory Group (IAG) meets regularly to discuss emerging issues of strategy and policy both nationally and locally.

The Constabulary meets its requirements under the Equality Act 2010 by setting equality objectives every four years and publishing equality information via its website every three months.

The Constabulary surveys victims of crime and anti-social behaviour to ensure that the Victims' Code of Practice is complied with and to use the feedback to improve the experience of victims and the services provided. Service recovery is part of this process.

Local crime data is published at a community level via the Constabulary's website and nationally via police.uk to increase the transparency of crime and performance data.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

The long-term nature and impact of many of Chief Constables' responsibilities mean that they should define and plan outcomes and that these should be sustainable. Decisions should further the purpose of Police and Crime Commissioners, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

Defining Outcomes

The Chief Constable determines the strategic direction and objectives for the Constabulary. This supports the Police and Crime Commissioner in developing his Police and Crime Plan. The Commissioner approves policing objectives, which are incorporated into the plan, which is available on the Commissioners website at www.cumbria.pcc.gov.uk

In developing the Constabulary's vision and strategic priorities the Chief Constable take into consideration her statutory responsibilities for maintaining the Queen's Peace, the Home Secretary's Strategic Policing Requirement, the Constabulary's Strategic Assessment, based on operational intelligence, and the views of a range of stakeholders including the community, staff and partners. Performance outcomes, operational intelligence, strategic risks and the results of audits and inspections are also taken into consideration when setting strategic priorities.

The Constabulary has developed a Plan on a Page, which highlights its seven operational priorities for the forthcoming year in delivering the over-arching objective of 'Keeping Cumbria Safe'. The plan also outlines key support activities, its policing style and

leadership standards. The presentation of the Plan on a Page provides a concise and easily understood overview designed to focus officers and staff on the Chief Constable's mission.

The Constabulary has developed a longer term Cumbria Vision 2025 plan, which is aligned to the national policing vision 2025. Cumbria 2025 aims to bring together the Constabulary's operational, business, change and financial planning in a single co-ordinated plan, which outlines how it will deliver an effective policing and respond to changing service demands over the longer term within available resources.

The Constabulary's medium term financial forecasts supports both the Commissioner's medium term financial strategy and the Chief Constable's policing vision by aligning resources with policing priorities over a four year time period, which ensures that a sustainable approach to service delivery is adopted.

Sustainable economic, social and environmental benefits

A wide range of information and stakeholder opinions taken into consideration in developing the Chief Constable's policing vision. This ensures that

balanced and comprehensive consideration is given to all aspects of the potential impact of policing policy decisions on the local community.

All decisions by the Chief Constable are taken in the public interest. To manage risk and ensure transparency employees are required to make declarations where there may be or may be perceived to be a conflict of interest

The Constabulary adopts a medium term outlook aligned to the medium term financial planning period when developing business plans, ensuring that the sustainability of service provision is considered as a key element of the business planning process. Due to their long term impact capital expenditure plans are developed over a ten year forecast period.

It is recognised that the Constabulary's officers and staff are its greatest asset and that effective Human resource planning is the most significant factor influencing the delivery of sustainable economic, social and environmental benefits. The Constabulary's People Strategy, encompasses a range of strategic themes to ensure that the Constabulary nurtures, cares for and gets the best from its workforce. In addition the People Strategy supports the effective planning, deployment and training of staffing resources. Themes include :-

- Well-being
- Workforce Planning
- Learning & Development

- Resourcing, succession and talent management
- Reward & recognition
- Performance management
- Supporting change & engagement
- Equality & diversity
- Health & Safety.

The Constabulary complies with the Equalities Act 2010. In doing so all policies, strategic decisions, functions and practices are assessed against the general and specific duties of the Act with the aim of ensuring that we evaluate, document and foster good relations and advance equality of opportunity.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Chief Constables achieve their intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of interventions is a critically important strategic choice and Chief Constables have to make to ensure they achieve their intended outcomes. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Planning Interventions

The Constabulary develops a work programme to deliver its priorities. The work programme is based on

- Cumbria Vision 2025.
- The Strategic Assessment (a document which sets out the Chief Constable's operational priorities based upon performance and intelligence)
- The regional strategic threat risk assessment
- The results of PEEL & Thematic Inspections by Her Majesty's Inspectorate of Constabularies.
- The Change Strategy, which sets out how the Constabulary will improve and deliver savings to balance its budget.
- Business Strategies , which describe what and how the Constabulary will deliver essential support functions including ICT, HR, training, fleet, estates and procurement.
- The Workforce Plan, which describes how the Constabulary will provide the officers and staff required to deliver operational and other policing services.

- An extensive analysis of operational demand, which is refreshed annually and includes identification of future demand trends.
- The views of the public and other stakeholders.

The work programme supports and informs the Police and Crime Plan and is underpinned by a Medium Term Financial Forecast, which ensures that funding is aligned to the resources required to deliver policing priorities over a sustainable period.

The Constabulary reviews its vision and strategic activities annually to ensure that they continue to support the Police and Crime Plan and the Constabulary's priorities. To support this process strategic and financial planning within the Constabulary are co-ordinated to ensure that the Commissioner's reporting requirements and decision making processes form part of the overall planning cycle of the Constabulary and support the development of the Commissioner's wider Medium Term Financial Strategy.

The Constabulary's monitoring processes enable emerging issues and threats to the achievement of objectives to be quickly identified and appropriate remedial action taken.

Key performance measures are set to support the objectives within the Police and Crime Plan and the Constabulary's own priorities. This is supported by a comprehensive performance management framework, which is developed jointly with the Commissioner. The performance framework supports the Commissioner in holding the Chief Constable to account for the performance of the Constabulary and is also used to direct and manage activity within the Constabulary through the work programme.

The principles of risk management are fully embedded within the strategy development planning and performance monitoring processes linked to the achievement of organisational objectives. Where specific risks are identified they are integrated with the Constabulary's overall risk management processes.

The Constabulary reviews its governance arrangements on a regular basis to reflect development in the Police and Crime Plan and to support delivery of its own vision and priorities, making adjustments as necessary.

Determining Interventions

The funding agreement between the Commissioner and Constabulary sets out the consents and arrangements for governance between the Commissioner and the Chief Constable, including

specific consents in respect of financial management of the Constabulary budget.

The Constabulary has a Chief Officer Group, which is its strategic decision making body and this is supported by a clearly defined board structure. There are established terms of reference and clear reporting lines to the Chief Officer Group. Reports are presented to Boards on a standard template, which includes details of options evaluation and consultation with all affected business areas to ensure that decisions are robust and the implications fully understood.

Task and Finish Groups and Steering Groups are set up to ensure that specific priorities are delivered. Members of these groups include police staff and officers from all ranks and level, representing decision makers and practitioners. The groups report into the permanent governance framework to ensure effective and co-ordinated decision making.

The decision making authority and duties to be carried out by individual officers on behalf of the Chief Constable are set out in the Chief Constable's Scheme of Delegation, budget management responsibilities and budget protocols.

In the operational environment the Constabulary utilises the National Decision Model (developed by the NPCC Ethics Portfolio and National Risk Co-ordination Group) supported by the THRIVE (threat, harm, risk, investigative opportunity, vulnerability and engagement) principles when determining actions. This is a risk assessment framework and decision making process which is used by all police forces across the country. It provides a logical,

evidence based approach to making policing decisions and is used by all police officers in their daily work. Further guidance and support to operational decision making is provided through operational policies and standard operating procedures.

The National Intelligence Model (NIM) is a business model for law enforcement and it takes an intelligence-led approach to policing. The tasking and co-ordination process within NIM provides police managers with a decision making mechanism to manage their business both strategically (national, regional and constabulary level) and tactically (territorial policing area level). Pro-active leadership is an essential requirement of the tasking and co-ordinating process. Management decisions are based on a full understanding of the problems faced and enable managers to prioritise the deployment of resources at their disposal.

The day to day allocation of resources across operational policing is directed by a daily force-wide operational review meeting linked to daily management meetings. These forums operate under the 'THRIVE' principles and soft boundaries to ensure flexibility to respond to priorities across the whole force area.

Performance, outcomes and costs are monitored and benchmarked through a framework which includes external comparators based on HMICFRS Value for Money Profiles, Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection reports and an Annual Value for Money Conclusion from the External Auditors. The results of these inspections are used to inform and plan both medium and longer term resource allocation

processes principally through the Change Programme and more immediate interventions in response to inspection findings.

Optimising achievement of intended outcomes

The Constabulary's Medium Term Financial Planning process is fully integrated with the Commissioner's Medium Term Financial Strategy and wider business planning within the Constabulary. Consistent planning assumptions particularly in relation to the estimation of overall funding are utilised to ensure that the development of business strategies takes place in the context of the resources available and support the development of the Commissioner's wider Medium Term Financial Strategy.

The Constabulary prepares a detailed budget proposal for the Commissioner. The proposal is based upon a zero based budget approach, working closely with the business and functional managers to forecast operational requirements over 4 years for revenue budgets and 10 years for capital expenditure. This includes a series of 'star chambers' providing Chief Officers with the forum through which budget-holders can be challenged on their requirements.

In the current financial climate the Constabulary's Change Programme, which sits across all workstreams within the Cumbria Vision 2025 plan and is delivered by the Business Improvement Unit, is critical to the delivery of a balanced and sustainable budget and is subject to detailed financial scrutiny as part of the budget planning process.

The final budget proposal is developed through an iterative process of on-going dialogue between the Commissioner and Chief Constable in producing the Medium Term Financial Strategy, which takes into consideration

- Estimates of funding both through government grant settlements and council tax.
- Service priorities and delivery plans.
- Financial and business risks.
- Change Programme savings.
- The impact on numbers of Officers, PCSOs and staff.

Ultimately, the Medium Term Financial Planning process seeks to align resources to strategic priorities, ensure that decisions on resources, services, performance and expected outcomes are based on a robust understanding of risks to and affordability of future plans.

Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it.

Constabularies need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. Chief Constables must ensure that they have both the capacity to fulfil their mandate and to make certain that there are policies in place to guarantee that management has the operational capacity for the entity as a whole. Because both individuals and the environment in which Chief Constables operate will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of their communities

Developing the Entity's capacity

The Constabulary has developed and agreed a Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews, which aim to secure maximum value from the resources available to it. The strategy utilises HMICFRS Value for Money profiles and Police Objective Analysis data, to benchmark resources allocations across all functions in relation to other forces. The conclusions of this work are reported to the Chief Officer Group and the Joint Audit and Standards Committee and are used as a basis for identifying areas with the potential to deliver savings through the Change Programme.

The Constabulary's services are subject to independent review by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and by internal audit, which is provided by the Cumbria shared audit service. A Business Improvement Unit has been established re-enforces the work of external inspectorates through a programme of self assessments and internal inspections, which ensure that both

internally identified service improvements and recommendations from external reviews are acted upon.

The Constabulary is open to the idea of collaboration with other forces and organisations as a means of delivering more efficient services. Collaborative opportunities which deliver benefits to Cumbria are actively pursued.

The Chief Constable's Chief Finance Officer (CFO) is shared with the Police and Crime Commissioner and is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA). The CFO operates within the guidance set out in the CIPFA Statement on the Role of the Chief Finance Officer of the Constabulary.

Procurement regulations are developed jointly with the Commissioner and supported by a procurement strategy. The regulations incorporate procurement policy and procedures that aim to ensure best value in the use of public money. The regulations also promote an open and transparent approach to

procurement and the highest standards of integrity and ethical behaviour for all those involved.

Developing the Entity's Leadership

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRSA) and the Policing Protocol Order 2011 (PPO). The PRSA and the PPO also set out the function and roles of statutory officers.

The Constabulary's uniformed Statutory Officers are required to complete the Association of Chief Police Officers Strategic Command Course before they are permitted to undertake Chief Officer roles on a permanent basis. This course is designed to ensure that senior officers are equipped with the requisite leadership skills and competencies to undertake senior officer roles.

Other senior officers and staff posts have clear and accurate job descriptions and are recruited to on the basis of relevant knowledge, experience and qualifications.

The Constabulary fully utilises the College of Policing leadership programmes to develop its senior officers and staff. The Constabulary ensures that senior uniformed officers maintain their national accreditation to provide operational command for major and critical incidents.

The Chief Constable is statutorily required to appoint a Chief Finance Officer (CFO). The CFO's responsibilities and job profile are based on the Home Office Financial Management Code of

Practice and the CIPFA 2014 Statement on the Role of the CFO. The CFO is the financial advisor to the Chief Constable and has statutory responsibility to ensure that the financial affairs of the Chief Constable are properly administered, having regard to their probity, legality and appropriate standards. The CFO provides all financial advice and ensures systems of internal financial control are effective. The CFO is shared with the Commissioner.

The Chief Constable is supported by the Director of Legal Services, who is a qualified solicitor, member of the Law Society and member of the Solicitor's Regulatory Authority. The Director of Legal Services is a member of the Chief Officer Group and has responsibility for advising the Chief Constable on legal matters. As a member of the Chief Officer Group, the Director of Legal Services is able to scrutinise the legal implications of all strategic decisions.

Members of the Joint Audit & Standards Committee and Ethics and Integrity Panel are recruited for the specific skills and experience requirements to fulfil their respective roles. These bodies have clear terms of reference and membership which are consistent with best practice. Members are supported in their professional development through provision of seminars prior to meetings, access to relevant publications and external training.

The Constabulary has a leadership development programme which aims to ensure that managers at all levels within the organisation equipped with the knowledge and skills required to lead the organisation. In addition, the leadership & skills programme aims to provide officers and staff with

both the operational skills and knowledge that they require in order to undertake their role and provide supervisors and managers with the necessary leadership & managerial skills to engage, support and manage their staff.

In the longer term it will put in place a long term, sustainable Leadership and Skills Programme for all staff, which supports the national leadership review of policing.

Developing the Capability of Individuals within the entity.

The Constabulary has a range of human resources policies which provide a framework to ensure that officers and staff are treated in a fair and transparent way in accordance with employment legislation. A Workforce Group meets on a weekly basis to consider staffing changes. Part of the terms of reference of this group is to ensure that promotions and appointments processes are equitable.

All personnel policies are reviewed on a periodic basis to ensure that they remain fit for purpose and support officers and staff in working effectively.

The Constabulary has a well-defined organisational structure with clear reporting lines. All officers and staff within the Constabulary have job profiles, which define their roles and include the policing professional framework.

There are national pay scales for police officers and police staff. Terms and conditions of employment are approved nationally for Police Officers, via

Police Regulations and locally for police staff, in conjunction with employee representatives. The Constabulary operates an approved job evaluation scheme.

All Constabulary posts are recruited to on the basis of accurate role profiles. The profiles specify appropriate essential and desirable skills, experience and qualifications to ensure that employees are able to deliver their responsibilities effectively. Membership of relevant professional bodies ensure access to up to date Codes of Practice, guidance and professional standards in all areas of business.

The Constabulary is committed to the principles of 'equal opportunities' in relation to the recruitment of officers and staff, accordingly promotion and appointments are undertaken in an open and transparent way in accordance with HR policies.

Staff Associations are represented at the Constabulary's Chief Officer Group meetings, which ensures that they are consulted on all strategic decisions. The Constabulary and Commissioner have adopted joint personnel policies to provide a framework for all issues related to employee management and terms and conditions. This includes policies on how staff and staff associations will be engaged in any change process. Trade unions and staff associations are consulted during any reviews of personnel policies. There is a general principle of on-going consultation and engagement during any business change, which encourages employees to contribute ideas and suggestions to improve performance.

The Constabulary is committed to ensuring that the capacity and capability of its officers and staff are developed to enable them to operate effectively through the People Strategy.

Police Officer

Police Officer and Police Community Support Officer recruits are provided with rigorous initial training on operational policing and the values and standards of conduct expected of them.

The Constabulary's PDR processes for officer and staff enable training and development requirements to be identified and managed, which are aligned to the role or agreed objectives and actions.

The Constabulary has an approved training plan, which is updated on a regular basis and aims to address the development needs of officers and staff. The training programme also seeks to provide refresher courses, which ensure that specialist skills are maintained in accordance with relevant best practice.

Areas of corporate training and development need are addressed by a range of training solutions including e-learning, classroom and assessed qualifications, which can be accessed by all officers and staff.

A Performance Development & Review (PDR) process has been introduced for all staff within Cumbria Constabulary. The PDR is based around a national competency and values framework linking the current 15 week review process already in place with national PDR requirements. The current PDR arrangements are an interim solution which will be replaced by a College of Policing PDR model during 2018/19.

The Constabulary recognises the importance of supporting the health and well-being of employees in contributing to an effective workforce. As part of the People Strategy all HR policies take account of employee welfare for example provision, where possible, for flexible working for staff and officers. The Health and Safety department provide ongoing monitoring and advice in relation to safety within the workplace. The Constabulary maintains an occupational health function, which provides advice and support to managers and staff in relation to specific psychological and physiotherapy issues.

Principle F: Managing risks and performance through robust internal control and strong public financial management.

Chief Constables need to ensure that the entities and governance structures that they oversee have implemented—and can sustain—an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

Managing risk

The Constabulary's risk management policy sets out the overall arrangements for managing risk within the Constabulary and is based on good practice identified by the Institute of Risk Management. The policy incorporates a clear framework of objectives, designated roles and responsibilities for risk management and provides a mechanism for evaluating and scoring risks to support decision making in respect of mitigating action. Identified risks are logged on a risk register with clear ownership and reviewed regularly as a standing item at strategic and management meetings. Individual project boards, departments and commands each maintain risk registers, which are updated on a quarterly basis and integrated with the corporate risk management process. Specific

risks can be escalated to a strategic risk register for consideration by the Chief Officer Group.

Arrangements for risk management are subject to review by the Joint Audit and Standards Committee. The Constabulary's Strategic Risk Register is presented to the Committee at each quarterly meeting.

The Constabulary maintains comprehensive business continuity plans for all service areas, which aim to ensure that critical activities are maintained in a range of adverse scenarios.

Managing performance

Clear lines of accountability and processes are in place within the Constabulary to monitor and

manage delivery of operational and business objectives including :-

- A board structure linked to the delivery of strategic priorities with clear terms of reference / areas of responsibility.
- Chief Officer's holding managers to account for delivery of the work programme in Performance Development Conferences.
- Performance management figures which are published on a dashboard available to all Constabulary officers and staff and the Commissioner, which are updated daily. These figures are subject to statistical analysis to identify areas where significant change is occurring.
- Monthly meetings between chief officers and their senior management to discuss progress on the work programme.
- A Daily Operational Review Meeting which ensures that a tactical level operational resources are continuously prioritised and directed towards meeting force objectives.
- Quarterly performance reports which are presented to the Chief Officer Group and the Commissioner's Public Accountability Conference.
- Thematic performance reports which are presented to the Chief Officer Group, Collaborative Board and the Commissioner's Public Accountability Conference and published on the Commissioner's website.
- An individual Officer Performance Dashboard has been developed and implemented. This enables sergeants to quickly view their officers' workload and form the basis of regular one to one performance meetings, improving supervision and productivity.
- Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) also continuously monitors Constabulary performance against other forces and carries out an annual overarching Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection of the Constabulary together with thematic inspections agreed with the Home Secretary. Action plans are developed in response to inspections and are subject to regular review.
- User Satisfaction Performance measures are included in the Performance Management Framework. The Constabulary also pursues strategies to engage effectively with service users including crime surveys and community meetings, with the aim of better meeting the needs of users. A procedure for complaints enables the public to raise concerns about services.
- The Constabulary has developed a Quality of Service Action Plan with the aim of improving service delivery and user satisfaction.
- The Constabulary has developed a Business Improvement Unit and Strategy with the aim of providing assurance that operational systems and processes are operating effectively to deliver a high quality policing service.
- A funding arrangement is in place between the Police and Crime Commissioner and the Constabulary, which clearly defines the purpose of the funding and sets out information and monitoring requirements to ensure funding is targeted on activities that support the priorities and outcomes within the Police and Crime Plan.

