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Date: 10/09/19

## **AGENDA**

**TO: THE MEMBERS OF THE JOINT AUDIT COMMITTEE**

### **CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT COMMITTEE**

A Meeting of the Joint Audit Committee will take place on **Thursday 19<sup>th</sup> September 2019** in **Conference Room Two**, Police Headquarters, Carleton Hall, Penrith, at **10:30am**.

**Vivian Stafford, 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 members development session on Strengths Based Conversations following this meeting

### **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 25<sup>th</sup> July 2019.

### **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 Deputy Chief Constable and OPCC Chief Executive)*

### **7. INTERNAL AUDIT PROGRESS REPORT**

To receive reports from Internal Auditors regarding the progress of the Internal Audit Plan *(To be presented by the Audit Manager)*.

### **8. 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) Local Focus Hubs (Constabulary) - Sep 19

The following Internal Audit report has been completed within the last quarter and has been reviewed by the Committee members. A copy of this audit report will be available to view on the OPCC website.

(ii) Force Tasking and Co-ordination (Constabulary) - Aug 19

- 9. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS**  
To receive an updated summary of actions implemented in response of audit and inspection recommendations. *(To be presented by the Joint Chief Finance Officer)*
- 10. ANNUAL AUDIT LETTER**  
To receive from the External Auditors the Annual Audit Letter and reports. *(to be presented by Grant Thornton)*
  - (i) Annual Audit Letter
  - (ii) Audit Progress Report and Sector Update
- 11. APPRENTICESHIP GOVERNANCE**  
To received and annual Self-Assessment report and accompanying Quality Improvement Plan *(To be presented by the Apprenticeship Manager)*
- 12. TREASURY MANAGERMENTS ACTIVITIES**  
To receive for information reports on Treasury Management Activity - Quarter 1. *(To be presented by the Deputy Chief Finance Officer)*
- 13. POINT FOR CONSIDERATION BY THE COMMISSIONER AND THE CHIEF CONSTABLE**

**Future Meeting Dates (For Information)**

20 November 2019 @ 10:30 am – Conference Room 2  
18 March 2020 @ 10:30 am – Conference Room 2  
23<sup>rd</sup> July 2020 @ 10:30 am – Conference Room 2  
24<sup>th</sup> September 2020 @ 10:30 am – Conference Room 2

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## Agenda Item 4

### CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY

#### JOINT AUDIT COMMITTEE

Minutes of a meeting of the Joint Audit Committee held on Thursday 25<sup>th</sup> July 2019 in Conference Room 2, Police Headquarters, Carleton Hall, Penrith, at 1pm.

#### **PRESENT**

Mrs Fiona Daley (Chair)

Mr Malcolm Iredale

Ms Fiona Moore

Mr Jack Jones

#### **Also present:**

Police & Crime Commissioner, (Peter McCall)

Chief Executive, Office of the Police and Crime Commissioner (Gill Shearer)

Assistant Chief Constable (Andy Slattery)

Joint Chief Finance Officer (Roger Marshall)

Deputy Chief Finance Officer (Michelle Bellis)

Head of Internal Audit, Cumbria Shared Internal Audit Service, Cumbria County Council (Richard McGahon)

Audit Manager, Cumbria Shared Internal Audit Service, Cumbria County Council (Emma Toyne)

Engagement Lead, Grant Thornton LLP (Robin Baker)

Executive, Grant Thornton (Hannah Foster)

Financial Services Manager (Keeley Hayton)

Financial Services Apprentice (Inge Redpath)

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

At the request of the Police and Crime Commissioner and agreed by committee, these minutes reflect the charges to the order of the items against that shown on the agenda.

#### **501. APOLOGIES FOR ABSENCE**

Apologies for absence were received from:

Vivian Stafford (Deputy Chief Executive/Head of Partnerships and Commissioning, Office of the Police and Crime Commissioner)

Michelle Skeer (Chief Constable)

Mark Webster (Deputy Chief Constable)

The chair called the meeting to order.

## **502. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC**

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

## **503. DISCLOSURE OF PERSONAL INTERESTS**

The Chair declared a personal interest having been appointed as Chair of the North West Regional Pensions Board.

There were no other declarations of interest.

## **504. MINUTES OF MEETING AND MATTERS ARISING**

Item 494 - The member asked that the term GDPR officer be amended to GDPR/Data Protection Officer to show clearer role and specific definition within the constabulary.

Item 489 – External Audit Progress Report; The Chair requested an amendment to the job title of Robin Baker from Senior Manager to Engagement Lead to reflect correctly his job title.

**ACTION:** to make amendments and forward minutes to the chair for signature.

**RESLOVED,** that the minutes be recorded as a true record of the meeting

## **505. ACTION SHEET**

Item 476-475(iii) Internal Audit gave further assurance regarding SAAB stating they have completed their work and this will be considered at the next collaborative board meeting on 7<sup>th</sup> August 19.

**ACTION:** To have update following the collaborative board at the next meeting.

Item 496 Joint Audit Committee – Review of Effectiveness, it was agreed between the Chair and the JCFO that a meeting would take place after the next JAC Meeting in September 2019.

Item 497 Annual Governance Statement – Changing the word “entity” to “organisation” on the Annual Governance Statement, this will be amended on the next iteration of the statement.

**RESLOVED,** all other items were resolved.

## **506. CORPORATE UPDATE**

The ACC updated the meeting on the positive feedback from Appleby Fair. It was a success from a policing perspective especially around the buildup and local community engagement. There are always lessons to be learnt but overall a good and safe fair. The new SAAB command and control system for the 999-call centre is now up and running, there were teething problems and SAAB drafted engineers in to overcome problems with some of the interfaces

with existing ICT systems.

The JCFO gave a brief update on the financial position. There has been a pledge for 20,000 extra officers through the country from the new Prime Minister and work had been done at a national level regarding these extra officers however; concerns from the JCFO are over the sustainability moving forward as funding may only come for the initial recruitment.

The JCFO also updated the meeting on the first quarter's management accounts, which were presented to the Public Accountability Conference and the Commissioner this morning and they were broadly in line with the budget figures.

The Commissioner updated the meeting over the continued pressure regrading funding and the work he has undertaken at the Parliamentary Accounts Committee to try to ensure rural forces like Cumbria get their fair share of funding. All the headlines in the national press are of serious and organised crime in the big cites however; just because Cumbria does not make the headlines, it does not mean we do not have serious and organised crime issues.

The Commissioner spoke on the need to keep a local neighborhood force while also contributing towards regional and national projects, which is currently work well.

The Commissioner briefed the meeting on recent meetings he had had with the then Home Secretary Sajid Javid and a meeting with Boris Johnson a couple of weeks ago where he sort assurances on the following:

1. Was the offer of 20,000 new officers a firm commitment, assurance was given.
2. Would these officers be funded from Central Government and not Council Tax, again assurance was given.
3. Would rural forces like Cumbria get a share of the 20,000 officers, assurance was given.

He then spoke about the need to show the people of Cumbria that when there is an increase in council tax to fund more officers they then need to see more officers. The 25 new officer recruited last year have moved into the neighborhood policing team and the next 20 officers will be split between neighborhood policing and a new cybercrime unit to tackle the ever increasing, yet largely unseen cyber-crime problem in the county, country and internationally.

He gave praise to the constabulary for being one of only eleven forces out of forty-three rated "Good" by HMICFRS for all services and being one of only two forces graded "Excellent" on crime reporting.

He then spoke on the makeup of the Chief Officer Team and the ambition of the Chief Officer Team in putting the force in a good place overall.

The member asked the JCFO about funding the pay award.

The JCFO explained the constabulary had put 3% into the budget/MTFF and now the award appears to be 2.5% it should be able to bring this within budget.

The Chair thanked the Commissioner, ACC and JCFO for their updates.