Reports are produced on a standard template with the aim of providing appropriate information to decision makers including evaluation of options, consideration of risks and consultation from specialist support functions to ensure that the full implications of decisions are understood.

The Police and Crime Plan recognises the importance of partnership working between the Chief Constable and the Commissioner to develop the future direction of policing policy and strategy that takes account of public priorities. A Collaborative Board structure comprising the Deputy Chief Constable, Assistant Chief Constable, Commissioner's Chief Executive and Deputy Chief Executive and the Joint Chief Finance Officer supports joint working and facilitates the arrangements for accountability and performance monitoring. The board provides a mechanism through which the Chief Constable provides briefings on matters or investigations over which the PCC may need to provide public assurance.

The Constabulary's Change Programme is critical to the delivery of an effective policing service at a time of scarce resource. All changes proposals are developed in accordance with principles set out in the Constabulary Change Management policy, which includes comprehensive consultation with all stakeholders and scrutiny through the Vision 2025 thematic boards. All changes are subject to post implementation review.

Robust internal control

The Chief Constable is responsible for reviewing her governance framework and including the system of internal control. This work is informed by the work

of Chief Officers and senior managers who undertake an over-arching review of key controls and governance arrangements in support of the key principles in this code.

The Constabulary's arrangements for risk management, internal control and anti-fraud and corruption are reviewed on a cyclical basis through the wider arrangements for assurance of the governance framework.

Senior managers with responsibility for financial systems provide annual management assurances using a CIPFA internal control framework as part of this process. An annual fraud risk assessment is undertaken as part of the accounts closure process by the Chief Finance Officer and reviewed by external auditors.

A joint internal audit service is commissioned in conjunction with the Commissioner, which is provided by the Cumbria Shared Internal Audit Service. This provides assurance in relation to the Constabulary's internal control environment, arrangements for risk management and governance. The internal audit plan is developed on a risk basis following consultation with stakeholders and covers all areas of operation. The Head of Internal Audit provides an annual overall opinion of the adequacy and effectiveness robustness of the internal control framework.

A Joint Audit and Standards Committee operates in line with Chartered Institute of Public Finance and Accountancy Code of Practice and the Home Office Financial Management Code of Practice. In line with the Home Office Code, the Committee fulfils the functions of an Audit Committee for both the

Commissioner and the Chief Constable. As part its terms of reference the committee reviews

- The Constabulary's key governance documents on a cyclical basis.
- The Constabulary's risk management arrangements.
- Annual reviews of the effectiveness of arrangements for risk, governance and internal control.
- internal and external audit reports and updates on progress in implementing audit recommendations.

The committee undertakes an annual self-assessment to ensure on-going compliance with the CIPFA framework for Police Audit Committees.

Managing Data

The Constabulary has adopted an Information Management Strategy which has the principal objectives of ensuring that information is managed

- within a framework for identifying, considering and owning information and information risk.
- consistently across the organisation.
- to support policing objectives by providing reliable information at the point of need.
- in compliance with relevant legislation concerning the handling and use of data. For example General Data Protection Regulations. In particular data will only be collected or held for either 'lawful policing purposes' as defined by the Management of Police Information (MOPI) Code of Practice (2005) or to support administrative functions.

- Providing guidance to personnel on the correct use of data, sharing it lawfully and protecting it from compromise.

The Constabulary maintains appropriate physical and digital safeguards to protect data from unauthorised access and misuse. An Information Security Board meets regularly to respond to emerging issues and threats in relation to the management and sharing of data.

The accuracy of police data is critical to the achievement of policing objectives and maintaining public confidence. To ensure that data is managed in an accurate and timely manner, the Constabulary maintains a number of specialist units including :-

- a Crime and Incident Registrar supported by a team whose role is to ensure that crimes are recorded in compliance with National Crime Reporting Standards.
- officers and a criminal justice unit whose role is to support the criminal justice process and to ensure the timely and effective progression of criminal cases through the criminal justice system meeting the evidential requirements of both magistrates and crown courts.
- an Information Management Services team who ensure that performance data is collated and reported on a consistent basis.
- a Central Services Department which manages transactional data on behalf of a number of support functions.

Strong public financial management

Arrangements for financial management support the Chief Constable in achieving objectives and delivering strong operational and financial performance. The arrangements for financial management are codified within a suite of financial governance documents, which comply with CIPFA Codes of Practice and ensure that all officers and staff are aware of their responsibilities in this regard.

The governance documents include a funding arrangement between the Commissioner and Constabulary, which sets out the financial consents and responsibilities for financial management between the Commissioner and Chief Constable. This ensures that funding provided to the Chief Constable is directed towards the policing strategy and priorities set out in the Police and Crime Plan.

The Constabulary's budget and medium term financial position provide a framework for all Constabulary decisions. The Joint Chief Finance Officer is a member of the Chief Officer Group ensuring that the financial position and risks are clearly understood and support the operational decision making process.

The Constabulary and Commissioner have a shared finance team which provides a full spectrum of financial management services to both organisations including budget planning, budget

monitoring, preparation of the statutory financial statements and treasury management. There is financial representation at all decision making and project boards and report templates incorporate the financial implications of proposals.

The management of all Constabulary budgets (including capital projects) are assigned to named budget-holders, who are required to formally accept their responsibilities including any arrangements for sub-delegation. These responsibilities require regular monitoring and reporting of financial information, enabling early identification of variances. Each budget-holder receives support from a designated member of the financial services team.

The financial services team works closely with both operational and support functions to ensure that business planning and financial planning processes, such as workforce planning and the preparation of strategies are fully integrated.

All financial systems and process are subject to risk based cyclical review by internal audit to provide assurance that financial controls are operating effectively, which also forms part of the arrangements reviewed by external audit in forming their conclusions on the financial statements and value for money.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Implementing good practice in transparency

In all communications to the public the Constabulary seeks to ensure that the content and reporting style are as clear and easily understandable as possible. A number of different forms of media are often utilised to maximise public engagement.

The Constabulary's website, facebook and twitter account aim to provide key information to the public in a readily accessible format.

The Constabulary is committed to open and transparent governance and complies with the Freedom of Information Act 2000. A dedicated function within the Constabulary's Professional Standards Department aims to ensure that requests for information under the Act are responded to promptly, proportionately and accurately.

The Constabulary complies with the Government's transparency agenda in respect of publishing details of all expenditure over £500.

Implementing good practices in reporting

The principal means by which the Chief Constable formally reports to the public is through the Commissioner's Annual Report, which incorporates activities, performance and achievements of the Constabulary. The annual report presents outcomes achieved against an agreed framework of targets and measures.

The Constabulary publishes an Annual Governance Statement (AGS) alongside its Statement of Accounts. This document outlines the measures in place to ensure compliance with its Code of Corpo-

rate Governance. The AGS also incorporates an action plan of work which will be undertaken in the following financial year to enhance its governance arrangements. The AGS is subject to internal audit review and scrutiny by the Joint Audit and Standards Committee prior to publication.

The Constabulary is subject to the Accounts and Audit (England) Regulations 2015 and prepares a set of single entity accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and are subject to external audit.

The Constabulary's financial statements include a narrative statement, which provides an overview of financial and organizational performance in a concise and easily understandable format.

Assurance and effective accountability

Grant Thornton UK LLP are the external auditors appointed to both the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary to report key matters arising from the audits of the Commissioner and Chief Constable's financial statements. The external auditors also reach a formal conclusion on whether the Commissioner and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. The audit findings report is published in the financial statements and presented to the Chief Officer Group, Commissioner's Public Accountability Conference and Joint Audit and Standards Committee for review. The Joint Audit and Standards Committee monitors the implementation of recommendations arising from the audit.

The Constabulary has joint arrangements for internal audit in place in conjunction with the Commissioner. This service is provided by the Cumbria Shared Internal Audit Service. Central to this function is an annual risk based audit plan, which complies with the Public Sector Internal Audit Standard. The Chief Internal Auditor reports to the Joint Audit and Standards Committee on its findings, including recommendations for improvements. The Committee monitors the implementation of audit recommendations. Internal Audit makes an annual assessment and reports on the overall internal control environment and arrangements for risk management.

The Constabulary is subject to review by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), who produced themed reviews and an annual overall assessment of Police Efficiency, Effectiveness and Legitimacy (PEEL). HMICFRS reports are reviewed by the Joint Audit and Standards Committee. Action plans are developed to respond to HMICFRS recommendations. Where appropriate the Constabulary engages peer reviews of specific activities or functions to provide additional assurance. The Constabulary's Business Improvement Unit monitors the implementation of recommendations, which are also reported to the Commissioner's Public Accountability Conference and the Joint Audit and Standards Committee.

The Ethics and Integrity Panel also monitors and reports on specific areas of activity, such as complaints handling and ethical issues.



Cumbria Office of the Police and Crime Commissioner

Code of Corporate Governance 2018/19

Foreword

Welcome and thank you for taking the time to read the Police and Crime Commissioner for Cumbria's Code of Corporate Governance. I am pleased to introduce this Code, which sets out the Commissioner's commitment to continue to uphold the highest possible standards of good governance. This document clearly demonstrates his drive to ensure that this is in place. Good governance is about how the Commissioner will ensure that he is doing the right things, in the right way, for the communities he serves, in a timely, inclusive, open, honest and accountable way.

The Code provides clarity about how the Commissioner and Chief Constable will govern their organisations both jointly and separately, in accordance with their statutory responsibilities. It will do this by highlighting the key enablers for ensuring good governance. The Code sets out how the organisations will govern, using the seven good governance principles as the structure for setting out the statutory framework and local arrangements.

Robust governance enables the Commissioner to pursue his vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

Gill Shearer
Chief Executive and Monitoring Officer
Office of the Police and Crime Commissioner

Introduction

The Police Reform and Social Responsibility Act 2011 (PR&SRA) established Police and Crime Commissioners as elected officials with statutory functions and responsibilities for Policing and Crime within their area. Those responsibilities include: setting the strategic direction and objectives for policing and crime and disorder reduction in their area; maintaining the police force; and holding the Chief Constable to account. Police and Crime Commissioners also have wider responsibility for community safety, enhancing criminal justice and supporting victims.

The statutory and regulatory framework setting out the responsibilities, powers and duties of Police and Crime Commissioners is continually developing. The PR&SRA is supported by the Policing Protocol Order 2011, the Home Office Strategic Policing Requirement 2015 and the Home Office Financial Management Code of Practice 2013. The Anti-Social Behaviour, Crime and Policing Act 2014 has developed and conferred further powers in respect of the wider responsibilities of Police and Crime Commissioners. These powers have been extended through the Policing and Crime Act 2017.

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring that business is conducted in accordance with this statutory and regulatory framework and in accordance with proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In fulfilling this overall responsibility, the Commissioner is responsible for putting in place proper arrangements for governance, including risk management and the arrangements for ensuring the delivery of the functions and duties of his office.

In doing this, the Commissioner approves and adopts annually this Code of Corporate Governance, 'The Code'. The Code gives clarity to the way the Commissioner governs and sets out the frameworks that are in place to support the overall arrangements for the Cumbria Office of the Police and Crime Commissioner (COPCC). The Code is based on the core principles of governance set out within the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016. The Code is appended with a schematic that sets out diagrammatically all the key elements of the governance framework.

On an annual basis the Commissioner will produce an Annual Governance Statement (AGS). The AGS reviews the effectiveness of the arrangements for governance and sets out how this Code of Corporate Governance has been complied with.

The Code of Corporate Governance

This code of corporate governance sets out how the Police and Crime Commissioner will govern. It is based on the seven good governance core principles highlighted by the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, and supported by the Nolan Principles of Public Life. This Code uses those principles of governance as the structure for setting out the statutory framework and local arrangements that are in place to achieve them.

The seven good governance principles are:

- Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Principle B: Ensuring openness and comprehensive stakeholder engagement
- Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes
- Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Principle F: Managing risks and performance through robust internal control and strong public financial management
- Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

NOLAN PRINCIPLES OF PUBLIC LIFE

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

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

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

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

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

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

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

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Police and Crime Commissioners are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Business Code of Conduct: Staff shall:

Maintain the highest possible standards of probity in all commercial relationships;

Reject business practice which might reasonably be deemed improper and never use authority for personal gain;

Enhance the proficiency and stature of the organisation by acquiring and maintaining technical knowledge and the highest standards of behaviour;

Ensure the highest possible standards of professional competence, including technical and commercial knowledge;

Optimise the use of resources to provide the maximum benefit to the organisation.

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

Ethics and Integrity

The arrangements for governance within the Office of the Police and Crime Commissioner are based on a culture of ethics, integrity and acting in the public interest. This is demonstrated and communicated through a number of policies and codes that set out the standards of conduct and personal behaviour expected in the Commissioner's office. Specifically:

- A Code of Conduct commits to the Nolan Principles of Public Life. The Code sets out commitments with regard to how people will be treated, the use of resources, disclosure and conflicts of interest, disclosure of information and transparency.
- A Code of Ethics developed by the Association of Police and Crime Commissioners (APCC) has also been adopted by the Commissioner. It sets out how

the Commissioner has agreed to abide by the seven standards of conduct recognised as the Nolan Principles. This Ethical Framework allows transparency in all areas of work of the Police and Crime Commissioner. These principles encompass the Commissioner's work locally and whilst representing Cumbria in national forums. The principles are listed in the Code of Ethics with examples of how these are achieved.

- The Commissioner's arrangements for anti-fraud and corruption make clear the duty everyone has with regard to their own conduct and those of others. The arrangements incorporate an anti-fraud and corruption policy and plan covering the culture expected within the organisation and provide contact information for confidential reporting (whistleblowing).

- Anti-fraud and corruption procedures cover arrangements for integrity in respect of gifts and hospitality, completion of a register of interests, supplier contact and declarations of related party transactions. These ensure staff avoid being engaged in any activity where an actual or perceived conflict may exist and that there is transparency in respect of any personal or business relationships. Staff are reminded on a monthly basis of the need to make declarations.

- The Office of Cumbria Police & Crime Commissioner is responsible for investigating complaints about the Chief Constable, any appointed Deputy Commissioner, the Office of Cumbria Police & Crime Commissioner's own staff and Independent Custody Visitors. A formal process exists for dealing with complaints. The arrangements are clearly set out, including the role of the Police and Crime Panel, on the 'contact us' section within the Commissioner's website. The

protocol for managing complaints is set out in the Commissioner's Complaints Policy and reinforces the commitment to upholding the highest ethical standards.

- Complaints against the Police & Crime Commissioner are referred by the Commissioner's Monitoring Officer to Cumbria County Council's Monitoring Officer who investigates the complaints and then seeks to either resolve them locally with the complainant, refers them to the Police and Crime Panel or the Independent Police Complaints Commission.

- The Commissioner's Procurement Regulations incorporate a Business Code of Conduct, reinforcing the integrity requirements within the anti-fraud and corruption policy in the context of procurement activity.

- Financial Regulations make arrangements for the proper administration of financial affairs. They also seek to reinforce the standards of conduct in public life, particularly the need for openness, accountability and integrity.

- Grant regulations are based on a framework that provides minimum standards and terms and conditions for the grant award process that seek to ensure grants are awarded within the public interest.

- The Commissioner and all staff are required to sign up to an anti-discrimination Code that sets out values and standards with regard to the prevention of any kind of discrimination.

All policies and codes are reviewed on a cyclical basis to ensure they are operating effectively. Independent external assurance is provided through the work of an Ethics and Integrity Panel

and Joint Audit and Standards Committee. The purpose of the Panel is to promote and influence professional ethics in all aspects of policing and within both organisations. It provides scrutiny and review in respect of the arrangements for codes of conduct, integrity and complaints. It also provides assurance to the public that any issues or concerns are highlighted and monitored. The Joint Audit and Standards Committee has responsibility for standards matters covering hearings and determining appeals in relation to the Commissioner's personnel policies and decisions of the Chief Executive. The Committee also provides scrutiny and review in respect of the Commissioner's arrangements for anti-fraud and corruption and financial, procurement and grant regulations. Agendas and papers are available to the public on the Commissioner's website to aid transparency.

The leadership values for the organisation have been developed by our staff to support good governance and advocate high standards of integrity and ethical behaviour. They are set out in our Corporate Plan. All staff within the OPCC have been appointed following open and transparent appointment processes. Following appointment staff commit to the various codes of conduct and ethical standards that are in place for the OPCC. All staff also undertake a structured induction process arranged by the Governance Manager.

Respecting the Rule of Law

The Chief Executive is the Commissioner's Monitoring Officer with responsibility for ensuring that the Commissioner and staff of the Office of the Police and Crime Commissioner do not contravene any rule of law or engage in any activity that

Our Values

We are a single team with a culture of trust and confidence

We develop the capacity and capability of our office to be effective and recognise high performance

We have empowered staff who are high performing, professional and have high levels of satisfaction in their roles

We embrace and deliver change, achieve national recognition for what we do and are exemplars of best practice

We hold ourselves to account for what we deliver, measuring our outcomes, customer satisfaction and value for money, striving for continuous improvement

We promote our values and demonstrate the values of good governance through upholding high standards of conduct and behaviour

constitutes maladministration or injustice. The responsibilities of the Chief Executive are codified within legislation, within the Commissioner's scheme of delegation and within the documents comprising the Commissioner's wider governance framework. The Chief Executive is responsible to the Commissioner for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The Chief Executive is supported by an internal legal team and will instruct external legal advisers where there are significant legal complexities or legal risk. The office structure provides for a post of a deputy Monitoring Officer to ensure continuity in the delivery of this role in the absence of the Chief Executive.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Police and Crime Commissioners and their Offices are run for the public good, they therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Openness

The Commissioner operates in accordance with the Elected Local Policing Bodies (Specified Information) Orders 2011, 2012 & 2013 and the guidance provided by the Information Commissioner. This is demonstrated, documented and communicated through an information publication scheme that ensures the openness of all key information to the public and wider stakeholders. This includes information in respect of the Commissioner, his staff, income and expenditure, property, decisions, policies and the independent custody visiting scheme. The Commissioner's Monitoring Officer has overall responsibility for ensuring compliance with the Orders and Scheme.

To ensure transparency of decision making, all decisions are recorded and published on the Commissioner's website for public scrutiny. The Police and Crime Panel may call in any decisions for further public scrutiny.

The Commissioner adopts rigorous standards in his decision-making and all decisions are taken solely in the public interest. This is achieved by adherence to a decision making policy that sets out the parameters and the application of a set of principles that guide decision making. The approach within the policy adheres to the Good Governance Standard for

Public Services and the Good Administrative Practice
2.

Decision Making Policy: Principles of Decision Making

Decision-making will be well informed

The decision-making process will be open and transparent

To have 'due regard' within the decision making process

Be rigorous and transparent about how the decisions are taken

All decisions of significant public interest will be recorded and published.

The PCC will uphold the highest standards of integrity and honesty when taking decisions, as set out in the Nolan Principles.

Reports for decision are based on a template that ensures the consequences of any recommendations are clearly explained and that there is clear reasoning and evidence for decisions. This includes relevant financial, legal, human resources, equality, procurement, IT and risk management advice.

Engaging Comprehensively with Institutional Stakeholders

The Police and Crime Plan recognises the importance of stakeholder engagement and collaborative working in developing and delivering priorities for the future direction of policing, crime reduction, and supporting victims. The process for development of the Plan includes consultation with the Police and Crime Panel, wider partners and the Constabulary. Consultation processes support the development of objectives and outcomes prior to the formal approval and publication of the Plan on the Commissioner's website.

The Plan recognises that in preventing crime and supporting victims a commitment to collaborative working is needed from a range of organisations involved in policing, community safety and criminal justice. The Plan commits to utilising the existing partnership structures across the County to do this wherever possible. This enables the Commissioner and partners to build commitment to shared priorities and to exercise oversight of the delivery of shared outcomes.

As part of these arrangements the Commissioner has signed up to the Cumbria Compact, an agreement and set of principles that govern effective relationships between public and third sector organisations.

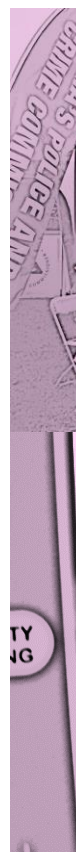
The purpose, objectives and intended outcomes from partnership and collaborative working will be set out in a Partnership Strategy. Grant agreements govern the funding arrangements with partners and the third sector and set out the purpose, objectives and shared outcomes which that funding is planned to deliver.

Joint boards, collaborative procurement and third sector partnerships are central to the Commissioning Strategy that seeks to efficiently and effectively deliver the Police and Crime Plan. The underlying Commissioning Plan uses commissioning approaches and a grant framework that enable partners to determine interventions that will be appropriate and effective in delivering outcomes.

Engaging Stakeholders Effectively including Citizens and Service Users

A Public Engagement Strategy sets out how the Commissioner will make arrangements for obtaining the views of the community on policing and for obtaining the views of victims of crime. The strategy aims to ensure clear channels of communication are in place with all sections of the community and other stakeholders. As part of the Public Engagement Strategy the Commissioner undertakes formal consultation with the public, partners and other stakeholders in respect of the Police and Crime Plan and the budget.

The OPCC is instrumental in giving the people of Cumbria the ability to communicate with the Commissioner and plays a key role in ensuring public opinion can influence the Commissioner's decision making. The Office ensures a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria. The office plays a critical role in ensuring that two-way communication with communities take place and that the Commissioner is publically available to speak to communities and individuals.



The OPCC has responsibility for keeping people informed, ensuring that activities and decisions are transparent and that effective, transparent and accessible arrangements are in place for providing feedback. A wide range of communication tools are used to achieve open and transparent communication with communities. This includes the statutory requirement of producing and publishing an Annual Report setting out what has been achieved in a 12 month period.

The OPCC also supports the Commissioner around public affairs, if necessary highlighting the impacts on policing and people in Cumbria.

A complaints process and quality of service procedure provides clarity over the arrangements to respond to the breadth of concerns raised by local people. If trends are identified these are used to improve customer service from the Constabulary and influence the decisions of the Police and Crime Commissioner.



Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of the Police and Crime Commissioners' responsibilities mean that they should define and plan outcomes and that these should be sustainable. Decisions should contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

The Commissioner's Police and Crime Plan can be found on our website at www.cumbria-pcc.gov.uk

Defining Outcomes

The Police Reform and Social Responsibility Act (PRSR) 2011 and the Policing Protocol Order set out the purpose of the Police and Crime Commissioner, conferring statutory duties and responsibilities. These include the requirement to issue a Police and Crime Plan. The Plan sets out the vision and strategic direction for policing and reducing crime for the local area. It outlines police and crime objectives, priorities and outcomes for policing and victims that the Commissioner will focus on in carrying out his purpose. The Police and Crime Plan sets out a Pan-Cumbrian vision.

Key performance indicators are set to support the objectives within the Police and Crime Plan. This is supported by a comprehensive performance management framework. The performance framework and HMICFRS inspection and value for money reports support the Commissioner in holding the Chief Constable to account for the performance of the force and its efficiency and effectiveness. User Satisfaction Performance

measures are included in the Performance Management Framework.

The Police and Crime Plan is developed alongside a Medium Term Financial Strategy that ensures funding is aligned to the resources needed to deliver priorities and outcomes. The forecast supports the Commissioner in setting a robust budget and in his purpose of maintaining the force for the Cumbria police area.

A Commissioning Strategy and framework supports the delivery of the Commissioner's wider duties and responsibilities and the objectives and outcomes within the Police and Crime Plan. The strategy sets out how the Commissioner will work with partners, including community and voluntary sector groups, to deliver activity and interventions that will support victims, improve community safety, reduce crime and enhance criminal justice. The strategy is underpinned by a commissioned services budget and programme. The budget funds the Office of Victims Services, supported by a Victims Advocate, to commission and promote

effective support services that will help victims to cope and recover.

Sustainable economic, social and environmental benefits

A process is in place to support policy and strategy development. Oversight of the central policy record, including compliance with procedure and equality impact assessments, is managed by the Executive Team. This ensures that the sustainability of policies and strategies and the wider benefits and interrelationships across the business are fully understood.

When developing strategies, policies or business plans the Office of the Police and Crime Commissioner will seek to impact assess such documents prior to their development. The outcomes of these assessments will inform development work and be taken into consideration when policies and strategies are approved. In this way, our policies and strategies provide a framework to support decision making.

The process for making decisions, particularly those that involve expenditure, includes an assessment of the longer term impact of proposals to ensure sustainability. Decisions on human resource planning, the most significant factor influencing the delivery of sustainable economic, social and environmental benefits, take account of the longer term financial outlook alongside projections of future turnover. This enables workforce planning and recruitment in a way that supports the economic management of training and supervision requirements and maximizes the benefits to the business.

All decision reports include a section which allows the author to identify any equality issues. These will be taken into account by the Commissioner when considering the decision.

To manage risk and ensure transparency of interests in decision making, the Commissioner and officers are required to make declarations where there are or may be perceived to be conflicts of interest. The role of the Monitoring Officer and the Commissioner's Oath of Office further supports decisions being made in the wider interest of the people of Cumbria, rather than representing any particular political interests.

The Police and Crime Plan and the policy and strategy documents that support it are developed to cover a four year rolling timeframe and take into account feedback from public consultation and engagement.

All of these documents and the outcomes from consultation are published and are publicly available on the Commissioner's website. Information is published in a variety of mediums. The OPCC website has the functionality to assist in the access to information held. The COPCC would look to assist with translation of information or send information to a third party who can assist them. The COPCC website has the ability to translate into the main languages.



Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Police and Crime Commissioners achieve their intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice and Commissioners have to make sure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Determining Interventions

The Commissioner sets the strategic direction for Policing and wider interventions within the Police and Crime Plan. The Plan is reviewed annually to ensure decision making on activity and outcomes remains robust. The Commissioner's decision making policy adopts a set of principles to ensure all decision making is well informed, that options are rigorously considered and information is provided on potential risks.

The Constabulary is the primary provider of policing services and the recipient of the substantial proportion of funding from the Commissioner to deliver the Police and Crime Plan. Achieving best value through the delivery of an effective policing strategy is a condition of the arrangements for funding between the Commissioner and the Constabulary. Decisions are made annually on the level of resources and how they should be directed as part of the Commissioner's budget setting process.

The performance, outcomes and costs of the Constabulary are monitored through a framework that includes external comparators (HMICFRS Value for Money Profiles), Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection reports and an annual Value for Money Conclusion from the External Auditors. Recommendations from PEEL inspections are used to review decisions in year on resources and determine whether intervention are needed to respond to inspection findings.

Grant and Procurement Regulations set out a framework for commissioning and procurement activity that supports the achievement of best value and practical interventions to support Police and Crime Plan outcomes within wider commissioned services. An annual report to the Joint Audit & Standards Committee reviews value for money in respect of the costs of the Commissioner's Office, providing external oversight of staffing and wider financial resources committed to fulfilling the legal and regulatory requirements of the Office.

Medium Term Financial Strategy Objectives

To deliver a robust and balanced medium term financial plan and annual budget supported by an in-year reporting framework that monitors its delivery.

To ensure arrangements for funding between the Commissioner and Constabulary deliver value for money and support the priorities of the Police and Crime Plan

To ensure capital expenditure plans are robustly scrutinised, fully funded for a minimum of four years and are supported by capital strategies that meet the needs of the business

To maintain a risk assessed level of reserves to meet unplanned expenditure and to provide revenue budget smoothing for intermittent costs.

To ensure treasury management activities provide for the security of the Commissioner's funds whilst meeting the cash management needs of the Commissioner and Constabulary

To provide a framework for financial governance that ensures the proper administration of the Commissioner's financial affairs

Planning Interventions

A Commissioning Strategy and joint Procurement Regulations set out how services will be planned, procured and delivered. The Safer Cumbria Partnership provides a flexible and supportive mechanism through which services can be developed and delivered with shared risk. Grant and contract management arrangements are in place to monitor and review service quality.

The Medium Term Financial Strategy sets out the financial plans for revenue and capital expenditure. An annual funding arrangement for the Chief Constable codifies the amounts and conditions of funding based on a financial proposal from the Constabulary. It sets out how the budget will be monitored including financial information and reporting requirements. Financial reporting provides a control to assess the extent to which planning assumptions for the budget have been matched by actual activity and expenditure in year. Further controls over the management of income and expenditure are detailed in the Commissioner's financial regulations. Key Performance Indicators for finance are agreed as part of the arrangements for the funding agreement and incorporated within the Finance Services Business Plan. Wider financial targets, for example prudential indicators, are set as part of the budget process, and monitored on a quarterly basis to ensure they are being met.

The Medium Term Financial Strategy sets out revenue forecasts of income and expenditure and the key financial assumptions and policies on which the forecasts are based. This supports a strategic approach to operational planning, savings requirements and decision making in support of the objectives within the Police and Crime Plan. It also ensures that the financial liabilities, risks and the level of provision and reserves within the budget are fully understood. The budget includes a 10 year capital programme aligned to plans for ICT, the estate and fleet, ensuring resources are balanced in the medium and longer term to meet the requirements of the business.

Financial, operational and commissioning plans are developed taking into account the feedback from

the public and wider stakeholders. The Engagement Strategy sets out how the Commissioner will engage with a wide range of people and partners encompassing and including diversity within the County. The Commissioner in his role of consulting with the public uses the guiding principles of we asked, you said, we did as many engagement activities personally involve the Commissioner. To formally support the role of two-way engagement a six monthly paper is presented to the Commissioner outlining trends from the various forms of engagement and this information is used as an integral part in the process of any key decisions. Further communication tools are used to ensure target audiences are kept up to date of developments and key decisions for the Commissioner.

Optimising Achievement of Intended Outcomes

The Medium Term Financial Forecast integrates the budget and funding arrangements for the Constabulary with the Commissioner's directly managed budgets. The totality of estimated funding forms the basis for considerations regarding the trade-off between resources for commissioning and resources for policing to optimise outcomes within the Police and Crime Plan. Strategic priorities within Plan support decision making on the respective policing and commissioning strategies. This determines for example, the number of police officers, the balance between people resources verses equipment and the balance between supporting victim's verses crime prevention activity.

The budget process is based on a proposal from the Constabulary. It takes a zero based approach,

working closely with the business to forecast operational requirements over 4 years for revenue expenditure and 10 years for capital expenditure. This includes a series of 'star chambers' providing Chief Officers with the forum through which budget holders can be challenged. Through the budget process targets and plans are developed for savings and consideration is given to growth bids to resource new and changing requirements.

The Medium Term Financial Strategy includes information on national financial settlements for policing and what is known about settlements in future years. It also sets out the key financial risks that could impact on funding and expenditure nationally and locally. Sensitivity analysis provides information on the potential impact of changes to assumptions. Collectively this supports decisions on resources, services, performance and outcomes and ensures the business has a robust understanding of risks to the affordability of future plans. The Strategy incorporates information on plans for savings and the impact of funding changes for the number of police officers, PCSO's and police staff. This supports an on-going dialogue and monitoring between the Commissioner and Constabulary in respect of the necessary business change and its impact on outcomes and performance.

Through our Commissioning Strategy we engage and consult with the wider community on support and service provision gaps, this ensures that commissioning objectives and outcomes align with the needs of the local community as well as creating an opportunity for providers to innovate. Commissioning to local based providers ensures the economic, social and environmental well-being of the wider Community. Awarding of Contracts or

Grant Agreements are based on the social outcomes and measures which meet local priorities

and needs as opposed to financial gains and benefits.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Police and Crime Commissioners need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. Commissioners must ensure that they have both the capacity to fulfil their mandate and to make certain that there are policies in place to guarantee that management has the operational capacity for the entity as a whole. Both the individuals involved and the environment in which Commissioners operate will change over time, and there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of their communities

Developing the entity's capacity

Legislation provides that the Commissioner must appoint a Chief Executive and a Chief Finance Officer (statutory officers). The Chief Executive is the Commissioner's Head of Staff with responsibility for overall management of the Commissioner's office. The Chief Finance Officer (CFO) operates on a shared basis acting as CFO for both the Commissioner and the Chief Constable. Both the Chief Executive and Chief Finance Officer have statutory responsibilities with regards to determining the requirements in respect of staffing resources.

The Chief Executive is a member of the Association of Police and Crime Chief Executives (APACCE) and operates within the APACCE statement on the role of the Chief Executive and Monitoring Officers for Police and Crime Commissioners. The Chief Executive's job profile is based on the APACCE

model to ensure the right skills, experience and qualifications for the role.

The role and functions of the Chief Finance Officer to support the Commissioner's mandate is set out within the Home Office Financial Management Code of Practice and by the Chartered Institute of Public Finance and Accountancy (CIPFA), the CIPFA statement. The job profile for this role is based on the CIPFA Statement. Compliance with the statement is self-assessed on an annual basis and reviewed by the Joint Audit and Standards Committee. Professional body subscriptions ensure the Chief Finance Officer has access to up to date Codes of Practice, guidance and professional standards

The structure and arrangements for staffing ensures the Chief Executive has management of overall staffing as Head of Paid Service with responsibility for effective succession planning and

resilience on matters of business within a small team.

A framework for the development and review of the corporate plan and underlying business plans ensures action plans and performance targets are delivered to support continuous improvement. The Commissioner's Office is reviewed annually with a report on Value for Money presented to the Joint Audit and Standards Committee. The report benchmarks staffing resources, capacity and costs within the HMICFRS most similar group of policing areas.

The costs of the Commissioner's Office and the Constabulary are benchmarked annually with reports presented for scrutiny to the Joint Audit and Standards Committee. Comparisons to most similar group policing areas are used to inform the budget savings programme and reduce costs.

Procurement regulations are developed jointly with the Constabulary and supported by a procurement strategy. The regulations incorporate procurement policy and procedures that aim to support the understanding and skills of all staff engaged in the procurement process. The procurement strategy sets out how the function will develop to deliver best value from procurement activity. The procurement regulations are supported by a set of grant regulations governing commissioning activity through a grant based process.

Developing the entity's leadership

The key functions and roles of the Commissioner, the Chief Executive/Monitoring Office and Chief Finance Officer are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA) and the

Key functions and role of the Commissioner

Sets strategic direction & objectives of the force, issues the Police and Crime Plan (the Plan) & an annual report

Holds the Chief Constable to account for the exercise of his/her functions and force performance; Monitors complaints.

Receives all funding, decides the budget & precept; allocates funding to maintain an efficient and effective police force

Provides the link between the police and communities; publishes information on Commissioner and force performance

Responsible for the delivery of community safety, crime reduction, the enhancement of criminal justice and victim support

Policing Protocol Order 2011 (PPO). These functions and roles define the responsibilities for leadership and are codified in the Commissioner's Scheme of Delegation and wider documents within the Corporate Governance Framework.

The Chief Executive is the Commissioner's lead advisor. Key responsibilities include working with the Commissioner to enable delivery against his vision, strategy and identified priorities and facilitating the accurate and appropriate scrutiny of the Constabulary's activities. The Chief Executive is also the Commissioner's statutory Monitoring Officer, providing support to ensure the Commissioner's functions are carried out and has specific legal, financial and governance duties in addition to those which derive from statutory responsibilities. The Chief Executive operates in accordance with professional standards and the legislative and fiduciary responsibilities of the statutory office.

The Chief Finance Officer is the lead financial advisor to the Commissioner and has statutory responsibility to ensure that the financial affairs of

the Commissioner are properly administered. The CFO provides all financial advice, provides a statutory report on the robustness of the budget and ensures systems of internal financial control are effective.

The Commissioner's Scheme of Delegation is part of a wider governance framework that further details specific decision making and wider responsibilities of key officers in relation to areas of governance and ensure all staff have a shared understanding of the roles, responsibilities and decision making authority within the Commissioner's Office. All governance documents are regularly reviewed and updated as roles develop to respond to changing legislation, regulations and other new requirements.

A member/officer protocol further sets out the roles of political office holders (the Commissioner/Deputy Commissioner) and non-political office holders (staff employees) to provide clarification on respective responsibilities and expectations around how relationships are anticipated to work. This is supported by arrangements for the declaration of interests to ensure the Commissioner, members and staff are free from relationships that would materially interfere with decisions making and their roles.

Members of the Joint Audit and Standards Committee are recruited for their specific skills and experience to fulfil the role of the Committee. Role profiles include a person specification that requires applicants to demonstrate a sound understanding and relevant professional experience. The Committee has clear terms of reference and membership that is consistent with the requirements of the Home Office Financial

Management Code of Practice, and CIPFA guidance. Development sessions, access to relevant publications and CIPFA/Grant Thornton external workshops support members continued development.

The Cumbria ICV Scheme comprises of four panels of volunteer Custody Visitors. Every new volunteer is required to undertake a half-day basic induction course, followed by an accompanied night observation visit; thereafter, new visitors are trained "on the job" by attending visits in the company of a more experienced colleague for the first six months. On-going ICV training is provided at the regular panel meetings and annual local and regional conferences.

In 2016 the OPCC became a member of the Independent Custody Visitors Association (ICVA). ICVA is a Home Office funded organisation set up to promote and support the effective provision of custody visiting nationally. ICVA works closely with government and criminal justice organisations providing advice on best practice for independent custody visiting schemes nationally; training; and publicity to Police and Crime Commissioner and custody visitors.

The Police and Crime Commissioner subscribes as a member of the Association of Police and Crime Commissioners (APCC). The APCC delivers daily written briefings received by the Commissioner and office staff, covering press and parliamentary reporting on those areas within the Commissioner's responsibilities to ensure the Office is kept updated on current developments.