In advance of considering the next series of items on the annual accounts, the Chair updated the meeting that the Committee had had a private meeting with External Audit earlier in the day and had had an opportunity to consider the issues arising in the accounts.

## **507. AUDIT FINDINGS REPORT**

Engagement Lead, Robin Baker gave an overview and covered key issues. Robin explained he had already had a meeting with the committee, the Commissioner and had spoken to the Chief Constable by telephone regarding the audit findings to discuss any matters prior to bringing the report to committee.

The report sets out the audit findings for the PCC and constabulary for the year 2018/19 and it is a requirement to bring the report to those who are charged with governance, in this instance it is the Police and Crime Commissioner and the Chief Constable that are charged with governance on the advice of the Joint Audit Committee.

Key matters; the audit is largely complete and there is a tight period from the production draft accounts at the end of May to completing audit in July. It is a very detailed process and external audit are expected to be more challenging and be more “appropriately professionally sceptical” around key items within the accounts. The two biggest issues are around the pension liability and the valuation of land and buildings, both these are big numbers and both use external professionals to provide a large amount of the data for these numbers, they also use various assumptions and judgements, therefore external audit have to challenge these assumptions and judgments.

In terms of pension liability, there have been several challenges to pension provision and in particular one brought by the Fire Service and Judges, the “McCloud” case, whereby they claimed that the transition arrangements to the new scheme were unlawful because they discriminated on an age basis. The court of appeal found in favor of the claimant, the government sought leave to appeal in the Supreme Court, and were denied. Following the government being denied leave to appeal external audit felt it correct to show this as an actual liability in the accounts and not a contingent liability. Updated assessments were requested from the actuaries to allow the number to be updated and the best estimate from the actuaries is approximately 56 million pounds of additional liability. Nobody really knows how this will ultimately play out but it is felt that the accounts should reflect a true and fair view.

In terms of valuation of land and buildings, Cumbria have had the majority of the estate revalued this year making the numbers far more accurate. There is one property “Hunter Lane Police Station, Penrith” which is currently being used as an operational police station but is also in discussion for sale and the likely sale value is significantly different from the current in use value. The difference is around £800,000, which is below the materiality level, but it is of a level to be reported on.

External audit have completed the work on the annual report and annual governance statements and are happy they reflect the organisation in accordance with the guidance.



Audit just need to complete their final checks particularly around the amendments on pensions and the report from the auditor of the county pension fund. Subject to that being satisfactorily completed, it is the intention to issue an unqualified (clean) opinion on the financial statements of the PCC and the Chief Constable.

External audit also undertake a value for money (VFM) assessment, looking at the arrangements for managing the financial position. The auditors have looked at the financial outturn and how the medium term financial assessment are updated and have looked at the control of expenditure throughout the year and are satisfied there continues to be good arrangements on both the PCC and the constabulary level to update, review, manage and control expenditure. The intention is to issue an unqualified opinion on the value for money (VFM) assessment of the PCC and the Chief Constable.

The auditors also take into account the recent HMICFRS inspection and the Peel Inspection on crime data recording using these to support the unqualified opinion on the VFM conclusions.

It is the intention following the completion of the closing steps to formally close the audit for 2018/19.

The committee is asked to note the audit is substantially completed. Subject to the committee being prepared to recommend that the Commissioner and the Chief Constable adopt and approve the accounts, in particular the letter of representation, which provide assurance that everything audit should have been told they have been told. It is Robin's intention to issue the unqualified opinion on the financial statements confirming they represent a true and fair view of your position and unqualified VFM conclusion and standard unqualified opinion on the annual report and annual governance statement early next week.

Robin paid special thanks to the hard work of the JCFO and the financial services team along with the hard work undertaken by his own team to get to these opinions.

The member asked a question regarding valuation of land and building re "Hunter Lane" would this have a rolling effect to next year's accounts.

The DCFO explained that the likely outcome is that "Hunter Lane" will be sold during the next financial year therefore it will be removed from the accounts altogether.

The member asked why the valuation is so different between the carry value and sale value. The JCFO explained that a building is sometimes worth more for existing use than what could be realised on sale so when a building is valued this is taken into account.

The member questioned the additional audit fees of £2,000.

Robin explained that this was due to the extra work now needed following the updated actuarial assessments for pensions. £2,000 has been requested from all clients; this is however a proposal and is subject to approval from public sector audit appointments.

The committee are asked to note that the audit is almost complete.

The Chair noted that the Committee's role is to consider the report and advise the PCC and Chief Constable as to whether there are any issues arising from the report.

Regarding the detailed points:

1. The treatment of the pension adjustment, the committee conclude that this is a prudent response based on the information we have at this time.
2. The unadjusted valuation for "Hunter Lane" the committee agreed that they were comfortable that this was not adjusted.
3. The VFM conclusion, the committee noted that this is reflective of previous reports brought to the committee and in what the Commissioner said.

The Chair thanked Robin and the audit team for all their hard work and it is pleasing to note the good working relationship between external audit and the financial service team.

**RESLOVED**, that the report be noted.

## **508. ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS**

The JCFO presented the Assurance Framework Statement, which sets the main points regarding the scrutiny and formal approval of the 2018/19 accounts. The report shows the unqualified opinion as previously explained by Robin and shows there were no concerns raised regarding the internal control environment. The report also details the rationale behind the amendments that have been made to the accounts.

The JCFO explained that the committee have also had sources of assurance in March and May 2019, being:

1. The CFO opinion on the effectiveness of audit arrangements
2. External audit review of internal audit
3. The opinion of the Head of Internal Audit
4. The receipt of the audit plan showing 16 out of 17 received being graded either reasonable or substantial
5. The annual governance statement and letters of representation.

The JCFO then thanked external audit and paid special thanks to Michelle, Lorraine and Keeley from the financial services team who bear the brunt of meeting the challenge to get the accounts done in the time period given.

The JCFO then asked if the committee had any points they would like to raise to the Commissioner to the Chief Constable prior to signing the accounts.

The Chair asked for an amendment to be made to the letters of representation to amend the final sentence to say, "this letter of representation is considered" and not use the word "minuted" by the Joint Audit Committee.

**ACTION:** To make amendment to the letters of representation.

**RESLOVED**, that the report be noted.

#### **509. ANNUAL STATEMENT OF ACCOUNTS**

The DCFO gave a brief overview of the accounts and clarified the amendments that have been made in light of audit findings, with the exception to the pension liability already discussed the vast majority of the amendments were minor (typo) ones to ensure the documents flowed correctly.

The member thanked Michelle, her team and external audit for the excellent hard work on the accounts, which was done whilst also keeping on top of the day-to-day work.

The Chair and committee recommended that the accounts be signed.

The Chair thanked everyone the preparation of the accounts.

The PCC thanked the committee for their continuing scrutiny and diligence.

**RESLOVED**, that the reports be noted.

#### **14:10 - The Commissioner left the meeting**

#### **510. INTERNAL AUDIT – PROGRESS REPORT**

Internal Audit Manager Emma Toyne present the progress report to 3<sup>rd</sup> July 19 showing three audits from the current years plan are currently being undertaken and explained that at this point in time by year end there should be enough audit coverage to provide annual governance assurance.

The member asked about the new consultancy work, as two of the three pieces had already been started would it not be more prudent to spread these more evenly throughout the year.

Head of Internal Audit Richard McGahon explained that his understanding was to undertake these two pieces of work, bring the finding to committee, and discuss whether to complete the third piece or use the allocation of time on standard audits.

**ACTION:** For internal Audit to bring the findings of the consultancy work to the November 19 Meeting

**RESLOVED**, that the report be noted.

#### **511. INTERNAL AUDIT REPORT(S)**

Internal Audit Manager Emma Toyne presented the following reports to the meeting:

- (i) FINAL Follow Up Report - CJU - Digital Case File Preparation (Constabulary) - Jun 19

The committee were pleased to note that all the recommendations of audit had been implemented.

(ii) Debtors (Constabulary) – Jul 19

No queries or points to note.

**RESLOVED**, that the report be noted.

## **512. Strategic Risk Registers**

(i) OPCC Strategic Risk Register

The CE presented the OPCC Strategic Risk Register and explained that the four ongoing risks remained unchanged. She clarified that this is a dynamic report changing and being updated in real time.

The member sought clarification on item 5 – Procurement around the recruitment given the previous issues in procurement. The CE confirmed that the recruitment was now complete and procurement (now renamed Commercial) are in line for an internal audit review.

(ii) CC strategic Risk Register

The ACC present the CC Risk Register speaking about the possible risk regarding BREXIT and the possible request for mutual aid from other forces to deploy our staff to area such as Kent, all mutual aid requests come to the chief officers and are dealt with on a request-by-request basis.

The JCFO explained that all the financial risks remain the same as challenges remain. ESN is still waiting for further clarification from central government and now with a new administration in power the uncertainty is even greater.

The chair acknowledged on behalf of the Committee that the Committee appreciate the reason for the red risks remaining at red and the need for them to continue to be shown.

The Chair asked a question about Risk 38 – Medical Custody Provision

The ACC explained that there are issues regarding the contract for custody medial provision. The Head of Commercial Barry Leighton is looking into this and where the forces stand if the provision does not improve.

**RESLOVED**, that the report be noted.

### **513. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS**

The JCFO presented the report to the meeting, this is a light report and all but two of the recommendations have been completed. The two outstanding recommendations are:

1. Duty Management System. The Commissioner has given the go ahead to undertake a business transformation project looking at a replacement for the current duties management system.
2. Debtors will be completed by the end of August.

The format of the report has been changed to better show the information on device screens and drill down to the "Hot Areas".

The Chair confirmed on behalf of the Committee that the new layout made things easier to read so thanked Michelle for redesigning this report it was pleasing to note how many recommendations had now been completed.

**RESLOVED**, that the report be noted.

### **514. PCC ANNUAL REPORT**

The CE presented the PCC Annual Report to the meeting, explaining that the terms and the use of more pictorial graphics within the report is geared to being read by members of the public. The Police and Crime Panel received this report earlier this month and there were no significant recommendations from the panel. The report will be published in September 2019

Members are asked to forward any minor (typo) issues to the OPCC by email after the meeting.

The Chair on behalf of the Committee thanked the CE for the report as it triangulates with the VFM conclusion and the governance statement. The statistics are very helpful and it defiantly adds value bring this report to the committee.

**RESLOVED**, that the report be noted.

### **515. JOINT AUDIT COMMITTEE – ANNUAL REPORT**

The DCFO presented this summary report showing what the committee has achieved throughout the year and once approved will be taken by Fiona Daley to the Police and Crime Panel on 14<sup>th</sup> October 19.

**RESLOVED**, that the report be noted.

**516. POINT FOR CONSIDERATION BY THE COMMISSIONER AND THE CHIEF CONSTABLE**

The committee recommends that the final accounts for 2018/19 be signed.

**Meeting ended at 2.45pm**

**Future Meeting Dates (For Information)**

19 September 2019 @ 10:30 am – Conference Room 2

20 November 2019 @ 10:30 am – Conference Room 2

18 March 2020 @ 10:30 am – Conference Room 2

28 May 2020 @ 10:30 am – Conference Room 2

23 July 2020 @ 10:30 am – Conference Room 2 – (pre-meet 9.15-10.15am)

24<sup>th</sup> September 2020 @ 10:30 am – Conference Room 2

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## Joint Audit Committee – Action Update and Plan

Minute Item	Action to be taken	Person Responsible	Target Date	Comments	Status
<b>DATE OF MEETING: 25<sup>th</sup> July 2019</b>					
473-475(ii)	Internal Audit	Internal Audit	Possibly Nov 2019	To monitor and value and assurance obtained from the work described as “Consultancy” in the internal audit plan and this should be brought to the committee after one or two of the consultancy pieces of work have been undertaken.  JAC to consider, with management, the value and assurance gained from Consultancy work.	Ongoing
473-475(iii)	Internal Audit	Internal Audit	Sep 2019	To liaise with the DCC and seek assurance that not undertaking the audit on Benefit Realisation Plan for SAAB will not have any operational impact.  Project support on the benefit realisation proposals for SAAB has been undertaken with early feedback provided to the Director of Corporate Improvement. Confirmed with the DCC that the slight delay in undertaking the work has not had any operational impact.	Completed
496	Joint Audit Committee – Review of Effectiveness	DCFO	Jul 19	To consider the need for a meeting between the chair and the 151 officer.  Meeting to take place after the September 19 JAC Meeting, this item is now considered closed	Complete
497	Annual Governance Statement	CFO	May 2020	To look at changing the word “entity” to “organisation” This will be amended on the next alliteration of the statement, this item is now considered closed	Complete
504	Minutes of Meeting 23 <sup>rd</sup> May 19	Finance Apprentice	Sep 19	Item 494 – To amend job title of GDPR Officer to GDPR/Data Protection Office. Item 489 – To correct job title for Robin Baker to Engagement Lead To make amendments and forward minutes to the chair for signature, this item is now considered closed	Complete

508	Assurance Framework Statement of Accounts	DCFO	Sep 19	<p>To make amendment to the letters of representation. To amend the final sentence to say “this letter of representation is considered” and not use the word “minuted” by the Joint Audit Committee.</p> <p>The letters of representation were update prior to signing by the CFO, PCC and CC on 25<sup>th</sup> (PCC/Group) and 26<sup>th</sup> July 2019 (CC).</p>	Complete
510	Internal Audit – Progress Report	Internal Audit	Nov 19	To bring the findings of the consultancy pieces of work for further discussion.	Ongoing



## Joint Audit Committee – Review of Effectiveness Action Plan 2019/20

Ref	Improvement Area	Planned Action	Owner	Target Date	Status
JAC1	Support and monitor the OPCC and Constabulary plans to address the current funding environment.	Members to maintain awareness of the national position in relation to the Funding Formula; to receive annual training on the budget and MTFP and consider as appropriate the arrangements flowing from significant changes in funding levels.  JAC members to consider efficiency aspects of any recommendations or reports to Committee.	JAC	March 2020	Ongoing
JAC2	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.	JAC to encourage clarity in any new arrangements; appropriate documentation and; ensure governance arrangements considered as part of the risk assessment.	JAC	March 2020	Ongoing
JAC3	Improve awareness of the work of the Police and Crime Panel and the Ethics and Integrity Panel where appropriate.	Members to continue to attend PCP meetings and seek to maintain awareness of issues and concerns of the Police and Crime Panel to the extent that they might inform the work of the JAC.  JAC to consider annual report from Ethics and Integrity Panel and received updates on matters identified.	JAC	November 2019	Ongoing
JAC4	Strategic awareness of the Police and Crime Plan.	JAC members to review and consider the PCC annual report to maintain awareness and identify any potential issues or new initiatives that have a bearing on the governance work of the Audit Committee.	JAC	March 2020	Ongoing

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# **CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT COMMITTEE**

**Meeting date: 19 September 2019**

**From: Audit Manager (Cumbria Shared Internal Audit Service)**

## **INTERNAL AUDIT: PROGRESS REPORT TO 9<sup>TH</sup> SEPTEMBER 2019**

### **1.0 EXECUTIVE SUMMARY**

1.1 This report provides a review of the work of Internal Audit for the period to 9<sup>th</sup> September 2019.

1.2 Key points are:

- Work is progressing on the completion of outstanding 2018/19 audit work and on new work from the 2019/20 audit plan.
- The audits of Force Tasking and Co-ordination and Local Focus Hubs from the 2018/19 plan have been finalised. The final report from the 2018/19 audit plan on Governance Structure has been issued in draft and is awaiting management actions and Senior Officer sign-off. Six risk based audits from the 2019/20 plan are at the fieldwork stage.
- Work is underway on two of the 'consultancy / advisory' reviews.
- At this stage of the year it is anticipated that sufficient coverage will be achieved to enable to Head of Internal Audit to deliver the annual opinions.