The APCC and APACCE deliver national events to ensure Commissioners and their Chief Executives remain informed and have the opportunity to

discuss significant issues and develop collective approaches. There are also bi-monthly regional meetings of Chief Executives and quarterly regional meetings of Commissioners and Chief Executives. The Chief Executive/Monitoring Officer leads for the Commissioner on ensuring that appropriate policies and procedures are adopted and followed to ensure the COPCC complies with relevant statutes and regulations and has the capacity to deliver across these requirements.

The CFO subscribes to the Police and Crime Commissioners' Treasurers' Society (PaCCTS), supporting continuous development and ensuring the CFO maintains a breadth of understanding on policing finance. Further capacity and expertise is commissioned to support specialist services for treasury management, taxation and insurance brokerage.

Arrangements for staff appraisal provide the opportunity to discuss and review individual performance and training and development needs.

Developing the capability of individuals within the entity

The Commissioner has adopted a number of joint personnel policies with the Constabulary in addition to operating within a suite of COPCC specific policies that provide a framework for all issues related to employee management, terms and conditions. This includes policies on how staff and staff associations will be engaged in any change processes. There is a general principle for on-going consultation and engagement during any areas of

business change, creating an environment where staff can perform well and where ideas and suggestions are welcomed.

Personnel policies aim to promote a motivated and competent workforce whilst supporting the health and well-being of staff. They include arrangements for work-life balance through a scheme of flexible working and facilitate access to wider benefits e.g. special leave at times of specific personal need.

Business is carried out supported by policies and procedures that support the full range of human resource management responsibilities and all policies are subject to cyclical review in accordance with the Commissioner's policy framework. This supports continuous improvement, ensuring updated guidance is available for staff on how to carry out their roles and the wider responsibilities they should take into account.

All officers have clearly defined role descriptions and reporting lines based on the roles and the functions for which they are accountable, to ensure service delivery responsibilities are clear and can be monitored. Individual capabilities, performance and development requirements are assessed annually through a review process to agree the support, training and development staff need to carry out their duties and responsibilities.

Professional staff undertake continued professional development in line with the requirements of their professional bodies. The budget setting process provides for training and development budgets to support mandatory and discretionary training and development requirements.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Police and Crime Commissioners need to ensure that the entities and governance structures that they oversee have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management, business continuity and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

Managing risk

The Commissioner's Risk Management Strategy sets out the overall arrangements for managing risk including the arrangements for holding to account the Chief Constable in respect of those risks that fall within his functions. The Strategy establishes how risk is embedded throughout the various elements of corporate governance of the COPCC, whether operating solely or jointly with the Constabulary. The Strategy incorporates a clear framework of objectives, designates roles and responsibilities for risk management and provides a mechanism for evaluating and scoring risks, and supporting decision making in respect of mitigating action.

The strategy and risk registers are regularly reviewed to ensure a clear alignment between risk management activity and the organisation's objectives. Reporting formats ensure arrangements are dynamic and support the early identification of strategic and operational risks. Identified risks are logged on a risk register with clear ownership and

are reviewed cyclically based on a score that denotes the severity and impact of the risk should it occur. Every project run by the COPCC has a separate risk register. All decision and report forms include a section for the author to complete in which to identify any risks or potential risks. To ensure effective ownership and monitoring of risks, the Office of the Police and Crime Commissioner provides risk management training to all staff.

The arrangements for risk management are subject to on-going monitoring and review to ensure their continued effectiveness. This comprises review by internal audit and review by the Joint Audit and Standards Committee. The strategic risk register is presented to the Committee at each quarterly meeting. The Committee also receives the Risk Management Strategy and a report from the Chief Executive annually reporting on the effectiveness of arrangements for managing risk.

Managing performance

A Public Accountability Conference facilitates the arrangements for monitoring service delivery and holding the Chief Constable to account. This is supported by regular one to one briefings between the Commissioner and Chief Constable and an office level Collaborative Board. Senior Officers within the OPCC attend strategic Constabulary meetings to provide challenge and oversight of the arrangements that support decision making, delivery of key areas of business and the allocation of resources.

The Police and Crime Panel is the statutory body that provides the public accountability checks and balances in relation to the performance of the Commissioner and scrutiny of any decision made. The Panel receives cyclical information and reports on service delivery plans and progress towards outcomes. The Panel is consulted on the development of the Police and Crime Plan and budget, with a power of veto over the Commissioner's precept. The panel receives an Annual Report setting out what has been achieved in respect of delivery of the Police and Crime Plan objectives, and a financial outturn report comparing actual expenditure against the budget and including summary financial statements.

Robust internal control

The Commissioner is responsible for reviewing the effectiveness of his governance framework including the system of internal control. This work is informed by the work of Chief Officers and Senior Managers who undertake an overarching review of key controls and governance arrangements in support of the key principles in this Code.

Police and Crime Panel Functions

The functions of the Police and Crime Panel include reviewing the draft police and crime plan, public scrutiny of the annual report and the power of veto over the level of the Commissioner's proposed precept

Senior Managers with responsibility for financial systems provide annual management assurances using a CIPFA internal control framework as part of this process. This is further supported by an annual fraud risk assessment completed by the Chief Finance Officer and reviewed by the external auditors. Arrangements for anti-fraud and corruption are subject to cyclical internal audit review.

An independent internal audit service is commissioned through shared service arrangements with the county council. Internal audit develops and delivers a risk based annual audit plan of work that reviews internal controls. This supports an annual opinion from the Chief Internal Auditor on the overall adequacy and effectiveness of the framework of governance, risk management and control.

An independent Joint Audit and Standards Committee assures cyclical internal reviews of key governance documents (e.g. financial regulations, arrangements for anti-fraud and corruption and the risk management strategy) at its November meeting and receives annual reports reviewing the effectiveness of arrangements for risk, governance and internal control in May and July. The Joint Audit and Standards Committee receive a copy of all internal and external audit reports, can table reports for discussion and monitor the implementation of audit recommendations. The Committee undertakes an annual self-assessment

to ensure on-going compliance with the CIPFA framework for Police Audit Committees.

Managing Data

The Office of the Police and Crime Commissioner operates within the parameters of legislation, such as the Data Protection Act. It ensures that all data, including personal data, is appropriately stored and shared where necessary. Data is held in accordance with the COPCC Retention Schedule, removed or destroyed appropriately and access to information is restricted where appropriate to relevant members of staff. Data will not be held for longer than is necessary. Appropriate security measures are taken for both electronic and physical data. All staff are aware of their responsibilities when handling and storing both electronic and physical data.

Strong public financial management

Arrangements for financial management support for the Commissioner in achieving outcomes and delivering strong operational and financial performance by ensuring that resources are used in accordance with approved plans for service delivery and investment. The arrangements for financial management are codified within a suite of financial governance documents and comply with the relevant CIPFA Codes of Practice and guidance. Financial management controls ensure expenditure is only committed in accordance with the approved budget and the purpose for which approvals have

been given. Financial monitoring supports the early identification of variances between actual expenditure and income, supporting timely decision making on remedial action.

A funding arrangement between the Commissioner and Constabulary sets out the consents and arrangements for financial management between the Commissioner and Chief Constable. This ensures funding within the Constabulary is directed toward the achievement of the Policing Strategy and priority outcomes within the Police and Crime Plan.

Financial regulations set out the role and responsibilities of Chief Officers and senior staff for financial management and governance. They include financial management standards to be adhered to by all staff across the organisation and the wider framework of controls including the arrangements for the statement of accounts.

Financial risks and mitigations are set out within the Medium Term Financial Strategy and are managed within the Commissioner's overall framework for managing risk. The Commissioner's Chief Finance Officer takes ownership of all financial risks and reports to the Joint Audit and Standards Committee on the management of strategic financial risks. Arrangements for financial management are cyclically reviewed by the internal auditors for assurance and form part of the arrangements reviewed by the external auditors in forming their conclusions on the financial statements and value for money.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Implementing good practice in transparency

The Commissioner's annual report is the primary communication through which the public can access and understand the performance and activities of the Commissioner and his Office. Design work for the report is commissioned from external media and communication professionals which alongside the written style aims to support transparency and public accessibility of the report.

All public documents are published on the COPCC website and are available in accessible formats. Further options can be offered on request. The intention is to ensure that all documents are written in such a way as to make them accessible to readers that may not have a detailed knowledge of the subject matter, though with some complex issues this is not always possible. The publication of key documents, such as the Police and Crime Plan, is supported by a media release to raise awareness of the document and its purpose.

Arrangements for financial reporting aim to ensure the accessibility of financial information for readers and users of financial reports. On complex matters of communication, for example consultation on budget, precept and services, professional support

has been procured to ensure a robust public understanding of complex issues.

Implementing good practices in reporting

The Office publishes an annual report, scrutinised by the Police and Crime Panel, to communicate the Commissioner's activities, achievements and performance and that of the Chief Constable and the force. The annual report presents the performance outcomes achieved against an agreed framework of targets and measures.

The Commissioner is subject to the Accounts and Audit (England) Regulations 2015 and prepares a set of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting. Compliance with the Code of Practice ensures the comparability of financial information within the statements with other similar entities and their publication in accordance with statutory timeframes. The financial statements include a comprehensive income and expenditure statement, which is aligned to in year financial reporting and monitoring. A narrative statement by the Chief Finance Officer sets out the overall financial and business performance for the year within an accessible summary statement. The

financial statements include the external auditors report setting out the overall opinion and conclusions on value for money.

The Commissioner's overall arrangements for governance are reviewed annually against this Code of Corporate Governance with a report made on how it has been complied with. This 'Annual Governance Statement (AGS)' is subject to internal audit and review by the Joint Audit and Standards Committee. The AGS includes an action plan setting out the work that will be undertaken over the following year to support continuous improvement in line with the principles of this Code and the CIPFA good governance framework.

The Commissioner and the Joint Audit and Standards Committee receive annually a report reviewing the governance arrangements for internal audit against the requirements of the Public Sector Internal Audit Standard (PSIAS).

Assurance and effective accountability

Grant Thornton UK LLP are the external auditors appointed to both the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary, to report key matters arising from audits of the Commissioner and Chief Constable's financial statements. The external auditors also reach a formal conclusion on whether the Commissioner and Chief and Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. The audit findings report is published in the financial statements and presented to the Commissioner and Joint Audit and Standards Committee for review. The Joint Audit and

Standards Committee monitors the implementation of recommendations arising from the audit and have the expertise to challenge the external audit approach, supporting assurance of its effectiveness.

Further accountability is provided through the arrangements for internal audit. Internal audit is delivered through a shared service and in accordance with an Internal Audit Charter that ensures compliance with the PSIAS. An annual review of the effectiveness of the internal audit service, including the arrangements for the Joint Audit and Standards Committee, is undertaken annually by the Commissioner's Chief Finance Officer against CIPFA best practice standards. The report is presented to the Executive Board and published on the Commissioner's website to support assurances on internal control.

The arrangements for accountability further incorporate challenge, reviews and inspections from HMICFRS. Whilst these are primarily aimed at Constabulary performance, elements of specific reviews include jointly delivered activities and specifically commissioned reports that cover governance across both organisations. Recommendations are reported to and monitored by the Commissioner and Joint Audit and Standards Committee.

The Ethics and Integrity Panel also monitors and reports on some specific areas of activity, such as complaint handling and ethical issues. The Panel has carried out a series of thematic inspections into specific areas of Constabulary activity. The Panel are able to look objectively at these areas and provide valuable independent scrutiny and feedback to the Constabulary on their findings.

The arrangements in this document set out our framework for governance in accordance with CIPFA's Good Governance Principles and guidance. Annex A to this Code sets out our governance schematic, summarising the arrangements we have in place internally and sources of external guidance and support. Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed



Governance and Transparency.

We welcome your views on the Commissioner's Code of Corporate Governance. You can do this by using the contact information below:

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The Chief Constable for Cumbria Constabulary

Summary Annual Governance Statement 2017/18

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Chief Constable for Cumbria Constabulary (the Chief Constable) is responsible for ensuring business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for the governance of affairs and facilitating the exercise of functions, which includes arrangements for the management of risk.

The key elements of the system and processes that comprise the Chief Constable's governance arrangements are detailed in this document. The elements are based on the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework, the standard against which all local government bodies, including police, should assess themselves.

The Chief Constable has approved and adopted a Code of Corporate Governance 'The Code'. The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements that are in place for fulfilling the Chief Constable's functions. This statement explains how the

Chief Constable has complied with The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement, which must accompany the Chief Constable's statement of accounts.

THE REVIEW OF EFFECTIVENESS

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers within the organisation who have responsibility for the development and maintenance of the governance environment. The review comprises

- A cyclical detailed review of the key documents within the Chief Constable's governance framework e.g. Financial Regulations.
- An overarching review of the governance arrangements in place to support each core principle within the CIPFA Solace guidance.
- A review of what has happened during the past year to evidence how the Code has been complied with, which is articulated in the Annual Governance Statement.

- A review of the effectiveness of the arrangements for internal audit against the Public Sector Internal Audit Standards and the Internal Audit Charter.
- Formal reviews of the role of the Chief Constable's Chief Finance Officer and the Head of Internal Audit (HIA) against the respective CIPFA statements, which demonstrated full compliance.
- A review of the effectiveness of the Joint Audit and Standards Committee against CIPFA guidance.

The following paragraphs constitute the Annual Governance Statement, demonstrating how the Chief Constable has complied with the governance framework, set out within the Code, to meet each of the seven governance principles. The Annual Governance Statement is published alongside the Statement of Accounts and also incorporates an action plan of planned future improvements for governance arrangements.

Michelle Skeer

Chief Constable

21 July 2018

Signatures have been removed for the purposes of publication on the website

Roger Marshall

Joint Chief Finance Officer

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Ethics and Integrity & Respecting the Rule of Law

During 2017/18 the Constabulary took a pro-active approach to communicating and promoting the highest standards of integrity in all elements of its business. Work has continued to embed and develop ethical behaviour based on:

- The Constabulary's Corporate Values
- The College of Policing Code of Ethics.
- Preventing the abuse of authority for sexual gain.
- The Constabulary's Anti-Fraud and Corruption Policy and Procedures.

These arrangements are supported by the Director of Legal Services, who is a qualified solicitor and acts as the Chief Constable's 'Monitoring Officer', providing advice to the Constabulary on all legal matters and is consulted on all strategic decisions to ensure that laws are not contravened.

The Constabulary's Professional Standards Department is central to the maintenance of high standards of conduct and behaviour within the organisation. The priorities of the Constabulary's Professional Standards Department are shaped by a Strategic Assessment, which seeks to predict future risks as a basis for developing a control strategy. The Strategic Assessment was refreshed in 2017 and has highlighted a number of priorities including vulnerable association, domestic / neighbourhood issues, abuse of authority for sexual gain, vetting, information security, misuse of force systems and use of social media.

The Professional Standards Department operate a preventative approach designed to ensure all officers and staff are aware of their responsibilities and potential consequences if their conduct falls below required professional standards. This includes the issue of PASS newsletters, which provide guidance on matters of integrity. Subjects covered in 2017/18 have included handling of detainees in custody, data protection, warnings regarding off duty behaviour, appropriate use of social media and the security of CS gas spray.

During 2017/18 HMICFRS conducted a Legitimacy inspection of the Constabulary as part of the force's PEEL Inspection, this covered the conduct and behaviour of the force. The report graded Cumbria as good and made minor recommendations for improvement in relation to

identifying the needs of complainants and talent management.

During 2017/18 refresher training on the Code of Ethics has been provided to managers and cascaded to all officers and staff.

The number of intelligence reports into the anti-corruption unit has remained steady, however, most of these relate to self-referrals, indicating that officers and staff are responding to prevention guidance from PSD.

In relation to complaints, during 2017/18 the number of complaint allegations and cases have significantly reduced. This can be attributed to a new 'There and Then' process, which seeks to achieve early resolution of expression of dissatisfaction. This has resulted in swift outcomes for complainants, generally accompanied with the appropriate apology for any shortcomings. Feedback from complainants has been positive, and the reduced caseloads have resulted in a better service for those complainants involved in lengthy and complex investigations. When compared to most similar forces, both the level of complaints (expressed per officer) and the percentage of those complaints upheld, remain below the national average.

In the interests of openness and transparency, police gross misconduct hearings are now held in public. Four public misconduct hearings took place in 2017/18, three officers were dismissed from the force and one was concluded as no further action. All such hearings will continue to be presided over by a legally qualified chair. The outcomes of misconduct hearings are now publicised on the Constabulary website.

The Ethics and Integrity Panel continue to provide independent oversight for the OPCC and Constabulary in relation to standards, ethics and integrity. During 2017/18 the Panel carried out three thematic inspections in relation to the Performance Discretion Framework, the use of Stop and Stop/Search, body worn cameras and special constabulary recruitment. The Panel also reviews 'Quality of Service and Policing Issues' raised by members of the public including public complaints, police misconduct and staff misconduct cases. The Panel's work is reported to the Commissioner's Public Accountability Conference on a quarterly basis. Whilst the Panel's conclusions provide assurance regarding high standards of ethics and integrity, where applicable, recommendations to enhance or improve the level of service provided by the Constabulary have been made.

Core Principle B: Ensuring openness and comprehensive stakeholder engagement.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Openness

To support transparency and ensure that the Chief Constable's vision is clearly communicated, the Chief Officer Group have held strategy days for senior management and road shows across county, which were open to all officers and staff. This has been supported by a range of communications across the force through various mediums including the internal intranet site and noticeboards. As part of development of Cumbria Vision 2025, officers and staff across the organisation have been engaged via focus groups, so that their ideas and feedback can be included in the final product.

Engaging Effectively with Institutional Stakeholders

The Constabulary works closely with the OPCC through formal mechanisms (such as Public Accountability Conferences and Collaborative Board meetings) and informally through one to one meetings with senior staff from both organisations.

The Constabulary recognises that working with partners can deliver a more effective policing service to the public and meet the aims of the Commissioner's Police and Crime Plan. Accordingly, the Constabulary actively participates in a range of partnership activities and functions in collaboration with other agencies, both at a strategic and tactical level. Examples include:

- the Local Resilience Forum (major incident planning)
- the CRASH partnership (road safety)
- the Safer Cumbria Action Board
- the Local Safeguarding Board (child protection)
- Community Safety Partnerships
- The Cumbria Alcohol Board (countering alcohol abuse)
- Combating anti-social behaviour
- County Council
- Further development of links with criminal justice and mental health agencies and other blue-light partners.
- Established Local Focus Hubs in each area, where the Constabulary works closely with a range of local agencies to prevent and solve problems at the earliest opportunity.

In accordance with the Joint Financial Regulations and Rules, arrangements are in place to ensure that for significant partnerships and joint working relationships there is appropriate governance including, a legal power

to engage, appropriate approval by the Chief Constable and Commissioner, clear objectives, documentation of financial and other resource commitments and risk assessment.

[Engaging stakeholders effectively, including citizens and service users](#)

The Constabulary has a Community Engagement and Consultation Strategy, which co-ordinates all on-going consultation activities and is refreshed on an annual basis to understand the needs of service users. During the year, the Constabulary consulted with the public to find out their priorities, how confident they felt, how they would like to be engaged and their areas of concern. These informed the development of the Constabulary's and Commissioner's plans.