## **2.0 OVERVIEW**

- 2.1 Internal Audit's work is designed to provide assurance to management and Joint Audit Committee members that effective systems of governance, risk management and internal control are in place in support of the delivery of the PCC and Constabulary's priorities.
- 2.2 The Audit Plan aims to deliver a programme of internal audit reviews designed to target the areas of highest risk as identified through the corporate risk registers together with management and Internal Audit's view of key risk areas.
- 2.3 The Accounts and Audit Regulations March 2015 impose certain obligations on the PCC and Chief Constable, including a requirement for a review at least once in a year of the effectiveness of their systems of internal control.
- 2.4 Internal Audit must conform to the Public Sector Internal Audit Standards (PSIAS) 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 Committee enables emerging issues to be identified during the year.

## **3.0 RECOMMENDATION**

- 3.1 Joint Audit Committee members are asked to note the report.

## **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 the PSIAS or guidance.
- 4.2 Internal audit is responsible for providing independent assurance to the PCC and Chief Constable and to the Joint Audit 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.

- 4.4 The internal audit plan for 2019/20 was prepared using a risk-based approach and following consultation with senior management to ensure that internal audit coverage is focused on the areas of highest risk to both organisations. The plan has been prepared to allow the production of the annual internal audit opinions as required by the PSIAS.
- 4.5 This report provides an update on the work of internal audit for the period to 9<sup>th</sup> September 2019. It reports progress on the delivery of the 2019/20 audit plan, including 2018/19 work in progress and includes a summary of the outcomes of audit reviews completed in the period.

### Status of internal audit work as at 9<sup>th</sup> September 2019

The table below shows the number of internal audit reviews completed, in progress and still to be started for the 2019/20 audit plan and 2018/19 work in progress. Further detail on this is included at Appendix 2.

<b>Audit Status</b>	<b>Number of reviews</b>
<u>Audits completed:</u>	<b><u>4</u></b>
Risk based audits (2018/19 WIP)	2
Financial systems (2018/19 WIP)	1
Follow up (2018/19)	1
<u>Audits in progress:</u>	<b><u>9</u></b>
Risk based audits	6
Risk based audits (2018/19 WIP)	1 **
Advisory work	2
<u>Audits to be started</u>	<b><u>8</u></b>
Risk based audits	4
Financial systems	2
Governance work	1
Advisory work	1
<b>Audits in plan</b>	<b><u>21</u></b>

\*\* draft report has been issued (awaiting management actions and Senior Officer sign-off) for the remaining audit from the 2018/19 plan.

## Outcomes from Final Audit Reports to 9th September

- 4.6 Audits completed to 9<sup>th</sup> September comprise two risk based audits on Force Tasking & Co-ordination and Local Focus Hubs, a financial system audit of debtors and the follow up of Criminal Justice Unit. All reports have received reasonable assurance.
- 4.7 The detailed outcomes from each finalised audit are shown in Appendix A.

## Draft Reports Issued to 9th September

- 4.8 The following draft report has been issued in the period.

Audit	Date of issue of draft report	Initial audit assessment
Governance Structure	07/08/19	Reasonable

## Advisory / consultancy work

- 4.9 Work is underway on the seized dogs advisory work.
- 4.10 A preliminary meeting has taken place to discuss the scope of the vehicle utilisation review and we are awaiting information to analyse before a further meeting to agree the detailed scope of this work.
- 4.11 The outcomes of advisory / consultancy work will be presented to Senior Management and Joint Audit Committee and its value assessed before the remaining review of custody medical contract is considered.

**Emma Toyne**  
**Audit Manager**  
9<sup>th</sup> September 2019

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## APPENDICES

- Appendix 1 : Final reports issued to 9<sup>th</sup> September 2019**  
**Appendix 2 : Progress on all risk based audits from the 2019/20 plan including work in progress from the 2018/19 plan**  
**Appendix 3 : Internal audit performance measures to 9<sup>th</sup> September 2019**

Contact: Emma Toyne, Audit Manager, Cumbria Shared Internal Audit Service.  
[emma.toyne@cumbria.gov.uk](mailto:emma.toyne@cumbria.gov.uk)

## Appendix 1 – Final reports issued to 9<sup>th</sup> September 2019

Assignments	Status	Assessment
Debtors	Report circulated to members of the Joint Audit Committee and included in 25 <sup>th</sup> July Committee papers for discussion at the meeting if required. Report available on the Commissioner’s website.	Reasonable
Criminal Justice Unit Follow up	Report circulated to members of the Joint Audit Committee and included in 25 <sup>th</sup> July Committee papers for discussion at the meeting if required. Report available on the Commissioner’s website.	Reasonable
Force Tasking & Co-ordination	Report circulated to members of the Joint Audit Committee and available on the Commissioner’s website.	Reasonable
Local Focus Hubs	Report circulated to members of the Joint Audit Committee and included in 19 <sup>th</sup> September Committee papers for discussion at the meeting if required. Report available on the Commissioner’s website.	Reasonable

Appendix 2 – Progress on 2019/20 Audit Plan, including 2018/19 work in progress

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary	Debtors (2018/19 WIP)	Completed	Yes
Constabulary	Governance structure (2018/19 WIP)	Draft report issued 07/08/19 and meeting held to discuss the report on 19/08/19. Awaiting management actions before Chief Officer sign-off.	N/A
Constabulary	Neighbourhood policing hubs (2018/19 WIP)	Completed	N/A – feedback form issued 09/09/19
Constabulary	Force Tasking and Co-ordination (2018/19 WIP)	Completed	N/A – feedback form issued 21/08/19
Constabulary	Criminal Justice Unit – follow up (2018/19 WIP)	Completed	N/A
Constabulary / OPCC	Financial sustainability	Not yet started	N/A
Constabulary / OPCC	Benefits realisation	Not yet started	N/A
Constabulary / OPCC	Procurement	Fieldwork	N/A
OPCC	Collaboration	Fieldwork	N/A
OPCC	Police and Crime Plan	Not yet started	N/A



## Appendix 2 – Progress on 2019/20 Audit Plan, including 2018/19 work in progress

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary	Body Worn Video	Fieldwork	N/A
Constabulary	TRIM (Trauma Risk Incident Management)	Fieldwork	N/A
Constabulary	Firearms	Fieldwork	N/A
Constabulary	Training	Not yet started	N/A
Constabulary	Consultancy – Vehicle Utilisation	Initial meeting held and information requested for preliminary work. Further meeting required to agree the focus of the work.	N/A
Constabulary	Consultancy – Custody Medical Contract	Not yet started	N/A
Constabulary	Consultancy – Seized Dogs	Fieldwork	N/A
Constabulary / OPCC	Risk management and governance	Not yet started	N/A
Constabulary / OPCC	Creditors	Not yet started	N/A
OPCC	Treasury management	Not yet started	N/A
	Attendance at Police Audit Training & Development event	Event is scheduled to take place on 26 & 27 September	N/A

**Appendix 2 – Progress on 2019/20 Audit Plan, including 2018/19 work in progress**

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
	Internal Audit management	On-going	N/A

**Key:**

Complete	Work in progress	Not yet started
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### 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	12% 95% (annual target)	19%	Target is based on the same period last year. One audit is in draft awaiting management actions and Chief Officer sign-off.
Completion of audit plan	Number of planned days delivered  *281 per shared service agreement plus 26 days of WIP carried forward at 2018/19 year end.	59 307* (annual target)	82	Target is based on the same period last year.
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 working	90%	100%	

### Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
	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%	
Follow up	% of high and medium priority audit recommendations implemented by target date	100%	100%	<p>One follow up audit has been completed for Criminal Justice Unit. All recommendations were actioned.</p> <p>Targets dates in the original audit report had been revised but this is tracked and reported to each JAC meeting through the 'monitoring key audit recommendations' report. Our work commenced when all recommendations were reported to JAC as complete.</p>
Customer Feedback	% of customer satisfaction surveys returned	100%	100%	Two forms returned. One relates to an audit reported in 2018/19.

### Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	100%	Based on one form returned.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	74%	

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# Cumbria Shared Internal Audit Service

## Internal Audit Report for Cumbria Constabulary



## Audit of Local Focus Hubs

Draft Report Issued: **24th July 2019**

Final Report Issued: **9th September 2019**

## Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	01228 226261
Lead Auditor(s)	Sarah Fitzpatrick	sarah.fitzpatrick@cumbria.gov.uk	01228 226255

## Audit Report Distribution

For Action:	Rob O'Connor (T/Chief Superintendent)
For Information:	Mark Webster (Deputy Chief Constable)
Audit Committee	The Joint Audit Committee, which is due to be held on 19 <sup>th</sup> September 2019, 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](http://www.sjstudios.co.uk), Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker





# Executive Summary

## 1. Background

- 1.1 This report summarises the findings from the audit of Local Focus Hubs. This was a planned audit assignment which was undertaken in accordance with the 2018/19 Audit Plan.
- 1.2 Local Focus Hubs and neighbourhood policing are important to the organisation because they contribute directly to the delivery of Police and Crime Plan objectives around working with partner agencies and communities to understand local issues and develop joint, sustainable solutions, tackle crime and anti-social behaviour and provide a visible uniformed presence in neighbourhoods.
- 1.3 Local Focus Hubs were launched in 2018 in each of the six Cumbrian districts. They bring different agencies together in a shared location for collaborative and effective problem solving at a local level. The launch of the Hubs, together with an increase in officers dedicated to neighbourhood policing demonstrates the Constabulary's commitment to working with partners and local communities to address issues within neighbourhoods and secure the best possible outcomes for the public.

## 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 Deputy Chief Constable. 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:
  - Agreed objectives (shared across partner organisations).

- Oversight arrangements.
- Joint decision making, planned outcomes and performance monitoring.
- Consistency of service across the force (delivery of core ethos with minimal local variances).

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

2.2.3 It should be noted that testing focused on two of the six districts (Carlisle and Copeland Hubs).

### 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 around Local Focus Hubs 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. <b>Management</b> - achievement of the organisation's strategic objectives (see section 5.1.)		2	
2. <b>Regulatory</b> - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)			
3. <b>Information</b> - reliability and integrity of financial and operational information (see section 5.3)			1
4. <b>Security</b> - safeguarding of assets (see section 5.4)			
5. <b>Value</b> - effectiveness and efficiency of operations and programmes (see section 5.5)			
<b>Total Number of Recommendations</b>		<b>2</b>	<b>1</b>

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

- There is a designated strategic lead and clear terms of reference for the 'Neighbourhood Policing and Local Focus Project' (Local Focus Hubs).
- Memorandums of Understanding, that clarify aims and objectives, have been prepared for the two Local Focus Hubs reviewed. Partner approval of both documents is evidenced within Community Safety Partnership (CSP) meeting minutes.
- An updated tasking structure is in place that incorporates six community tasking meetings across the six local authority areas to involve partners in the identification of community priorities. Senior officers are involved in the meetings to ensure strategic, national and local issues are considered.
- Two Hubs are now managed by staff from partner organisations rather than the Constabulary and this reinforces the importance of partner involvement and engagement in the initiative.
- Partners meet regularly to share / discuss information so that appropriate, co-ordinated and timely interventions are agreed.
- Management information (intelligence) is produced on a regular basis and shared with partners to highlight key community issues for partner discussion and decision making purposes.
- Community and tasking meetings provide for full discussion of community issues, the development of action plans, allocation of action managers and action tracking with regular updates. This process is embedded into the constabulary tasking process, relying on and contributing to management information that flows throughout the structure and the identification and communication of priority issues.

- Hub Managers attend Safer Neighbourhood meetings on a regular basis to discuss topical issues, share good and bad practice and standardise arrangements across the county.

#### 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 review of Local Focus Hubs, scheduled for February 2019, has not been finalised and reported to management. The review is expected to take account of inconsistent practices across the county and include proposals for moving forwards.
- A Local Focus Hub performance management framework has not been fully consulted on, approved and shared force wide.

4.4.3 *Advisory issues:*

- Information Sharing Agreements are not up to date with clear partner approval.

#### **Comment from the Deputy Chief Constable:**

*The development of the Neighbourhood Policing Hubs was always going to be an iterative process, with the initial stages focussing on building a proof-of-concept in each district. Local factors and context have led to some differences in approach, and the time is now right with the findings of this review and the transfer of responsibility to Supt Jackson, for more consistency in the model to be applied where this is appropriate. Best practice should be spread across the partner hubs, whilst leaving some room for the further iterative development of new approaches. The review under recommendation 1 will facilitate this happening, and I'm content that the plan laid out will achieve the recommendation. It is of key importance that there is consistency of tasking across the force and through the hubs. Progress towards achieving this recommendation will be monitored by myself and through the Cumbria Constabulary Improvement Plan (CCIP).*

*The iterative approach taken has also had the effect of leaving some more work to do in finalising the Performance Management Framework. I agree with the thrust of the recommendation, and that the management action, particularly focussing on the use of Power BI dashboards, will greatly enhance visibility of effort and help to establish which approaches work. It is vital that we as a force are able to demonstrate the impact and of the hubs, and progress to achieving this recommendation will be closely monitored.*

*Thirdly, the action stipulated to direct the consistency of ISA to be used across all hubs by Ch Supt O'Connor is appropriate to the task.*

*Finally, I note and acknowledge the extensive list of strengths evidenced during the course of the audit and agree that these put us in a strong place to demonstrate the utility of the Hubs to the public.*

*M Webster*

*Deputy Chief Constable*

*30<sup>th</sup> August 2019*

# Management Action Plan

## 5 Matters Arising / Agreed Action Plan

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

● **Medium priority**

Audit finding	Management response
<p><b>(a) Force Wide Arrangements</b></p> <p>Local Focus Hubs were launched in November 2018 in each of the six districts of Cumbria, following a successful pilot in Copeland. A strategic lead was appointed for the Neighbourhood Policing and Local Focus Project, with full time support from a nominated Police Sergeant for the duration of the project. A key requirement of the project, per the Terms of Reference, was to define the operating model for Local Focus Hubs and ensure a consistent approach to community based partnership activity across the county. There is an expectation that the core arrangements and overall ethos of the Local Focus Hubs will provide a level of consistent practice and service to the public whilst taking into account differences across the six Cumbrian districts in terms of crime patterns, partner organisations, levels of engagement etc</p> <p>After eight months of operation Hub Managers report that Local Focus Hubs are becoming increasingly embedded into the force tasking model and working more closely with partners and local communities. However audit testing has highlighted a number of inconsistencies in approach across the force:-</p> <ul style="list-style-type: none"> <li>• A template was not utilised for the drafting of Local Focus Hub Memorandums of Understanding and the resulting documents differ considerably in content and detail across the force, particularly in relation to partner responsibilities.</li> <li>• Local Focus Hub documentation in respect of the referral process was developed and shared by the Copeland Hub to encourage use of a common platform for capturing, prioritising, considering and tracking community issues. This has not been fully adopted across the force</li> </ul>	<p>Agreed management action:</p> <p>This audit clearly shows that good progress has been made to embed the Local Focus Units across the six District Council areas.</p> <p>There is also evidence of good practice being developed across the Force area, with the quarterly Safer Neighbourhoods meetings chaired by the Force lead allowing for the sharing of good practice between Police and partners.</p> <p>As covered in the audit, the Community tasking is becoming embedded, and that will be reviewed by a Senior Detective alongside Force tasking to ensure that the new processes have been successful and deliver what is required.</p> <p>That review will encompass part of this recommendation.</p> <p>On Tues 13 and Wed 14 August 2019 there was a peer review of Neighbourhood Policing (NHP) in</p>

and alternative approaches have been developed.