The Constabulary has developed a marketing and communications strategy aimed at establishing clear channels of communication with all sections of the community, providing crime prevention and safety advice as well as information about services. Access to information has been developed to include community messaging and all social media. The Constabulary's e-community has grown and is now at more than 190,000 followers.

Engagement with the public is pivotal to the work of Neighbourhood Policing Teams (NPTs) in determining local priorities. This is achieved through Community Engagement Plans, which detail contact with all stakeholders particularly those that are hard to reach or with protected characteristics. The Community Engagement Strategy includes:

- Clear communications with schools
- Attendance at Town Council meetings
- Holding community/partnership meetings
- Police Desks
- Use of web and social media
- Specific engagement plans for the 15 geographical areas, which are available on the intranet for officers and on the website for the public.
- Publication of local crime and performance data on the Constabulary's website to aid transparency.

These arrangements are supported by a toolkit, which is available to officers.

Specific initiatives in relation to diversity and equality and hate crime provide cross cutting engagement support across all areas of activities.

The Constabulary uses Community Impact Assessments to identify issues that may affect a community's confidence in the ability of the police to respond

effectively to their needs, thereby enhancing the police response, particularly after major incidents.

The Constabulary has carried out a staff engagement exercise, working with academia to assess the well-being and culture of the force. The results have informed the development of a plan of action linked to the Well-Being Strategy.

The Constabulary has improved its internal communications strategy, adopting a tiered approach based on priorities and aligning with training and internal inspection to ensure that all officers and staff have the information they need to provide the best service for the public.

Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Defining Outcomes

The Chief Constable determined the strategic direction for the Constabulary, which is *'Keeping Cumbria Safe'*. Following consultation, the Chief Constable the Chief

Constable developed the Plan on a Page. This plan outlined the Constabulary's BIG 6 priorities:

- Engaging with communities and working with partners
- Preventing crime, road casualties and antisocial behaviour
- Managing offenders
- Managing calls for service
- Protecting vulnerable people and communities
- Investigating crime, caring for victims and bringing offenders to justice

Under each of the BIG 6 priorities, there is an improvement plan, with each key function or specialism within those priorities led by a Professional Lead.

The Commissioner approved these key objectives and incorporated them into his Police & Crime Plan to complement his aims.

In addition, a Plan on a Page identifies what will be done to support officers and staff to deliver the best service possible, explains our policing style and the Chief Constable's Leadership Standards.

The Plan on a Page shows how everyone in the organisation contributes to the overall aim of *Keeping Cumbria Safe* and improves knowledge and

understanding by linking strategic objectives to operational and business daily activity on the ground and maintaining performance.

Sustainable economic, social and environmental benefits

During 2017/18 significant work has been done to develop a local policing Vision 2025. Cumbria Vision 2025 will complement the Constabulary's priorities by bringing together demand prediction and reduction, business planning and change in a single plan aligned to the national policing vision. The Vision aims to build on achievements to date and provide a roadmap to transform policing to meet the challenges of delivering an effective service for communities into the mid 2020s. Cumbria Vision 2025 has five key themes :-

- Local Policing
- Specialist Capabilities
- Digital Policing
- Workforce
- Business Support

and will encapsulate overarching principles of inclusivity, collaboration and delivering efficiencies. It is intended that business planning and governance will be organised around the core themes, which will each be headed by a business lead and supported by a detailed action plan.

During 2017/18 the Commissioner incorporated the Constabulary's budget proposals into his 2018/19 budget in the context of a medium term financial forecast (MTFF) covering four years to 2021/22.

The 2018/19 grant settlement provided flat formula grant funding for 2018/19 and 2019/20 and greater flexibility to increase council tax. Following public consultation the budget was agreed including funding to

- Recruit 25 additional officers in local policing.
- Maintain officer and PCSO numbers in other operational areas.
- Increase armed policing.
- Increase protection from cyber and digital crime.
- Improve ways to contact the police.

The proposed Home Office review of the police funding formula has been deferred until the next spending review period from 2020/21, which has afforded a greater level of short term budget certainty. Nevertheless, the current MTFF indicates that further savings of £3.7m will be required to balance the budget by 2021/22. A major theme of each of the Cumbria Vision 2025 work-streams is to develop savings options and realise business benefits, particularly in areas where investment in new technology has been made.

During 2017/18, the Business Improvement Unit undertook extensive demand analysis to inform the financial and work plans for future years and to allocate resources to the priority areas. Demand has continued to increase and become more complex.

During 2017/18 the Constabulary has continued to develop its business planning aligned to the MTFF. Refreshed strategies in relation to people, ICT, fleet, estates and procurement have been produced and agreed by the Commissioner.

Innovative development of mobile and digital technology to increase the productivity of officers, continued to be delivered during 2017/18 including the first phase of replacement of the crime intelligence system with 'Red Sigma' and improvements to mobile working in conjunction with national programmes. Procurement has been completed for body worn video, replacement of control room systems and business systems (HR & Finance), which will be progressed in 2018/19. The ICT department has also been re-structured during 2017/18 to better meet user needs.

In relation to Estates, plans have been approved for a new deployment centre for the Eden Neighbourhood Policing, which will also include hostel and conferencing facilities.

During 2017/18 the fleet replacement programme has also been reviewed with the aim of identifying efficiencies.

Following the development of the People Strategy, initiatives in 2017/18 have included :-

- Provision of a psychological screening programme that enables early identification of mental ill health issues for those in stressful roles, supported by trained advocates to provide practical help.
- Signed up to a 'Better Health at Work Scheme' with health partners and trained 'Wellbeing Advocates' who's role is to signpost help and support for our staff
- Developed talent management processes to better ensure that staff are rewarded and recognised for their work.
- Encouraged greater involvement of citizens in policing through the introduction of mini-police and police cadets to engage with young people and enhanced focus on recruitment of police specials.
- Undertook a follow up well-being survey of officers and staff, in conjunction with Durham University. The results of this work will be used to inform future actions to promote the well-being of staff.

Core Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Planning Interventions

The Chief Officer Group is the Constabulary's strategic decision making forum. In the last 12 months key decisions have included considering and approving:

- Demand reviews
- Business strategies
- Financial updates (including the budget proposal)
- Governance documents
- Business cases in relation to operational and support functions and investment in ICT systems.

All decisions support delivery of the Chief Constable's vision. Decisions are minuted and subject to scrutiny by the Commissioner. To improve communication and transparency all COG decisions are published on the internal website, which can be viewed by all officers and staff. Members of the Chief Officer Group have also attended meetings of the Police and Crime Panel to provide context to Commissioner's precept proposal.

Determining Interventions & Optimising Outcomes

The Constabulary worked with the Office of the Police and Crime Commissioner (OPCC) to develop the performance framework. This set of measures and targets supports delivery of the Police and Crime Plan and is the mechanism used by the Commissioner to hold the Chief Constable to account. Progress against these measures has been reported to the Commissioner every quarter at the Public Accountability Conference.

Performance for all crime types, antisocial behaviour, road collisions, user satisfaction and productivity is monitored on a monthly and corrective action taken to address exceptions.

This is supported by thematic reports for specific areas of activity, which are discussed at the Commissioner's Public Accountability Conference. Reports in 2017/18 included domestic abuse, child sexual exploitation, sexual offences, anti-social behaviour and reducing reoffending.

Overall, the Constabulary performs well and user satisfaction levels are consistently high.

In the operational environment, on a monthly basis, senior police officers carry out a full assessment of operational risk, harm and threat to communities and an assessment of performance changes and their root causes. This encompasses consideration of vulnerable people, repeat offenders, vulnerable missing from home, significant domestic abuse, prison issues, organised crime groups, threats to life, crime and anti-social behaviour trends. Action has been taken and resources tasked to deal with the operational issues raised.

Every day, officers in each Territorial Policing Area hold a Daily Management Meeting, which identifies the crimes and incidents that have occurred over the previous 24 hours and any vulnerable or high profile incident. A supporting force-wide Daily Operational Review Meeting ensures that resources are directed to meet strategic priorities across the county.

As part of the Constabulary's work on managing demand, the principles of THRIVE (threat, harm, risk, investigative opportunity, vulnerability and engagement) have been introduced within the communications room when grading calls for service and, as part of the National Decision Making Model, deciding whether to deploy officers to incidents.

During 2017/18 the Constabulary has put in place systems and procedures to comply with the new requirements regarding the granting and monitoring of bail contained in the Police and Crime Act 2017.

Core Principle E: Developing entity's capacity including the capability of its leadership and the individuals within it.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Developing the Entity's capacity & leadership

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRsRA) and the Policing Protocol Order 2011 (PPO). The Chief Constable's statutory responsibilities for maintaining the Queen's Peace are set out in various Police Acts. Both the Chief Constable and Commissioner are statutorily required to employ a Chief Finance Officer.

Following the retirement of the Commissioner's Chief Finance Officer, the Commissioner and Chief Constable have agreed to a shared Chief Finance Officer arrangement. A protocol and range of safeguards have been put in place to handle potential conflicts of interest

arising from the joint role. A review of the operation of the Joint Chief Finance Officer arrangement has been conducted and aligned to the CIPFA statement on the Role of the Chief Finance Officer. This exercise has shown full compliance and has not revealed any significant issues.

The Constabulary has used HMICFRS Value for Money profiles and Police Objective Analysis to inform its Change Programme and applied zero based budgeting, with robust financial challenge to budget holders, to secure maximum value from the resources available. Although there are difficulties in ensuring true comparisons, in general, the VFM work has shown the Constabulary to benchmark well, although, in some instances costs may appear to be relatively high when measured per head of population. This is principally attributable to the logistics of providing an effective policing service over such a geographically sparse county.

Developing the Capability of Individuals within the entity

The Constabulary's annual training plan was developed in early 2017/18 in conjunction with operational leadership teams in the context of best practice guidance from the National Police Chief's Council.

The training plan was delivered through a strategic training collaboration with Lancashire Police, which has delivered benefits through:

- Increased capacity to deliver training, which has been particularly beneficial to accommodate the increased level of recruitment.
- Reduced costs.
- Harmonisation of course content based on best practice across the forces.

During the year force-wide training has been delivered to all frontline officers to increase workforce skills and operational capabilities in key areas:

- Crime Recording
- Vulnerability
- File Quality and Disclosure
- Stop and Search for Sergeants

Newly appointed Sergeants have attended a development course designed specifically to equip them with the skills they need to effectively manage and develop their teams as new leaders, widening their thinking and understanding of what it means to be a leader in the organisation responsible not only for their own skills development but for that of their team. A programme for newly appointed Inspectors is in development and will be rolled out during 2018/19.

A team of ICT trainers have been appointed to co-ordinate delivery of training for the force's major IT projects, to ensure the workforce has the skills they need to use the new systems in their roles. These include:

- Body Worn Video
- Red Sigma
- Office 365

The force has been successful in becoming an Employer Provider for Apprenticeships, this enables the force to recoup some of the apprenticeship levy paid to the government by working in collaboration with the Education Skills Funding Agency (ESFA) and local education providers. An apprenticeship strategy has been agreed which sets out the constabulary's commitment to identify skills gaps and increase the capabilities both of our current and future workforce.

During 2017/18 additional resource was secured to develop the Interim Performance Development & Review (PDR) system. Throughout the forthcoming period additional work will be undertaken to roll out a strengths-based approach to PDR conversations. PDR is based on the national College of Policing model focusing on personal responsibility for development built around a central competency framework (including individual objectives). A suite of continuing professional development resources and events have been delivered,

allowing all employees to take responsibility for developing themselves in their own time and at their own pace using a variety of methods.

Core Principle F: Managing risks and performance through robust internal controls and strong public sector management.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Managing risk

The Constabulary has a risk management strategy, which stresses that it is the responsibility of all officers and staff to identify and manage risk.

Risk management is a standing agenda item on all Constabulary boards, including programme and project management boards. Mitigating actions are identified and tracked to ensure that risks are minimised.

During 2017/18, specific risks associated with the potential reduction in funding as a result of future funding constraints, the introduction of the Emergency Services Network and the Constabulary's capacity to implement

change have continued to feature prominently on the Constabulary's strategic risk register. Emerging strategic risks in relation to terrorist threat, digital crime and control room response times have also been recognised.

Managing performance

A strategy entitled – *'Performance management in Cumbria Constabulary'* *Managing our resources to improve outcomes for the people of Cumbria'* outlines is embedded within the Constabulary. This is achieved mainly through the use of:

- Strategic briefings to senior management at Joint Tasking and Co-ordination Group meetings, including a high level performance matrix, detailed root cause analysis and recommended actions to take.
- Performance as a standing item on all senior management team meetings.
- Specific focus on performance in relation to protecting vulnerable people.
- Performance Development Conferences every four months, where all functions are held accountable for performance including crime, sickness and data quality
- Reviewing performance at Strategy Days.
- An information strategy and performance dashboard to support the BIG 6 priorities, showing demand, productivity and outcome data ambitions

- Accessible daily performance figures.
- An individual officer performance dashboard and performance meetings every 15 weeks.
- An interim formal performance development and review (PDR) process for all officers and staff, in accordance with College of Policing guidance. This is an annual process and determines the competence of individual officers and staff, based on the Police Professional Framework.

The Constabulary has a 'Delivering Excellence' Strategy, which aims to embed continuous improvement across the Constabulary and has three key areas of work:

- Development of Business Improvement Plans based on our priorities and all HMICFRS recommendations.
- Improving on standards and quality across policing activities known as the Quality Counts initiative.
- Harnessing ideas and suggestions for improvement

During 2017/18 the role of the Constabulary's Business Improvement Unit to provide reassurance to Chief Officers:

- that priorities and recommendations from inspection bodies are being progressed through reality checking.
 - Systems and processes are working effectively.
- has been widened to incorporate the delivery of change.

The key work undertaken in 2017/18 has been in relation to understanding demand for operational staff supported by a 'Day in the Life' study for sergeants. This has shown that crimes are both increasing in complexity and the time taken to deal with them, which is putting increased pressure on operational resources. The results of the demand review are being used pro-actively to

- Improve working practices, policies and procedures, which have created efficiencies and provided opportunities to re-distribute resources to high risk areas.
- Improve supervision through training to sergeants.

Other significant pieces of work undertaken by the unit in 2017/18 in support of the Delivering Excellence Strategy have included :

- Developed and implemented a Crime Management Action Plan, which has increased resources, strengthened internal working practices and provided training to 900 officers.
- Conducted a 'Keep Me Safe Audit' to ensure that officers are adhering to safeguarding practices, providing individual feedback where necessary.
- Monitored delivery of the business improvement plan, with 82% of actions completed.
- Implemented a stalking and harassment action plan.

- Undertaken a Joint Emergency Services Interoperability Programme inspection.
- Undertaken mental health response reality testing, providing feedback to officers.

Robust internal control

The Constabulary maintains robust internal controls systems. Assurance with regard to internal controls is provided by:

- A risk based internal audit plan. 87% of audits in 2017/18, including all those relating to finance, were graded as providing either substantial or reasonable assurance. Two audits in relation to offender management and procurement received only partial assurance. In both areas robust management action plans have put in place to address the recommendations made.
- The Chief Internal Auditor's overall opinion that the Chief Constable's frameworks for governance, risk and internal control are reasonable and that controls are generally working effectively in practice
- Action plans to respond to recommendations, the implementation of which is monitored by the Audit and Standards Committee.
- An Audit and Standards Committee, which is self assessed against CIPFA guidance, and is judged as being highly effective in its role.

Managing Data

During 2017/18 arrangements for managing data have been strengthened as follows:

- Core information security and records management strategies have been reviewed and updated.
- Greater clarity on the identification and responsibilities of information asset owners and reporting to the force Senior Information Risk Owner has been provided (SIRO).
- Implemented the amended Government Security Classification with training provided to staff.
- Undertook a deep dive security review in conjunction with an authorised partner.
- Responded to emerging Cyber threats.
- Established a unit to review retention and disposal of information in compliance with MOPI.
- Produced an action plan for compliance with forthcoming General Data Protection Legislation.

Strong public financial management

Strong financial management provides a framework for all business decision making and planning within the Constabulary. This includes the Chief Finance Officer being a member of the leadership team and finance representation at all significant decision making forums. Regular financial reporting, clear budget ownership and responsibilities (as set out in the Chief Constable's

Scheme of Delegation and scheme of budget management) and consideration of the medium term financial position in all strategic decision making.

The Constabulary's unaudited financial statements for 2016/17 were released in May, with the final version published in July, thus meeting new deadlines for financial reporting ahead of schedule. The External Auditor's Audit Findings report noted the accounts were prepared to a very high standard and were supported by excellent working papers.

Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Implementing good practice in Transparency & Reporting

The principal means by which the Constabulary reports to the public are through themed presentations to the Commissioner's Public Accountability Conferences, which are open to the public. Reports are also available through the Commissioner's website.

During 2017/18 work has been undertaken to improve the presentation of these reports to make them more accessible and readable for members of the public.

The external auditor's opinion for the 2016/17 financial year was that the Chief Constable's Financial Statements provided a true and fair view of the financial position and that they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting. The auditors further confirmed in their Annual Audit Letter that the Chief Constable had proper arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

Assurance & Effective Accountability

During 2017/18 the Constabulary has been inspected by HMICFRS and received reports on police efficiency, effectiveness and legitimacy (known as PEEL). There are four grades that can be achieved - outstanding, good, requires improvement and inadequate.

The Constabulary has been rated as good for all aspects efficiency, effectiveness and legitimacy. Areas inspected included :

- Preventing crime & tackling ASB
- Investigation crime and reducing re-offending
- Protecting Vulnerable People

- Tackling serious and organised crime
- Understand Demand
- Use of Resources
- Planning future demand
- Treating people it serves fairly
- Work force behaves ethically
- Treats workforce fairness and respect

During 2017/18 HMICFRS also undertook two thematic inspections. With regard to a national Child Protection re-inspection, the findings were that there is a strong a strong commitment to protecting children and improving practices within the force and evidence of strong leadership and oversight by senior management. It was also recognised that since 2016 the Constabulary has reviewed its public protection structures, systems, process, and invested extra resources in child protection, which has made a significant improvement in how it recognises and responds to child sexual exploitation, and child protection investigations. In relation to the HMICFRS inspection entitled ‘Stolen freedom: the policing response to modern slavery and human trafficking’, Cumbria was identified as having a number of areas of best practice, around the way it raises awareness amongst officers, through a concerted communications and awareness campaign, which has been proactively tested through audit and assessment. The Constabulary

was also identified as an example of effective safeguarding and investigation.

During 2017/18 the Chief Constable received assurances with regard to the Constabulary’s arrangements for risk management, internal control and governance from a number of sources which included:

- The CFOs annual review of internal audit.
- The Head of Internal Audit and Commissioner’s CFO assessment of the internal audit service against Public Sector Internal Audit Standards.
- The Head of Internal Audit’s opinion on the framework of governance, risk management and internal control.
- A review of the effectiveness of the Joint Audit and Standards Committee against CIPFA guidelines.
- Monitoring of the implementation of actions in response to HMICFRS, internal and external audit recommendations through the Joint Audit and Standards Committee.
- Management assurances in respect of financial systems and processes.
- The CFO’s fraud risk assessment.

All of the sources above indicated that systems and processes are operating effectively and have raised no significant concerns.

Appendix A – Update on 2017/18 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation	Status
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.						
CPA/1	Embed the delivery plans for vetting enhancement, the abuse of authority for sexual gain and the Code of Ethics	Head of People	<p>The Constabulary has progressed significantly with the implementation of all three plans:</p> <p>VETTING UPDATE 1/5/18</p> <p>The Delivery Plan for Vetting has continued to be progressed throughout 2017/18 period. Significant reductions in outstanding vetting checks have been made, and all outstanding checks for Officers, PCSOs, Special Constables are now at zero. There are 50 staff checks outstanding. This work is anticipated to be completed in 30th September 2018.</p> <p>A review of the current position in respect of the Constabulary's level of compliance with the Vetting Code of Practice has also been undertaken and the Constabulary intend to permanently increase the vetting team establishment by 0.7FTE as a means of sustaining the existing service improvements, as well as enhancing operations in line with new regulations.</p> <p>CODE OF ETHICS & AASG update 1/5/18</p> <p>Code of Ethics training (incorporating AASG and Data protection) has been delivered all across the constabulary, along with repeated Need to Know Campaign messages. Relationships with partners have been built to assist in seeking out corruption, and further investment has been to enhance the recently built anti corruption portal, which provides greater capacity for the force to pro-actively protect its assets. Whilst significant progress has been made in this arena, this will be a continually evolving programme of works, and additional investment in the anti-corruption capability and capacity will be made over 2018/19.</p>	31st March 2018	initial action complete - enhancements in provision will be made throughout 2018/19	⚙️ Completed
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.						
CPB/1	Develop an external communications strategy for 2017/18 to support delivery of operational policing and its outcomes, including effective demand reduction activity.	Director of Corporate Improvement	This action is complete. The strategy is reviewed every month at Force Tasking and Coordination to align with local and national themes	31st March 2018		⚙️ Completed
CPB/2	Deliver the internal programme of communications to support performance, standards, integrity and operational effectiveness.	Director of Corporate Improvement	The Internal Communications programme, now re-vamped, streamlined and aligned with training, is being delivered. Changes are coordinated via FSDB	31st March 2018		⚙️ Completed
CPB/3	The Constabulary's internal website will continue to be developed in particular to improve the access and search capability which will make it easier for officers and staff to access the information they need.	Director of Corporate Improvement	The new internal website has been launched. It aims to direct officers and staff to the information they require as efficiently as possible.	31st March 2018		⚙️ Completed
CPB/4	A review of the policy management arrangements will be undertaken with a view to streamlining the process, the products and their accessibility.	Director of Corporate Improvement	A draft proposal has been prepared following significant research. This will require further consultation and approval.	31st March 2018	31st July 2018	⚙️ Ongoing (original timescale exceeded)

Appendix A – Update on 2017/18 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation Date	Status
CPB/5	As part of openness and transparency about decision making within the Constabulary, a Chief Officer Group decision log will be placed on the intranet and made available to all officers and staff. In particular, decisions about people and finance will be made available to relevant practitioners to speed up the processes required to deliver agreed actions.	Joint Chief Finance Officer	A COG decision log from January 2017 has been published. To further aid transparency of decision making it has been agreed that in most cases the associated papers will also be published and there will be greater publicity regarding the availability of the log.	30th June 2017		☺ Completed
CPB/6	The Constabulary will continue to develop its internet site to enhance accessibility and relevance to the public and media.	Director of Corporate Improvement	Minor changes to the website have been made during the year to include easier access to services and an improved search facility. The Chief Officer team has signalled its intention to participate in a NPCC sponsored website which can be used by all Constabularies. This provides an iterative search for the public (which will support demand management) and will be included in the action plan for 2018-19.	31st March 2018		☺ Completed
CPB/7	On behalf of the Commissioner, the Constabulary will undertake a survey to find out the public's key policing priorities to support the PCC's Police and Crime Plan and the Constabulary's Strategic Assessment.	Director of Corporate Improvement	The survey was completed, results analysed and presented to the Chief Officer Group and Public Accountability Conference in early December. The results will be used to inform future strategic planning.	31st October 2017	31st December 2017	☺ Completed
CPB/8	The Constabulary will review the Independent Advisory Group arrangements at strategic and local level with a view to strengthening their impact.	Director of Corporate Improvement	This work has been started but will continue into 2018/19.	31st March 2018	30th June 2018	☹ Ongoing (original timescale exceeded)
CPB/9	The Constabulary will improve the Citizens Panel to expand the number of people on and the representation of all types of communities. (The Citizens Panel is a large group of people who have volunteered to be consulted on a range of police issues.)	Director of Corporate Improvement	The Panel data has been kept up to date as required but further expansion will not now take place as responses to surveys via our website increase year on year and now make up almost 50% of the total engagement from the public. The Constabulary will continue to promote responses from underrepresented groups via the Diversity Manager and other specialist posts in the local areas. Paper surveys using the Citizens Panel will also continue for those on the Panel who have expressed that preference.	31st March 2018		☺ Completed

Appendix A – Update on 2017/18 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation Date	Status
Core Principle C: Focusing on defining outcomes in terms of sustainable economic, social and environmental benefits						
CPC/1	Develop a forward looking corporate plan to 2025 that encompasses all change activities across the Constabulary. This includes changes to operational working, workforce and people, collaborations, ICT, fleet and estate as well as change to deliver savings and continuous improvement activities. The plan will underpin our recruitment, succession, training and development plans and will be supported by a comprehensive communications programme.	Deputy Chief Constable	Critical to the success and ambition of the CV25 Strategy is the inclusion and engagement of staff and key stakeholders in its design. Initial consultation took place during the July PDC's. This was followed by Focus Groups, led by Supt Kennerley, involving Officers and staff throughout June, July & August, along with one-to-one meetings with senior managers and key stakeholders (some external). At the end of August CC and DCC visited all three areas to engage with Sgts/DS's and Insp/DI's, before the Strategy Day on 6th September, which included those who took part in the focus groups. A joint CC & OPCC Strategy session was held on 11th September and a final Constabulary strategy day takes place on the 23rd November for practitioners, both staff and officers, facilitated by Chief Officers. Chief Officer Roadshows were held in all areas in early October. All this activity will culminate in a final Cumbria Vision 25 overall plan, complimented with a robust delivery plan being agreed at the joint strategy day between the Constabulary and the OPCC in December as part of the budget setting process.	30th September 2017		Completed
CPC/2	Review the governance arrangements to ensure effective delivery of the 2025 plan, making recommendation for improvement where appropriate.	Deputy Chief Constable	Formal governance for CV25 will be provided through the Force Strategic Delivery Board Chaired by DCC and attended by ACC, Crime and TP Commanders, Directors, Chief Finance Officer and Superintendents, with Executive representation from the OPCC.	30th September 2017		Completed
	Continue to develop the Demand Reduction Strategy including:-					
CPC/3	Continue to develop the annual process to evaluate resource allocation to ensure that resources are aligned to demand, threat, risk and harm.	Director of Corporate Improvement	Completed and utilised for 17/18 resource allocation. Further work will be done as part of Force Management Statement (FMS) preparedness. Final discussion for 2018/19 is scheduled for May 2018	31st March 2018		Completed
CPC/4	Extend the use of Vulnerable Locations Indexing approach to multi agency working across the county.	Director of Corporate Improvement	This work has now been subsumed into a wider project to implement Local Focus Hubs in each District Council Area, which will provide opportunities for collaboration with other agencies. A superintendent has been appointed to lead this work.	31st March 2018	30th September 2018	Ongoing (original timescale exceeded)
CPC/5	Develop the Blue Light collaboration by working with fire and ambulances services to trail the five tactical operational strands of work .	Superintendent North	Work is ongoing in relation to BlueLight collaboration with fire and ambulance. See specific actions CPD/3, .4, 5, 6 & 7 below.	31st March 2018	see individual timelines below.	Ongoing (original timescale exceeded)

Appendix A – Update on 2017/18 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation Date	Status
CPC/6	Continue to deliver the MACAC pilot programme to deliver improved outcomes for people with mental health problems who come into contact with the police	Superintendent Operational Support	The three key strands in the MACAS pilot programme, namely a) A 24/7 single point of access for professional to access information from specialist mental health practitioners b) The provision of respite beds at Carleton Clinic c) The 'Lighthouse' place of safety are all now in place. An evaluation will take place at end of the financial year.	31st March 2018		☀ Completed
CPC/7	The People Strategy (2017-20) and associated action plan will be delivered.	Head of People	The People Department was established in April 2017, and has been focussed on delivering in line with the strategy and action plan. Key areas under current development are Talent Management (attraction, recruitment and retention), Business Futures (incorporating resource planning, skills capture, sickness management) the launch of wellbeing advocates (governed via the Better Health at Work scheme - currently working towards the Bronze award), sign up to the MIND MH at work delivery plan, staff term and conditions & reward and recognition review, positive action to encourage underrepresented groups, development of the Constabulary PDR, grievance and performance management and the development of the Citizens in Policing programme. The People action plan has just been reviewed, all actions updated and will be migrated into the CCIP master plan. Extension required to facilitate the full implementation of the PDR, talent management programme. Performance, capability and wellbeing are monitored and discussed at weekly workforce bronze and silver meetings, which are attended by senior managers from all departments. These were introduced in April 2018 as a result of an overall change to the Constabulary's governance structure as a response to the Policing Vision and Cumbria Vision 2025. Further extension is anticipated at the point of next review in order to reflect longer term strategic workforce 2025 programme (managed through the Gold board), Business Futures implementation, and the development of PEQF / apprenticeship levy	31st March 2018	30th September 2018	☀ Ongoing (original timescale exceeded)
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.						
CPD/1	Review our performance management arrangements, making recommendations for improvement where appropriate.	Director of Corporate Improvement	Minor changes have been made in 2018/19. A performance management framework based around a balanced scorecard approach will be developed to support the Vision 2025 governance structure. This work has been delayed due to capacity in the Business Improvement Directorate.	30th September 2017	30th September 2018	☀ Ongoing (original timescale exceeded)
CPD/2	Work with the new Police and Crime Commissioner to develop performance management arrangements to hold the Chief Constable to account effectively.	Director of Corporate Improvement	Completed - Accountability Framework has been approved and is operational	30th September 2017		☀ Completed

Appendix A – Update on 2017/18 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation Date	Status
	Develop the delivery plan for the tactical operations for Blue Light Collaboration. This includes:					
CPD/3	Emergency Medical Response pilot in Walney and Wigton	Superintendent North	The terms of reference and operating framework have been agreed but implementation has been delayed following withdrawal of Fire Brigade's Union support for trials pending national pay negotiations.	30th September 2017	31st March 2019	⚙️ Ongoing (original timescale exceeded)
CPD/4	Forced Entry/Concern for safety memorandum of Understanding between fire, ambulance and police	Superintendent North	Start delayed as FBU have asked for specific police training. Training needs assessment now being completed.	30th September 2017	31st March 2019	⚙️ Ongoing (original timescale)
CPD/5	ESIP Joint Emergency Services Interoperability Programme Incident Command Vehicle - joint branding and management of vehicles that will have the capability to be forward command points in an incident.	Superintendent North	Vehicles now in operation and available for deployment throughout the county.	30th September 2017		⚙️ Completed
CPD/6	Urgent Care desk - NWS support to Police Officers at the scene to triage any medical aspects of an incident	Superintendent North	MOU agreed, NWS agreed to a trial with GMP only. If successful this will be rolled out to other forces.	30th September 2017	31st March 2019	⚙️ Ongoing (original timescale exceeded)
CPD/7	Tri-Service Officer pilot	Superintendent North	Legal agreement reached between Constabulary and County Council and agreement to go live expected imminently.	30th September 2017	30th June 2018	⚙️ Ongoing (original timescale exceeded)
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.						
CPE/1	Embed a formal performance development and review (PDR) process for all officers and staff during 2017/18, in accordance with College of Policing guidance.	Deputy Chief Constable	A formal Performance Development Review has been implemented and utilised by officers and staff during 2017/18. This is complimented by the 15 week review. An updated version of the Kalidus system that manages PDR will be introduced during 2018 which will further enhance the Constabulary's approach to performance and talent management.	31st December 2017		⚙️ Completed
CPE/2	The Constabulary will work with academia and, using good practice from other organisations, will develop an action plan based on the information from the cultural survey which will be incorporated into the Well-Being Strategy.	Director of Corporate Improvement	The survey has been completed and a report of the findings presented to COG. Staff have attended a workshop to identify best practice with other forces. Work is on-going with academia to communicate the results and develop an action plan to deal with the issues raised.	31st December 2017	31st July 2018	⚙️ Ongoing (original timescale exceeded)

Appendix A – Update on 2017/18 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation Date	Status
CPE/3	During 2017/18 the Apprenticeship Levy will be introduced across England & Wales which will result in a 0.5% levy be paid by Cumbria Constabulary into a digital Apprenticeship account. As a result of this an Apprenticeship framework is being devised which will promote the use of apprenticeships within the Constabulary including leadership, initial learning skills and technical development.	Head of Learning & Development	A new apprenticeship manager post has been recruited. An apprenticeship strategy was produced and approved by the Chief Officer Group in March. The next steps will be to develop an action plan to support training of officers, PCSOs and staff in the context of the new College of Policing PEQF requirements.	31st March 2018		Completed
CPE/4	Significant training programmes will be delivered in 2017/18 in support of the new Intelligence System Red Sigma and a focus on Vulnerability (Mental Health). In addition there is continuing focus on new entrant training for recruits.	Head of Learning & Development	Planned training programmes have been delivered including Red Sigma, Stop and search for frontline officers and supervisors, criminal justice including disclosure, Police Works and the new S28 CJA. In a change of priority crime recording was delivered rather than mental health, which will now be delivered in 2018/19.	31st March 2018		Completed
CPE/5	A formal protocol for the identification and handling of conflicts of interest in relation to the joint CFO role will be put in place.	PCC Chief Executive	Completed and discussed at JASC and Police and Crime Panel.	30th June 2017		Completed
CPE/6	A formal review of the effectiveness of the Joint CFO role will be undertaken against the CIPFA standard on the role of the CFO.	PCC Chief Executive	Completed a report has been produced for the May meeting of the Joint Audit and Standards Committee, which concludes that the arrangement is operating effectively.	31st March 2018	30th June 2018	Completed
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.						
CPF/1	Review and refresh the audit and improvement plan every quarter, reporting to Force Strategic Delivery Board on outcomes and successes from Quality Counts. This will incorporate a programme of Crime Data Integrity audits, that will be improved by extending their scope and frequency, with learning and feedback to officers and supervisors so that quality and performance can be enhanced.	Director of Corporate Improvement	Completed - this is now part of business as usual.	31st March 2018		Completed
CPF/2	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	This work has been delayed due to capacity constraints in the Business Improvement Directorate but will be delivered to support the Business Support theme within Vision 2025.	31st March 2018	31st December 2018	Ongoing (original timescale exceeded)

Appendix A – Update on 2017/18 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation Date	Status
CPF/3	Further develop the Business Intelligence Strategy to inform future ICT developments, improve the information available to managers for effective decision making, to support improvements in services for the public and, develop and improve the dashboards available to officers and staff.	Director of Corporate Improvement / Director of Corporate Support	The business case has been developed and presented to COG. Further work is being undertaken to provide further assurance in relation to the vision and VFM.	31st March 2018	30th September 2018	⚙️ Ongoing (original timescale exceeded)
CPF/4	Finalise the delivery of training on the financial regulations, financial rules and procurement regulations.	Joint Chief Finance Officer	A training package has been developed and training delivered. Two small groups have yet to receive training due to diary commitments, but will be delivered at the next update of the regulations and rules in autumn 2018.	30th September 2017	31st December 2017	⚙️ Completed

Appendix B – 2018/19 Development and Improvement Plan

Ref	Action	Lead Officer	Implementation by
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.			
CPA/1	Complete outstanding vetting checks to ensure compliance with new enhanced vetting requirements and ensure arrangements are sustainable.	Head of People	30th September 2018
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.			
CPB/1	Evaluate the requirements and implement the Single On-Line Home external website in conjunction with the National Police Chiefs Council to improve public contact and access to services.	Director of Corporate Improvement	30th June 2019 subject to adoption by the national project.
CPB/2	Hold engagement and consultation events within the Constabulary in relation to Vision 2025	Director of Corporate Improvement	31st March 2019
CPB/3	Complete the review of policy management arrangements and make recommendations for streamlining the process, the products and their accessibility.	Director of Corporate Improvement	31st July 2018
CPB/4	The Constabulary will review the Independent Advisory Group arrangements at strategic and local level with a view to strengthening their impact.	Director of Corporate Improvement	30th June 2018
Core Principle C: Focusing on defining outcomes in terms of sustainable economic, social and environmental benefits			
CPC/1	Develop and deliver a detailed action plan for the Vision 2025 strategy.	Deputy Chief Constable	31st March 2019
CPC/2	Embed revised meetings and governance arrangements in support of Vision 2025	Director of Corporate Improvement	30th September 2018
CPC/3	Implement Local Focus Hubs across the County including agreed objectives, governance, performance framework and developing collaboration opportunities.	Superintendent - West	30th September 2018

Appendix B – 2018/19 Development and Improvement Plan

Ref	Action	Lead Officer	Implementation by
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.			
CPD/1	Embed changes to the scope of the Business Improvement Unit's role to deliver change and business benefits.	Director of Corporate Improvement	31st March 2019
CPD/2	Incorporate the production of Force Management Statements into business planning and re-align processes to drive benefits.	Director of Corporate Improvement	30th September 2018
CPD/3	Undertake further analysis of current and future demand to inform strategic business planning.	Director of Corporate Improvement	31st March 2019
CPD/4	Plan and implement actions to demonstrate increased visibility to communities.	Deputy Chief Constable / Director of Corporate Improvement	31st March 2019
CPD/5	Re-design business processes in relation to the Control Room as part of the implementation of the Safe system to deliver business benefits.	Superintendent - Organisational Business Delivery	30th September 2019
CPD/6	Roll out and provide training for Body Worn Video for Officers	Superintendent - Organisational Business Delivery	31st July 2018
CPD/7	In conjunction with the OPCC and other stakeholders, plan, evaluate and implement initiatives to improve emergency services inter-operability, including urgent care desk, tri service officers brought forward from 2017/18	Superintendent -North	31st March 2019

Appendix B – 2018/19 Development and Improvement Plan

Ref	Action	Lead Officer	Implementation by
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.			
CPE/1	Implement the College of Policing PDR process and provide associated training.	Head of People	31st March 2019
CPE/2	Evaluate the requirements and prepare an action plan in relation to the introduction of the College of Policing PEQF requirements.	Head of Learning and Development	31st December 2018
CPE/3	Develop and begin implementing the action plan supporting the Apprenticeship Strategy	Apprenticeship Manager	31st March 2019
CPE/4	Develop an action plan arising from the Well-Being survey.	Head of People	31st July 2018
CPE/5	Develop a vision for the delivery of Procurement within the Constabulary and OPCC to meet organisational needs.	Director of Corporate Support	30th September 2018
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.			
CPF/1	Develop the balanced scorecard approach to performance management and embed this within the Vision 2025 governance arrangements.	Director of Corporate Improvement	30th September 2019
CPF/2	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	31st March 2019
CPF/3	Work with the OPCC to develop a revised public accountability framework.	Director of Corporate Improvement	31st March 2019
CPF/4	Implement an action plan to ensure that the OPCC complies with new General Data Protection Regulations	Head of People	31st December 2018
CPF/5	Further develop the Business Intelligence Strategy to inform future ICT developments, improve the information available to managers for effective decision making, to support improvements in services for the public and, develop and improve the dashboards available to officers and staff.	Director of Corporate Improvement / Director of Corporate Support	31st March 2019

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Police and Crime Commissioner for Cumbria

Annual Governance Statement 2017/18

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring business is carried out in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

To meet this overall responsibility, the Commissioner has put in place proper arrangements for overseeing what we do. This is what we mean by governance. These arrangements are intended to make sure that we do the right things, in the right way and are fair, open, honest and accountable.