- One of the intentions of the Local Focus Hub project was to bring partners together in one location for closer working on joint solutions to community issues and maximising outcomes for the public. This has been achieved to some degree in Copeland but with less success in Carlisle. As an alternative, weekly meetings take place with partners in the Carlisle Hub to ensure ongoing and timely engagement. The two Hub Managers in the West of the county are District Council employees, the remaining four are Police Officers and it is considered that this has an impact on partner willingness to share Hub accommodation.
- Force Analysts prepare Community and Tasking reports for each Hub to inform and support decision making at monthly multi-agency Community Tasking and Co-ordination meetings. The reports follow broadly the same format across the Hubs but changes have been made at a local level as the process has moved forwards to respond to specific requests.
- The management information shared with partners remains very much police based with input from partners tending to occur verbally during tasking meetings. Internal Audit attendance at the Safer Governance meeting in July 2019 showed that progress is being made to address this issue, but with varying levels of success across the county.
- Arrangements for sharing Community and Tasking reports with partners are not consistent across the county. Some Hubs restrict sharing of the report to a full on screen version during the tasking meeting, one Hub redacts the names on the report whilst another Hub provides a copy of the report to partners in advance of the monthly meetings.
- The introduction of Local Focus Hubs was supported by the launch of six Local Focus Facebook groups as sub-groups of the main Cumbria Constabulary Facebook page. The pages offer the public the opportunity to liaise directly with a number of agencies, including the police, in one place. In practice, the willingness of partners to respond directly to public comments and queries on Facebook is variable, so too is the volume of posts to be managed.
- There are limited and inconsistent arrangements across the Hubs for seeking feedback from individual complainants and communities regarding how effective intervention and initiatives are perceived to be. Ad hoc feedback is received via social media posts, partners and Borough / Town Councils but it is not collated, analysed or shared across the county.

Cumbria by Northumbria Police. All Forces were encouraged to partake in this peer review, and Cumbria will shortly inspect / review Durham Constabulary.

A team of six officers from Northumbria, led by a Chief Superintendent and Chief Inspector conducted the peer review. They interviewed Police Officers and Staff who worked in the Allerdale Local Focus Unit, various persons from partner agencies, and reviewed the governance arrangements and terms of reference etc. They also interviewed Temp Ch Supt O'Connor as the Strategic lead.

The Northumbria team undertook a hot debrief session and their findings were extremely positive in relation to how NHP is delivered in Cumbria and the benefits of the Local Focus Units, so much so that they want to maintain professional working relations and take some of the best practice they witnessed back to Northumbria. Formal written feedback is awaited.

The Force lead who developed the Local Focus Units (Supt Slater) has recently retired, and will be replaced by Supt Jackson, who will undertake a review of the current position of both NHP and the Local Focus Units, and report back to the Chief

<p>During a Safer Neighbourhood meeting in June 2019, the Project Lead proposed an Away Day for Hub Managers the following month to review a number of shared issues and make plans to address issues moving forwards. The event would provide a timely opportunity to discuss the inconsistencies and issues above, explore solutions, share best practice and success stories and determine actions moving forwards. It could also support an evaluation as to whether the original aim of the Local Focus Hub Project has been achieved, 'to effectively support the needs of local communities in accordance with the Chief Officer's vision for neighbourhood policing and the PCC's Police and Crime Plan'.</p> <p>An Away Day could feed into the planned evaluation of the tasking model across the force, as recorded in the Crime and TPA Risk Register. The evaluation was scheduled to take place in February 2019 and whilst work is progressing a formal report has not been finalised and reported. This issue has also been identified in an internal audit review of Force Tasking that has been reported separately</p>	<p>Officer Group once she is in post.</p>
<p><b>Recommendation 1:</b></p> <p>A review of Local Focus Hubs should be finalised and reported to senior management. The review should take account of the inconsistent practices across the county and include proposals for moving forwards.</p>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Failure to achieve strategic priorities.</li> <li>• Missed opportunities to continuously learn and improve.</li> <li>• Difficulties engaging partners.</li> </ul>	<p><b>Responsible manager for implementing:</b>  <b>Supt Sarah Jackson</b></p> <p><b>Date to be implemented:</b>  <b>December 2019</b></p>



- **Medium priority**

Audit finding	Management response
<p><b>(b) Performance Management Framework</b></p> <p>The Corporate Improvement Team has developed a performance management framework (PMF) for Local Focus Hubs that comprises 48 performance indicators and ensures the information collected meets Force Management Statement requirements. There was some consultation with the Copeland Hub Manager during the development.</p> <p>In April 2019 each Hub was asked to provide performance figures for the period from Hub creation to 31st March 2019. Training and guidance was not provided to Hub Managers to assist them in completing the returns accurately and consistently. At the time of the audit review feedback had not been provided regarding any collation or analysis of results at a force wide level. This type of analysis could contribute to an evaluation of Local Focus Hub effectiveness (see section 5.1a above). It would give an indication of progress towards aims and objectives and whether Hubs are making a difference to communities. Regular performance information would also inform decision making at a strategic and local level, target activity and help to shape improvements going forwards.</p> <p>At a Safer Neighbourhood meeting in June 2019 the Allerdale Hub Manager reported current work being undertaken with a Force Analyst to challenge and further develop the existing performance framework. The planned Away Day for Hub Managers was cited as an opportunity to share and discuss developments.</p>	<p>Agreed management action:</p> <p>The Local Focus Unit Performance Framework (PF) was developed in consultation with the existing Units and Corporate Support and distributed in early 2018 to each of the developing Units.</p> <p>There has been a different pace of development across the County which made it challenging to implement it in its entirety in each location.</p> <p>The Constabulary now have the added bonus of Power Business Intelligence and support from Corporate Development, combined with the audit expertise of Emma Thompson as the manager of Allerdale LFU.</p> <p>Emma has reviewed the PF to make it more relevant to partners, and Corporate Development are looking to systemise it to make production of a performance document simpler and more user friendly.</p>
<p><b>Recommendation 2:</b></p> <p>A PMF should be agreed and shared following full countywide consultation that further supports and informs the identification of priorities and targeted interventions.</p>	<p>The national problem solving team are awaiting an update on this issue as Cumbria Constabulary are very much in the driving seat nationally in terms of the development of a representative performance framework.</p>

<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> <li>• Poor decision making.</li> <li>• Wasted resources.</li> <li>• Failure to continuously learn and improve.</li> </ul>	<p>Responsible manager for implementing: <b>Supt Sarah Jackson</b></p> <p>Date to be implemented: <b>December 2019</b></p>

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

● **Advisory issue**

Audit finding	Management response
<p><b>(a) Information Sharing Agreements</b></p> <p>Both Carlisle and Copeland Hubs refer to their Community Safety Partnership Information Sharing Agreements (ISA) as providing the basis for lawful exchange of information between Hub partners. Both agreements are out of date as they don't reflect the GDPR requirements of the Data Protection Act 2018. The approval and signatures of partners cannot be demonstrated for the Carlisle Hub.</p> <p>At the time of the audit review The Carlisle Hub Manager was in the process of re-drafting and updating the Carlisle &amp; Eden ISA with the support of the HQ GDPR project team, expecting to receive partner approval and sign-off within a few weeks. The draft version includes provision for annual review.</p> <p>The Copeland Hub ISA was scheduled for review in November 2018, this review has not yet taken place.</p>	<p>Agreed management action:</p> <p>The Allerdale Local Focus Unit have recently developed an ISA that has been reviewed by the Constabulary's Legal Dept and GDPR team in Corporate Support.</p> <p>This ISA is seen as best practice and an excellent template to use, and a direction has been issued by Temp Chief Supt O'Connor to the six NPT Inps from the Local Focus Units to use the Allerdale ISA as a template and ensure all relevant partners are signed up to the ISA.</p>

**Recommendation 3:**

Information Sharing Agreements should be subject to regular review to ensure they are kept up to date and include the approval of all current partners.