Our arrangements for governance are set out within a Code of Corporate Governance ('The Code'). The Code explains the way the Commissioner governs and the frameworks that are in place to support the overall arrangements for fulfilling his functions. The Code of Corporate Governance is published alongside the Annual Governance Statement on the Commissioner's website at www.cumbria-pcc.gov.uk

This Annual Governance Statement (AGS) describes how the Commissioner has followed The Code. It also meets the requirements of regulation 6(1) and 10(1) of the

Accounts and Audit Regulations 2015. The regulations say that we must prepare and publish an Annual Governance Statement (AGS) to accompany the Commissioner's statement of accounts.

REVIEW OF EFFECTIVENESS

The key systems and processes that comprise the Commissioner's governance arrangements for 2017/18 have been guided by the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework applicable to the 2017/18 financial year. This is the standard against which all local government bodies, including police, should assess themselves.

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of his governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers who have responsibility for the development and maintenance of the governance environment. The review process comprises:

- A cyclical detailed review of the key documents within the Commissioner's governance framework.
- A review of the governance arrangements in place to support each core principle, culminating in an updated Code of Corporate governance.
- A review of what has happened during the past year to evidence how the governance framework has been complied with.
- A review of the effectiveness of the arrangements for Internal Audit. The review is supported by consideration of the opinion of the Chief Internal Auditor, as set out in her annual report.
- A review of the effectiveness of the Joint Audit and Standards Committee against CIPFA guidance on Audit Committees for Police.

The following paragraphs provide a summary of the Annual Governance Statement, demonstrating how the Commissioner has complied with the governance framework, set out within the Code, to meet of each of the seven governance principles. The full version of the Annual Governance Statement is published alongside the Statement of Accounts and also incorporates an action plan of planned future improvements for governance arrangements.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Ethics and Integrity

The Commissioner has in place arrangements for anti-fraud and corruption, which have been reviewed in 2017/18. The review concluded that arrangements are effective. Whilst fraud risk remains low within the OPCC office, matters of integrity have been re-enforced including enhanced arrangements in respect of recording gifts and hospitality and/or supplier contact. The anti-fraud and corruption arrangements also highlight mechanisms for confidential reporting and whistleblowing.

The process of commissioning services and award of grants present a potentially high risk with regard to integrity. In 2016/17 the OPCC Grant Regulations were reviewed to align with the development of a new Police

and Crime Plan. To facilitate this process the Grant Regulations were also reviewed, in conjunction with legal and procurement advice, with the aim of ensuring that grant awards are made in a fair, transparent and consistent manner and that appropriate conditions are attached to safeguard public money. A subsequent internal audit of Commissioning in 2017/18, focussed on the award of open grants, provided reasonable assurance.

A fraud risk assessment undertaken by the Joint Chief Finance Officer in compliance with International Financial Reporting Standards did not reveal serious concerns.

In respect of the arrangements for standards, ethics and integrity, no complaints have been received against the Commissioner or members of his office in relation to matters of integrity.

During 2017/18 the Ethics and Integrity Panel have carried out dip sample processes and thematic inspections for a number of different areas of business including, adherence with the Code of Ethics and Code of Conduct, public complaints, police misconduct and staff misconduct cases, all of which were found to support high standards of ethics and integrity. This enabled the Police and Crime Commissioner to fulfil his statutory duty to have oversight of the Constabulary's complaints and misconduct processes.

The scope of the Panel's work has developed during 2017/18 through three thematic inspections in relation to the use of Stop and Stop/Search, the use of Body Worn Video and the operation of the Professional Discretionary Framework within the Constabulary's Communications Centre. The findings of the Panel's work, including recommendations, have been reported on a quarterly basis to the Commissioner's Public Accountability Conference to improve transparency and support public scrutiny.

The Joint Audit and Standards Committee received the 2017/18 annual report of the Ethics & Integrity Panel in May 2018 to support assurances in respect of arrangements for standards and ethical governance.

During 2017/18 new legislation giving Commissioner's explicit responsibility for the performance of the local complaints system and hearing misconduct appeals was expected to be enacted. The implementation of the new requirements has now been deferred to at least April 2019.

Respecting the rule of law

Officers within the OPCC receive updates on changes in legislation through their professional bodies, APACCE, PACTS, the APCC and from the government. A jointly

funded Legal Advisor post in the Constabulary's Legal Services Department also directly supports the OPCC on legal matters.

During the year formal reviews has been undertaken of the role of the Commissioner's Chief Finance Officer and the Head of Internal Audit (HIA) and the Joint Audit and Standards Committee against the respective CIPFA statements, which concluded there was full compliance.

Principle B: Ensuring openness and Comprehensive stakeholder engagement

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Openness

The OPCC developed and launched a new website in March 2017 with the aim of improving public accessibility of information on the work of the Commissioner.

The Commissioner is highly committed to being the voice of the people of Cumbria. This is demonstrated through a

wide range of engagement opportunities for the public to make contact so their views are heard.

The Commissioner also publishes information for the public to see how he is representing their views and holding the force to account.

The Commissioner operates in accordance with the Elected Local Policing Bodies (Specified Information) Orders of 2011, 2012, 2013 and the guidance provided by the Information Commissioner. This is demonstrated, documented and communicated through an information publication scheme that ensures the openness of all key information to the public. Examples of information that is published includes agendas and reports of public meetings, guidance on the Commissioner's funds, freedom of information requests, financial information and details of key decisions. A range of communications media are used including the Commissioner's website and social media.

To promote openness and transparency, all Public Accountability Conferences have been advertised to allow members of the press and public to attend.

Engaging Comprehensively with Institutional Stakeholders

The Commissioner is actively engaged with a wide range of bodies to encourage a multi-agency approach to matters within his remit including:

- Chairing the Safer Cumbria Delivery Board, which is both the county-wide Community Safety Partnership and Criminal Justice Board for Cumbria.
- Membership of the Cumbria Leaders' Board.

During 2017/18 a range of partnership working initiatives to deliver the Commissioning Strategy and ensure arrangements are in place for victims support services. This has included:

- Development of a Quality Assessment Framework to monitor compliance with the Victims Code in Cumbria.
- Commissioned Victims Support to work with statutory partners, including the Constabulary and victims of crime to develop the victims code in Cumbria.
- Worked at a County level to commission a crisis support service for victims of domestic abuse and sexual violence.

- Funded Community Safety Partnerships to continue to work with communities and partners on issues impacting on their specific areas of Cumbria. Work has included a project to help combat the increase in new psychoactive substances and reviewing and embedding a standard protocol for domestic homicide review.

Engaging Stakeholders Effectively including Citizens and Service Users

The Policing Protocol Order highlights the accountability of the Police and Crime Commissioner to local people. This responsibility is delivered through the OPCC to ensure a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria and is accountable.

The Commissioner is directly involved in many of the engagement activities and encourages the Commissioner's ethos of 'we, not they' to emphasise that communities, stakeholders and partners need to all work together to help deliver the Police and Crime Plan, and keep Cumbria safe. During 2017/18 engagement included:

- Public surgeries/drop-ins at various locations.

- Numerous speaking engagements and attendance at public events.
- Meetings with a diverse range of community groups
- Media engagements.
- Surveys
- Cumbria Community Messaging,
- the Commissioner's website
- Social media: Twitter, Facebook and YouTube
- a bi-monthly newsletter

The Commissioner's Public Accountability Conference is open to the public and supports engagement.

The Commissioner launched public consultation to canvass the views of the public in relation to setting the policing precept for the 2018/19 budget. The Commissioner also undertook a survey in summer 2018 to determine the priorities of the public in relation to police and crime matters.

During 2017/18 the Commissioner established a Youth Commission to improve communication and understanding of issues affecting young people.

The OPCC logs all quality of service issues that are raised with the Commissioner, which are tracked and escalated

with the Chief Constable where appropriate. This feedback is also used by the Constabulary to assess what lessons can be learned from examples of poor or unsatisfactory service, to make improvements.

In summary, the engagement with all stakeholders allows the Commissioner to develop a vision for policing services, which in turn is incorporated within the Police and Crime Plan.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Defining Outcomes

The Police Reform and Social Responsibility Act (PR&SRA) requires the Commissioner to produce a Police and Crime Plan setting the vision and strategic direction for policing, crime reduction and community safety. A new Police and Crime Plan was launched in November 2016, following the appointment of a new Police and Crime Commissioner for Cumbria.

The Police and Crime Plan 2016-2020 contains the police and crime objectives which all contribute toward achieving the PCC's overall aim 'to make Cumbria an even safer place'. Each objective is supported by actions that the Constabulary and/or partners will undertake to contribute to successful outcomes. These objectives and actions are underpinned by performance measures used to assess how well the objectives are being achieved, which are set out in the PCC's Performance Management Framework.

The priorities within the plan are:

- 1 Your Priorities For Cumbria
- 2 A Visible and Effective Police Presence
- 3 Tackle Crime and Anti-Social Behaviour
- 4 Ensure Offenders Face A Consequence For Their Crime
- 5 Always Put Victims First
- 6 Focus our Police on Online and Sexual Crime
- 7 Spend your Money Wisely
- 8 Supporting Young People

An action plan setting out how the objectives of the Police and Crime Plan will be delivered has been developed within the OPCC.

Key performance indicators were set with the Chief Constable at the start of the financial year in support of the objectives within the new Police and Crime Plan. A comprehensive Accountability Framework, HMICFRS Inspections and Value for Money Reports support the Commissioner in holding the Chief Constable to account for performance of the force.

The PCC regularly reviews progress against his police and crime objectives. Where grants have been awarded, the awards are made against agreed timescales and milestones for delivery and include success criteria or performance measures.

During 2017/18 a detailed programme of work has been developed with the Police and Crime Panel to facilitate effective scrutiny of delivery of the plan's objectives. Progress reports are presented to the Panel on a quarterly basis supported by thematic reports, which are agreed at the start of the year.

The Chief Constable is held to account for delivery of policing objectives through the PCC's Public Accountability Conference. A reporting Schedule is maintained and agreed with the Constabulary. The PCC monitors performance in a number of areas of policing. During 2017/18 thematic reports giving assurance on anti-social behaviour, criminal justice, the 101 service,

domestic abuse, uniformed policing visibility, serious crime, cyber crime, investigation of sexual offences and offender management were presented at the Public Accountability Conference. In addition, reports were also received covering equality and diversity, finance, and ethics.

The Police and Crime Act 2017 conferred a duty on Commissioners to collaborate on the delivery of emergency services. During 2017/18 the Commissioner undertook an options appraisal exercise to determine the approach to 'Bluelight' collaboration. Following the conclusion of this work and consultation with significant stakeholders, it was decided that for the moment a collaborative model of service delivery would be adopted. Under this approach existing management arrangements will be maintained, but opportunities to enhance interoperability between police and fire services will be developed.

The Commissioning Strategy sets out the processes by which the Commissioner will identify and fund services to support his priorities. This was last reviewed and updated in 2017/18.

Sustainable economic, social and environmental benefits

The Head of Partnerships and Commissioning ensures that the services commissioned are consistent with the PCC's objectives as set out in the Police and Crime Plan 2016-2020. For the financial year 2017/18, the PCC committed over £1.5m to projects and initiatives aimed at reducing offending and re-offending and supporting victims of crime. A significant proportion of that funding has been committed to supporting the reduction in domestic abuse and sexual violence.

A review of the Joint Procurement Regulations between the Office of Police and Crime Commissioner and Constabulary Procurement Department will incorporate social value into procurement and commissioning activity.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Planning & Determining Interventions

During the course of 2017/18 the Commissioner's Public Accountability Conference received Constabulary assurance covering a range of areas of performance including Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) performance measures to assess police effectiveness, efficiency and legitimacy (PEEL). This enabled the Commissioner to hold the Chief Constable to account. Crime levels, public satisfaction and police performance have been regularly monitored

The OPCC's Head of Partnerships and Commissioning chairs the Cumbria 'Out of Court (OoCDs) Disposal Scrutiny Panel'. OoCDs allow the police to deal quickly and proportionately with low level, often first time, offending, which can be appropriately resolved without a prosecution at court. The Panel seeks to increase the public's understanding and confidence in how the Constabulary uses OoCDs. Inappropriate and inconsistent disposals associated with domestic abuse cases have been almost eliminated following Panel feedback and changes to policy as a result of the OoCD Panel observations.

During the last year, the Commissioner has continued to build on partnership working to address priorities in the Police and Crime Plan. Projects have included:

- Developed the Quality Assessment Framework with partner agencies to measure and improve how agencies comply with national standards for working with victims.
- Continued to work jointly with health and wider partners to improve access to services for people who are in mental health crisis and reduce the impact on the police. Specific initiatives undertaken in 2017/18 through funding from the national Police Innovation Fund included a 24 hour mental health triage service which can be accessed by officers, provision of a place of safety for people experiencing mental health issues and provision of crisis assessment beds in Carlisle.
- Working with Cumbria's three Community Safety Partnerships to raise public knowledge of how to protect themselves against fraud and other crimes committed via the internet.
- Developed access to support for military service veterans at risk of offending, working with Project Nova.

In order to progress collaboration in respect of Bluelight services in 2017/18, the Commissioner appointed a Blue light Collaboration Manager, whose role will be to work with emergency services partners including the Constabulary to develop more co-operative and efficient ways of working between the police and fire service.

The policing grant settlement, received in December 2018, afforded greater short term certainty and stability of grant funding for both 2018/19 and 2019/20, allowing financial planning on a firmer basis. The review of police formula funding, which has the potential to make a significant reduction in grant funding to Cumbria, has been delayed until the next spending review in 2020/21.

The Government also provided Commissioner's with greater flexibility to increase council tax. Following a public consultation exercise, the Commissioner approved the 2018/19 budget in February 2018 based on a council tax increase of 5.42%. The £124m provided to the Constabulary supported a small increase in frontline officers who will be visible in local communities, dealing with issues, which concern people most and stability in the number of Police Community Support Officers.

Although the immediate financial outlook has improved, over the longer term it is likely that funding constraints will remain. The OPCC and Constabulary are jointly

working to better understand and manage demands for service and realise benefits from investment in new technology, with the aim of delivering a sustainable policing service in the County.

Optimising Achievement of Intended Outcomes

All planning is undertaken in the context of a four year medium term financial strategy, incorporating financial modelling, operational plans and capital strategies.

Recommendations contained in a victim's needs assessment, conducted by the Victims Advocate in 2016/17, have provided a clear focus of activity for the PCC and partners' work and future commissioning strategy to keep victims safe and at the heart of the Criminal Justice system. During 2017/18 the Commissioner has:

- Provided restorative services, enabling victims to inform offenders of the impact a crime has had on them.
- Funded 'Chelsea's Choice', a production for children raising awareness of Child Sexual Exploitation
- Funded a Domestic Violence Advisor service

- Established a Youth Commission, ensuring young people in Cumbria have a voice on the issues and problems impacting on them.
- Funded support for people with dementia to help reduce calls to the police.
- Established two multi-agency hubs in vulnerable localities.
- Commissioned Victim Support to provide emotional, practical, advocacy and signposting services
- Provided support for witnesses attending Coroner's Courts.
- Continued to develop and fund the Bridgeway Sexual Assault Support Services
- Funded county-wide Perpetrator Programmes "Turning the Spotlight" for domestic abuse.
- Funded 'I Feel the Hate' Hate Crime production for children
- Developed the **Cumbria Together website**
- Developed a new way of providing 'Keep Safe' crime prevention measures in vulnerable victims' homes.
- Funded "Brake" specialist support for bereaved families of victims of Road Traffic Accidents.
- The Commissioner's Innovation, Community and Property Funds also continue to provide financial support for numerous projects working with victims

across Cumbria. Community Fund, Innovation Fund and Property Fund

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Developing the entity's capacity

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRORA). The PRORA also sets out the function and roles of statutory officers, namely the Monitoring Officer (Chief Executive) and the Chief Finance Officer (CFO). The monitoring officer has specific legal, financial and governance duties in addition to a statutory responsibility for the lawfulness of decision making. The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation.

During 2017/18 the Commissioner has undertaken a re-structure of the OPCC to provide greater capacity and flexibility to respond to changes in demand particularly in relation to public engagement activities. The changes have also delivered financial savings.

Following the retirement of the Commissioner's Chief Finance Officer, the Commissioner and Chief Constable have agreed to a shared Chief Finance Officer arrangement. A protocol and range of safeguards have been put in place to handle potential conflicts of interest arising from the joint role. A review of the operation of the Joint Chief Finance Officer arrangement has been conducted aligned to the CIPFA statement on the Role of the Chief Finance Officer. This exercise has shown full compliance and has not revealed any significant issues.

As a result of the planned retirement of the Chief Executive during 2017/18 the Commissioner decided that the Head of Partnerships and Commissioning and Head of Communications and Business Services will perform the roles of Chief Executive and Deputy Chief Executive on a six month rotating basis. Initially this is a temporary arrangement for one year, after which it will be evaluated. The change was approved by the Police and Crime Panel.

The re-structure of the rest of the OPCC is on-going.

Developing the entity's leadership

The Chief Executive receives support through the Association of Police and Crime Commissioner Chief Executives (APACCE), while the Chief Finance Officer continues to receive support from the Police and Crime Commissioner's Treasurer's Society (PaCCTS) and the associated technical information service.

In 2017/18 the Chief Executive and Deputy Chief Executive have completed the Chartered Institute of Public Finance and Accountancy's Certificate in Corporate Governance to enhance their knowledge and skills in performing their new roles.

During 2017/18 development activity for members of the Audit and Standards Committee included development sessions on the Police and Crime Plan, blue-light collaboration, control room operations, treasury management and the medium term financial forecast. A formal review of effectiveness of the Committee against the new CIPFA guidance for Audit Committees evidenced compliance with CIPFA guidance and elements constituting best practice. The full report of the Committee can be found on the Commissioner's website at:

<http://www.cumbria-pcc.gov.uk/governance-transparency/audit-committee.aspx>.