**Risk exposure if not addressed:**

- Sanctions and litigation arising from non-compliance with data protection legislation and data breaches.
- Reputational damage arising from non-compliance with data protection legislation and data breaches.

Responsible manager for implementing:

**Supt Sarah Jackson**

Date to be implemented:

**December 2019**

## Appendix A

## Audit Assurance Opinions

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

	Definition:	Rating Reason
<b>Substantial</b>	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 &amp; management of risks.</p>
<b>Reasonable</b>	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>
<b>Partial</b>	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>
<b>Limited / None</b>	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:		
<b>High</b>	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
<b>Medium</b>	●	Some risk exposure identified from a weakness in the system of internal control
<b>Advisory</b>	●	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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Joint Audit Committee 19 September 2019 Agenda Item 09

# Monitoring Key Audit Recommendations

## Introduction

This report is designed to monitor the implementation of recommendations and actions arising from Audit and Inspection. The report fulfills the assurance responsibilities of the Joint Audit Committee with regards to the implementation of control recommendations and best practice arising from Audit and Inspection work.

**Appendix A** provides a table of all internal audit reports finalised in the current year, the level of assurance provided by the audit and the number of audit recommendations by grade of recommendation.

## Report Summary

The table below shows the number of outstanding actions brought forward from the previous update to members and also of new recommendations since the last report.

Summary of Actions	PCC	CC	Joint	Total
Open actions b/fwd from last report	0	2	0	2
New actions since last report	0	3	0	3
<b>Total actions this report</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>5</b>
Actions completed since last report	0	1	0	1
<b>Open actions c/fwd to next report</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>

The table below shows the status of all recommendations, **Appendix B** provides a high level summary of the current status of individual actions and **Appendix C** provides narrative updates in respect of individual recommendations.

Summary of Total Actions by Status	PCC	CC	Joint	Total
Completed	0	1	0	1
Ongoing (within original timescale)	0	1	0	1
Ongoing (original timescale extended)	0	0	0	0
Overdue/ timescale exceeded	0	0	0	0
Not yet due	0	3	0	3
<b>Total</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>

**Key to Grade:**

***Cumbria Shared Internal Audit Service***

Grade/Priority	
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.

Members have requested that this summary of recommendations report provides an update on actions where the recommendation was graded High/Medium only. Minor Advisory recommendations are monitored by individual managers.

***External Audit – Grant Thornton***

Grade/Priority	
<b>High</b>	Significant effect on control system
<b>Medium</b>	Effect on control system
<b>Low</b>	Best practice



## Monitoring of Individual Audit Reports 2019/20

Audit Report	CC/ PCC/ Joint	Reported Date	Assurance Opinion				Audit Recommendations (Grade)			
			Substantial	Reasonable	Partial	Limited /None	High	Medium	Advisory	Total
General Data Protection Regulations (GDPR)	CC	23/05/19		✓			0	1	1	2
Offender Management Follow Up	CC	09/05/19		✓			0	0	0	0
Overtime Monitoring	CC	09/05/19	✓				0	0	1	1
Main Accounting System	CC	10/05/19	✓				0	0	0	0
<b>Total To JAC 23/05/19</b>			<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>
Follow Up CJU Digital Case File Preparation	CC	27/06/19		✓			0	0	0	0
Debtors	CC	03/07/19		✓			0	1	0	1
<b>Total To JAC 25/07/19</b>			<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
Force Tasking and Co-ordination	CC	21/08/19		✓			0	1	0	1
Local Focus Hubs	CC	09/09/19		✓			0	2	1	3
<b>Total To JAC 19/09/19</b>			<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>4</b>

Audit Report	Recommendation Summary	Current Status					For detail see page
		Completed	Ongoing (within original timescale)	Ongoing (original timescale extended)	Overdue/ timescale exceeded	Not Yet Due	
<b>Recommendations B/fwd from Report to JAC 25/0/19</b>							
Duty Management (CC)	R3 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.		1				5
Debtors (CC)	R1 Management should ensure that required information relating to debtors is retained in accordance with defined procedures.	1					6
<b>Totals B/Fwd Recommendations</b>		<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>New Recommendation Since Last Report</b>							
Force Tasking & Co-ordination (CC)	R1 The review of the effectiveness and efficiency of the new tasking model should be formally written up with outcomes reported to senior management.					1	7
Local Focus Hubs (CC)	R1 A review of Local Focus Hubs should be finalised and reported to senior management. The review should take account of the inconsistent practices across the county and include proposals for moving forwards.					1	8
Local Focus Hubs (CC)	R2 A PMF should be agreed and shared following full countywide consultation that further supports and informs the identification of priorities and targeted interventions.					1	9
<b>Total New Recommendations</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	
<b>Total All Recommendations</b>		<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	

Audit Report: Duty Management			
<b>Date Issued:</b> 26/04/2018	<b>Date Considered by JAC:</b> 24/05/2019	<b>Report of:</b> Shared Internal Audit Service	<b>Report for:</b> CC
<b>Recommendation:</b> R3 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.			<b>Grade:</b> Medium
<b>Agreed Action:</b> 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.			<b>Due Date:</b> 31/10/2019
			<b>Responsible Person:</b> Head of People Sarah Jackson Chief Inspector (Resource Co-ordination) Martin Loebell
<b>Subsequent Updates:</b>			
<p><b>June 2018</b> - Work has started within Business Futures, working with Paul Bull from Staffordshire Police, identifying our future reporting needs and providing better management reporting. For delivery later this year/early 2019. COG paper being prepared by Louise Butler seeking additional support for further investment in this area.</p> <p><b>August 2018</b> - This is ongoing and further scoping work and options being worked up. Next meeting 18/9. Some reports being worked on as part of business futures, longer term management information assessment ongoing.</p> <p><b>November 2018</b> - This is part of business futures, and the full implementation will not be realised until 2020. The Business Future Board governs all of the work streams and a permanent PM appointment ensures compliance with milestones.</p> <p><b>March 2019</b> - The business futures project moved into exception in December 2018 and the project has now been paused whilst a way forward is fully explored. The force is now reviewing its requirements from HR and Duties systems and will provide an update report to COG in May. An appropriate level of project / programme management resource is in place in order to coordinate changes.</p> <p><b>July 2019</b> – Work continues to decide a way forward for business support systems which will include a replacement duties management system, at the point the Constabulary is ready to progress, the information requirements of all relevant groups will be taken into consideration.</p> <p><b>September 2019</b> – Update as per July 2019</p>			
<b>Status:</b>	<b>Agreed Changes to Due Date:</b> (N.B. any changes to due date must be agreed by COG or Governance Board)	<b>New Date:</b>	<b>Where &amp; When Approved:</b>
Ongoing (within original timescale)			