The four Independent Custody Visiting Panels continue to operate. Developments during the year included:

- Weekly visits to each of the four custody suites
- Recruitment campaigns to attract new candidates Carlisle and Kendal.
- Induction training courses.
- Membership of the Independent Custody Visitors Association (ICVA).
- Attendance at national, regional and local conferences
- Under the Animal Welfare Scheme, monthly visits to Cumbria Constabulary and the Civil Nuclear Constabulary to ensure the welfare of police dogs

Developing the capability of individuals within the entity

All staff within the OPCC have regular one-to-one sessions with their line manager, these meetings incorporate performance review. Weekly tasking meetings attended by all staff have recently been introduced to ensure that all OPCC activities are communicated and co-ordinated.

During 2017/18 specific training has been provided for staff in the areas of General Data Protection Regulations, Code of Ethics and abuse of authority for sexual gain.

Principle F: Managing risks and performance through robust internal control and strong public financial management

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Managing risk

During the year the Commissioner's Risk Management Strategy was reviewed and updated to reflect the current risk environment. The updated strategy was supported by the Joint Audit and Standards Committee.

Risk has become embedded within the everyday work of the OPCC, staff continually assess risks within their roles. Both strategic and operational risks are reviewed on a quarterly basis and appropriate updates made. The Commissioner also provides scrutiny of the Constabulary's management of strategic risks.

The strategic risk register is updated on a quarterly basis and currently incorporates risks in relation to future funding, financial and operational risks regarding the implementation of the Emergency Services Network, capacity within the OPCC and compliance with the new General Data Protection Regulations.

The Commissioner's arrangements for Risk Management include procedures for Business Continuity, which are reviewed and tested throughout the year. During bad weather conditions in March 2018, the OPCC was able to largely continue operating largely as normal, with staff working from home using remote devices.

Managing Performance

The Public Accountability Conferences facilitate arrangements for the scrutiny of quarterly performance updates and thematic reports around priority areas of policing including, domestic abuse, child sexual exploitation, sexual offences, anti-social behaviour and reducing reoffending. This is supported by regular one to one meetings between the Chief Constable and Commissioner. The Commissioner also monitors the implementation of actions and recommendations arising from inspections including those undertaken by HMICFRS.

The Police and Crime Panel have met five times during 2017/18. All meetings are held in public, providing an open and transparent process for scrutinising the decisions and work of the Commissioner. During 2017/18 the Panel placed a significant focus on monitoring delivery of the Police and Crime Plan, but have also scrutinised the appointment of the Joint Chief Finance Officer and Chief Executive / Deputy Chief Executive roles, arrangements for public engagement and the Commissioner's proposals in relation to blue-light collaboration. The Panel also considered and supported the Commissioner's proposed precept for 2018/19.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Robust Internal Control

During 2017/18 a number of areas of the corporate governance framework have been subject to cyclical review and update. This process is supported by the professional advice of the Joint Audit and Standards

Committee. During 2017/18 the Committee has considered and provided scrutiny of the Commissioner's Anti-fraud and Corruption Policy and Procedures, the Code of Corporate Governance, Risk Management Strategy, the Internal Audit Charter, Treasury Management Strategy, Statement of Accounts and Annual Governance Statement.

Internal controls have also been reviewed through the annual process of management assurances and the annual internal audit plan. Of sixteen audits covering the activities of the OPCC and Constabulary, 87% provided either substantial or reasonable assurance. All audits relating specifically to the OPCC provided satisfactory assurance. The outcome of a follow up audit of procurement, which is a service provided to the OPCC by the Constabulary, whilst showing some improvement, was still rated as providing only partial assurance. A commitment from senior management to address the remaining issues has been set out in their response to the audit. The Chief Internal Auditor's overall opinion has concluded that the Commissioner's frameworks for governance, risk and internal control are reasonable and that controls are generally working effectively in practice.

Managing Data

The OPCC operates within the parameters of legislation governing the protection of data, ensuring that all data is appropriately stored and shared where necessary. Information is provided to members of the public under the Freedom of Information Act, with requests and responses published on the Commissioner's website. The Ethics and Integrity Panel provide additional assurance in this respect. Physical data within the OPCC is held securely with appropriate office and cabinet security provided. An action plan has been developed with the aim of ensuring that the OPCC can meet the requirement of the new General Data Protection Legislation in 2018/19.

Strong Public Financial Management

At the Executive Board meeting of 22nd February 2017, the Commissioner set the 2017/18 annual budget and precept in the context of a medium term financial strategy 2017-2021. In line with his duty to maintain the police force the Commissioner agreed a net budget of £116m for the Chief Constable for the 2017/18 financial year and a funding arrangement that codifies the terms for that funding including arrangements for financial management. The budget included £2.2m funding for 2016/17 within a commissioned services budget for victims, community safety and crime reduction.

During 2017/18 the Commissioner received regular financial reports including revenue and capital budget monitoring and treasury management. A new format of financial reports has been adopted in 2017/18 to improve accessibility. Financial reports are published on the Commissioner's website.

The outcome of all audits of financial arrangements during 2017/18 was an opinion that provided either reasonable or substantial assurance.

During 2017/18 financial sustainability in the context of increasing inflation and service pressures, flat government funding and the potential impact of a future review of the police funding formula has remained on the Commissioner's strategic risk register. A number of mitigation measures have been put in place including the detailed medium term financial forecast and development of savings plans in conjunction with the Constabulary.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Implementing good practice in transparency

The Commissioner has prepared for publication an annual

report covering 2017/18. The report, entitled "Making Cumbria an Even Safer Place", includes information on how the Commissioner has responded to issues raised during community engagement activity and how engagement has informed future priorities.

Throughout the year the Commissioner has published regular financial monitoring information. Monitoring reports have been developed to present a revised, shorter and more succinct format that aims to increase the transparency and accessibility of financial information. Further to this, the reported financial statements published in May 2017 include the statutory Chief Finance Officers' Narrative Report. The Narrative report incorporates a more accessible summary of the statements and financial and performance information alongside a business review.

Implementing good practices in reporting

The Commissioner's activities, performance and achievements have been published in an annual report, which can be found on the Commissioner's website at www.cumbria-pcc.gov.uk. It highlights the commissioner's key achievements during his second year in office, including:

- Continued to fund numerous community projects to tackle the key priorities in the Police and Crime Plan, including on line safety, protecting vulnerable members of the community and supporting victims of domestic abuse and sexual violence.
- Setting the policing budget for 2018/19, providing additional resources for Neighbourhood Policing.
- Improved youth engagement through the work of the Cumbria Youth Commission and the launch of Mini Police
- Prioritised and supported work to address the top four public concerns raised with him namely, police visibility, anti-social behaviour and driving and the performance of the 101 service.

A revised and updated Code of Corporate Governance was adopted in line with the 2016 CIPFA Good Governance Framework for Local Government.

A review of the arrangements for internal audit have confirmed that the service meets the requirements of the Public Sector Internal Audit Standards (PSIAS) during 2017/18.

The Commissioner's unaudited financial statements for 2016/17 were released in May, with the final version published in July, thus meeting new deadlines for financial

reporting ahead of schedule. The External Auditor's Audit Findings report noted the accounts were prepared to a very high standard and were supported by excellent working papers.

Assurance and effective accountability

The external auditor's opinion for the 2016/17 financial year was that the Commissioner's Financial Statements provided a true and fair view of the financial position and that they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting. The auditors further confirmed in their Annual Audit Letter that that the Commissioner had proper arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

Implementation of recommendations arising from the internal audit plan, external audit reports and HMICFRS are monitored by the Joint Audit and Standards Committee.

The Ethics and Integrity Panel monitors and reports on some specific areas of activity, such as complaint handling and ethical issues.

FURTHER INFORMATION

Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.

We welcome your views on the Commissioner's Annual Governance Statement. You can do this by using the contact information below:

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*Peter McCall

Police and Crime Commissioner for Cumbria

*Gill Shearer
Chief Executive

*Roger Marshall
Chief Finance Officer

21 July 2018

*Signatures are removed for the purposes of Publication on the website

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation Date	Status
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.						
CPA/1	Continue to develop the scope and remit of the Ethics and Integrity Panel will be reviewed to maximise its on-going impact in improving arrangements for Ethics and Integrity. The subjects for in depth pro-active scrutiny will be determined during the course of the year.	PCC Chief Executive	The work of the Panel has been extended in 2017/18 through thematic inspections in areas relevant to ethical conduct. Reporting of the findings to the Commissioner's PAC has strengthened the accountability of this process.	30-Mar-18		⚙️ Completed
CPA/2	In January 2017 the Police and Crime Bill received Royal Assent and was enacted into law. The Act provides Commissioners with an explicit responsibility for the performance of the complaints system locally, responsibility for appeals currently heard internally by police forces and the ability to take on further functions in relation to public complaints. The OPCC will be working to develop a process to deal with appeal files utilising guidance to be produced by the Home Office and the Independent Police Complaints Commission. The implementation of the appeals process will take place in June 2018	Governance Manager	The legislation transferring the responsibility for local complaints and appeals to Commissioners has been deferred to April 2019. Accordingly implementation of this action has been transferred to the 2018/19 action plan.	30-Jun-18	31-Mar-19	⚙️ Ongoing (within original timescale)
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.						
CPB/1	During 2017/18 the OPCC will seek to establish an annual programme of work with the Police and Crime panel	Head of Partnerships and Commissioning	Complete	30-Sep-17		⚙️ Completed
CPB/2	During 2017/18 the Head of Partnerships and Commissioning will seek to commission a provider to establish and embed a Cumbria Youth Commission	Head of Partnerships and Commissioning	Complete. Young Cumbria have been awarded the grant.	30-Sep-17		⚙️ Completed

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation Date	Status
Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits						
CPC/1	The Commissioner is working with health and local government partners to improve services for victims with mental health issues. Phase 2 of the project the a multi-agency assessment centre is now scheduled for Sept 2017.	Head of Partnerships and Commissioning	The three strands of the project are now in place. A full project evaluation is due April 2018.	30-Sep-17		⚙️ Completed
CPC/2	During 2017/18 the OPCC will monitor delivery against the objectives laid out in the Police and Crime plan and refresh the underpinning delivery plan on an annual basis	Head of Partnerships and Commissioning	Ongoing - regular reports on progress against the plan have been presented to the Police and Crime Panel.	31-Mar-18		⚙️ Completed
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.						
CPD/1	During 2017/18 The Head of Partnerships and Commissioning will continue to take forward work to develop and implement a Quality framework to support collaborative and partnership working in delivering improvements in services to victims and develop compliance with the Victims' Code of Practice.	Head of Partnerships and Commissioning	Complete	31-Dec-17		⚙️ Completed
CPD/2	Develop a joint Social Value Policy with the constabulary	Head of Partnerships and Commissioning	The policy has been developed, it will need to be incorporated into the Procurement Regulations and implemented.	30-Sep-17	30-Jan-18	⚙️ Ongoing (original timescale exceeded)

Ref	Action	Lead Officer	Action Update at 31 March 2018	Implementation by	Revised Implementation Date	Status
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the individuals within it.						
CPE/1	A formal protocol for the identification and handling of conflicts of interest in relation to the joint CFO role will be put in place.	PCC Chief Executive	Completed and discussed at JASC and Police and Crime Panel.	30-Jun-17		⚙️ Completed
CPE/2	A formal review of the effectiveness of the Joint CFO role will be undertaken against the CIPFA standard on the role of the CFO.	PCC Chief Executive	Completed - a report has been produced for the May meeting of the Joint Audit and Standards Committee, which concludes that the arrangement is operating effectively.	31-Mar-18	30-Jun-18	⚙️ Completed
CPE/3	Review the leadership structure of the OPCC and related job descriptions	PCC Chief Executive	Complete. New arrangements in place for CEO and CFO	30-Sep-17		⚙️ Completed
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.						
CPF/1	During 2017/18 the Head of Partnerships and Commissioning will undertake a review of the systems and processes that underpin open grant arrangements	Head of Partnerships and Commissioning	This action has been completed. Assurance has been provided through an internal audit in this area, which was graded as providing reasonable assurance.	31-Dec-17		⚙️ Completed

Ref	Action	Lead Officer	Implementation by
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.			
CPA/1	Implement systems and processes to facilitate the OPCC's new responsibility for administering local appeals	Governance Manager	31st March 2019
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.			
CPB/1	To refresh the Engagement Strategy to reflect the increase in capacity as a result of the new Engagement Officer post.	Head of Communications and Business Services	31st March 2019
Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits			
CPC/1	Implement an over-arching governance framework for the OPCC.	Head of Communications and Business Services	31st March 2019
CPC/2	In collaboration with stakeholders produce a vision for developing Emergency Services collaboration in the County for the remainder of the Police and Crime Plan period, supported by a detailed action plan.	Blue-light Collaboration Manager	30th September 2018
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.			
CPD/1	Embed a new integrated Independent Domestic Violence and Sexual Violence Advisory Service.	Head of Partnerships and Commissioning	31st March 2019
CPD/2	Collaborate with partner bodies to develop a consistent approach to the delivery of Womens' Centres across the County.	Head of Partnerships and Commissioning	31st March 2019
CPD/3	Implement a joint Social Value Policy with the Constabulary	Head of Partnerships and Commissioning	30th September 2018

Ref	Action	Lead Officer	Implementation by
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the individuals within it.			
CPE/1	Complete the staffing re-structure of the Office of the Police and Crime Commissioner.	Head of Communications and Business Services	30th September 2018
CPE/2	Evaluate options and implement a formal PDR process for all OPCC staff.	Head of Communications and Business Services	31st December 2018
CPE/3	Develop a rolling training and development programme for all OPCC staff incorporating for example ethics and integrity, risk, well-being and health and safety.	Head of Communications and Business Services	31st March 2019
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.			
CPF/1	Work with the Constabulary to develop a revised public accountability framework.	Head of Partnerships and Commissioning	31st March 2019
CPF/2	Implement an action plan to ensure that the OPCC complies with new General Data Protection Regulations	Governance Manager	31st December 2018

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The Police and Crime Commissioner for Cumbria & The Chief Constable for Cumbria Constabulary

Annual Statement of Accounts 2017/18: Narrative

Joint Audit and Standards Committee 24 May 2018 Agenda Item 17 (i)

Report of the Joint Chief Finance Officer

1. Introduction and Background

- 1.1 For 2017/18 the May meeting of the Joint Audit and Standards Committee has again been scheduled at a slightly later date to allow the opportunity for members to review and comment on the draft financial statements of the Commissioner and Chief Constable prior to them being approved for issue. As in previous years, members will be provided with a further opportunity to review the statements, prior to their formal approval and publication, at the July meeting of the Joint Audit and Standards Committee. This will be accompanied by a more comprehensive paper, which will set out sources of assurance with regard to the statements and wider control framework, the opinion of the external auditor and any amendments, which have been made to the statements post audit.

- 1.2 The objective of this paper is to provide members with guidance as to fundamental rationale and principles which underpin the accounts and the changes which have been incorporated into the accounts in 2017/18. It is intended that this will assist members in the task of reviewing the accounts. Given that the issues raised impact on both the accounts of the Commissioner and Chief Constable a single report covering both entities has been produced.

2. Recommendations

- 2.1 Members of the Audit and Standards Committee determine whether there any issues in respect of the draft statement of accounts that they wish to report to the Commissioner and Chief Constable.

3. Introduction and Background

- 3.1 Members of the Joint Audit and Standards Committee have received a copy of the draft statement accounts and accompanying governance statement for which they have a review and assurance role. The Statement of Accounts are highly complex technical documents. They take a number of weeks to produce and a similar period of time to audit by a team of technical and experienced staff. The audit process will typically involve support from national technical teams who assess and advise on accounting treatment for complex transactions against the requirements of international financial reporting standards and codes of practice. Within the finance profession, the Statement of Accounts is a very specialist field.
- 3.2 In this context, this narrative aims to provide a guide to the considerations that the members of the Joint Audit and Standard Committee can reasonably be expected to take account of in carrying out a review process and undertaking to approve the Statement of Accounts, also recognising the limited time available to members. It focuses on the key challenges and issues, which are the areas that influence the dialogue and engagement between the finance staff preparing the accounts and those undertaking the audit. In doing this, the narrative aims to ensure that members have sufficient information to fulfil their assurance role.
- 3.3 The Police Reform and Social Responsibility Act 2011 (PRSRA) established the Police and Crime Commissioner (PCC) and the Chief Constable (CC) as separate corporate entities on the 22nd November 2012. The implications of this change are that there is a requirement for the PCC and the CC to have single entity Statement of Accounts and for a consolidated group Statement of Accounts. This was followed by the stage 2 transfer, which took on the 1st April 2014, the majority of staff formerly employed by the Police and Crime Commissioner transferred to the employment of the Chief Constable, under a transfer scheme in accordance with the transitional provisions within the PRSRA.

3.4 The governance changes highlighted above required detailed consideration of the treatment of transactions in the accounts of the Commissioner and Chief Constable respectively. The key accounting considerations and rationale for decisions with respect how these matters should be presented in the financial statements were explored in detail within the equivalent report to this in previous years and included in summary:

- The relationship between the Commissioner and Chief Constable - which concluded that as both organisations are separate legal entities they are required to produce single entity financial statements. However, the Commissioner, in setting strategic direction exercises significant influence over the CC with the result that from an accounting perspective the CC is considered as a subsidiary with a requirement for the PCC to produce Group Accounts.
- Recognition of officers and civilian staff. This ultimately concluded that officers and staff should be recorded in the organisation which exercises direction and control, which resulted in all officers and the majority of police staff being included in the single entity statements of the CC. Where staff are employed not solely for the benefit of the force (mostly support functions) following the stage 2 transfer which vested direction and control with the CC, these staff are now shown in the single entity statements of the CC, however a charge is made to the single entity statements of the PCC to reflect the use of those resources as a shared support function.
- Capital Assets – whilst the CC is the primary user of assets such as the estate, vehicles and ICT equipment it was concluded that the control of assets and the risks and rewards pertaining to assets rests with the Commissioner and accordingly that assets are disclosed on the balance sheet of the PCC with a charge made to the CC for the use of the assets.
- Debtors, Creditors and Cash – in accordance with statutory provisions and the funding arrangement between the Commissioner and the Chief Constable, all contracts and procurement is undertaken in the name of the PCC and as funding is provided on the basis of cash flow, all cash is shown in the accounts of the PCC. In addition, the PCC's financial statements disclose all external debtor and creditors, reflecting the PCC's liability in respect of these transactions. Both the PCC and CC's

financial statements disclose any associated debtor and creditor liability between the entities.

- 3.5 2017/18 has again been a relatively light year in relation to technical changes which have impacted on the statement of accounts.

April 2017 saw the introduction of the apprenticeship levy which is charged at 0.5% of the Constabulary pay bill, and amounts to around £320k per annum. The levy subsequently topped up by an additional 10% from the government and can be used to pay from apprenticeship training vire a digital account. As the constabulary fully expects to use the amount in the digital account within the 2 year timeframe, the levy has been treated as a pre-payment in the accounts and will only be charged to the accounts as it is used to deliver training.

Members may also recall conversations in previous years with regard to the length of the Annual Governance Statement (AGS) which is published alongside the financial statements. The AGS for 2016/17 for both the PCC and CC were around 37 pages and a summarised version was later produced. The AGS now presented with the 2017/18 accounts follows the success of this summarised version and is now 22 pages for the Constabulary and 18 pages for the PCC including action plans.

Roger Marshall

Joint Chief Finance Officer

18 May 2018