Audit Report: Debtors			
<b>Date Issued:</b> 03/07/2019	<b>Date Considered by JAC:</b> 25/07/2019	<b>Report of:</b> Shared Internal Audit Service	<b>Report for:</b> CC
<b>Recommendation:</b> R1) Management should ensure that required information relating to debtors is retained in accordance with defined procedures.			<b>Grade:</b> Medium
<b>Agreed Action:</b> The period looked at for the debt collection was prior to a changeover in staff administration. When the new member of staff took over they cleared the folder of any debts that were no longer outstanding resulting in the letters and chase up emails being deleted. Our spreadsheet record includes details of all actions taken in order to chase debts, which is retained for reference.  In light of the recommendation a new process will be introduced where documents/correspondence are saved directly onto the Accounts Receivable System attached to the account holder. This will enable us to view and keep an audit trail via the system of all documents or notes relating to the company and debt collection. We also have a company looking to allow us to produce statements from the system to send out, which will streamline the debt collection process.			<b>Due Date:</b> 31/08/2019  <b>Responsible Person:</b> Payroll and Transactional Services Manager Alison Hunter
<b>Subsequent Updates:</b> <b>July 2019</b> – Work is ongoing setting up the process and amending the procedures to be able to attach all relevant documents directly onto the debtors system. Progress is on track to go live with this before the end of August 2019.  <b>September 2019</b> - The procedures have been updated and supporting documents are now being saved on the system.			
<b>Status:</b>	<b>Agreed Changes to Due Date:</b> <i>(N.B. any changes to due date must be agreed by COG or Governance Board)</i>	<b>New Date:</b>	<b>Where &amp; When Approved:</b>
Completed			

<b>Audit Report: Force Tasking &amp; Co-ordination</b>			
<b>Date Issued:</b> 21/08/2019	<b>Date Considered by JAC:</b> 19/09/2019	<b>Report of:</b> Shared Internal Audit Service	<b>Report for:</b> CC
<b>Recommendation:</b> R1) The review of the effectiveness and efficiency of the new tasking model should be formally written up with outcomes reported to senior management.			<b>Grade:</b> Medium
<b>Agreed Action:</b> The review work undertaken will be formally written up and the outcome will be reported to Force Tasking & Co-ordination Group which includes the ACC as Chair.			<b>Due Date:</b> 30 September 2019
			<b>Responsible Person:</b> West Territorial Area Superintendent Carl Patrick  Temp DCI Intelligence Dave Cooper
<b>Subsequent Updates:</b> <b>September 2019</b> - due to the recent force promotion process and movements around the organisation this action has been pending to enable the new DCI in FIB to undertake an independent review, as this individual is new to the post and this provides an opportunity for the review to be completed.			
<b>Status:</b>	<b>Agreed Changes to Due Date:</b> (N.B. any changes to due date must be agreed by COG or Governance Board)	<b>New Date:</b>	<b>Where &amp; When Approved:</b>
Not yet due			

<b>Audit Report: Local Focus Hubs</b>			
<b>Date Issued:</b> 09/09/2019	<b>Date Considered by JAC:</b> 19/09/2019	<b>Report of:</b> Shared Internal Audit Service	<b>Report for:</b> CC
<b>Recommendation:</b> R1) A review of Local Focus Hubs should be finalised and reported to senior management. The review should take account of the inconsistent practices across the county and include proposals for moving forwards.			<b>Grade:</b> Medium
<b>Agreed Action:</b> This audit clearly shows that good progress has been made to embed the Local Focus Units across the six District Council areas.  There is also evidence of good practice being developed across the Force area, with the quarterly Safer Neighbourhoods meetings chaired by the Force lead allowing for the sharing of good practice between Police and partners.  As covered in the audit, the Community tasking is becoming embedded, and that will be reviewed by a Senior Detective alongside Force tasking to ensure that the new processes have been successful and deliver what is required.  That review will encompass part of this recommendation.  On Tues 13 and Wed 14 August 2019 there was a peer review of Neighbourhood Policing (NHP) in Cumbria by Northumbria Police. All Forces were encouraged to partake in this peer review, and Cumbria will shortly inspect / review Durham Constabulary.  A team of six officers from Northumbria, led by a Chief Superintendent and Chief Inspector conducted the peer review. They interviewed Police Officers and Staff who worked in the Allerdale Local Focus Unit, various persons from partner agencies, and reviewed the governance arrangements and terms of reference etc. They also interviewed Temp Ch Supt O'Connor as the Strategic lead.  The Northumbria team undertook a hot debrief session and their findings were extremely positive in relation to how NHP is delivered in Cumbria and the benefits of the Local Focus Units, so much so that they want to maintain professional working relations and take some of the best practice they witnessed back to Northumbria. Formal written feedback is awaited.  The Force lead who developed the Local Focus Units (Supt Slater) has recently retired, and will be replaced by Supt Jackson, who will undertake a review of the current position of both NHP and the Local Focus Units, and report back to the Chief Officer Group once she is in post.			<b>Due Date:</b> 31 December 2019  <b>Responsible Person:</b> Superintendent South Sarah Jackson
<b>Subsequent Updates:</b> <b>September 2019 -</b>			
<b>Status:</b>	<b>Agreed Changes to Due Date:</b> (N.B. any changes to due date must be agreed by COG or Governance Board)	<b>New Date:</b>	<b>Where &amp; When Approved:</b>
Not yet due			

<b>Audit Report: Local Focus Hubs</b>			
<b>Date Issued:</b> 09/09/2019	<b>Date Considered by JAC:</b> 19/09/2019	<b>Report of:</b> Shared Internal Audit Service	<b>Report for:</b> CC
<b>Recommendation:</b> R2) A PMF should be agreed and shared following full countywide consultation that further supports and informs the identification of priorities and targeted interventions.			<b>Grade:</b> Medium
<b>Agreed Action:</b> The Local Focus Unit Performance Framework (PF) was developed in consultation with the existing Units and Corporate Support and distributed in early 2018 to each of the developing Units.  There has been a different pace of development across the County which made it challenging to implement it in its entirety in each location.  The Constabulary now have the added bonus of Power Business Intelligence and support from Corporate Development, combined with the audit expertise of Emma Thompson as the manager of Allerdale LFU.  Emma has reviewed the PF to make it more relevant to partners, and Corporate Development are looking to systemise it to make production of a performance document simpler and more user friendly.  The national problem solving team are awaiting an update on this issue as Cumbria Constabulary are very much in the driving seat nationally in terms of the development of a representative performance framework.			<b>Due Date:</b> 31 December 2019  <b>Responsible Person:</b> Superintendent South Sarah Jackson
<b>Subsequent Updates:</b> September 2019 -			
<b>Status:</b>	<b>Agreed Changes to Due Date:</b> (N.B. any changes to due date must be agreed by COG or Governance Board)	<b>New Date:</b>	<b>Where &amp; When Approved:</b>
Not yet due			

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# **The Annual Audit Letter Police and Crime Commissioner for Cumbria and The Chief Constable for Cumbria Constabulary**

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**Year Ended 31 March 2019**

**30 August 2019**



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# Executive Summary

## Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at the Police and Crime Commissioner for Cumbria (PCC) and The Chief Constable for Cumbria Constabulary (CC) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the PCC and CC and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the PCC and CC as those charged with governance in our Audit Findings Report on 25 July 2019.

## Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the group, PCC and CC's financial statements (section two)
- assess the PCC and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the PCC and CC's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

<b>Materiality</b>	We determined materiality for the audit of the PCC and CC's financial statements to be £2,739,000, which is 2% of the CC's prior year gross expenditure.
<b>Financial Statements opinion</b>	We gave an unqualified opinion on the PCC and CC's financial statements on 31 July 2019. The PCC and CC presented us with draft financial statements in accordance with the national deadline.
<b>Use of statutory powers</b>	We did not identify any matters which required us to exercise our additional statutory powers.
<b>Value for Money arrangements</b>	We were satisfied that the PCC and CC put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the PCC and CC on 31 July 2019.
<b>Certificate</b>	We certified completion the audit of the PCC and Chief Constable for Cumbria Constabulary in accordance with the requirements of the Code of Audit Practice on 31 July 2019.

# Audit of the Financial Statements

## Our audit approach

### Materiality

In our audit of the group, PCC and CC's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to £2,739,000, which is 2% of the CC's prior year gross expenditure. We used this benchmark as, in our view, users of the group, PCC and CC's financial statements are most interested in where the PCC and CC has spent its revenue in the year. We set a lower threshold of £137,000, above which we reported errors to the Joint Audit Committee in our Audit Findings Report.

### The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and

- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the financial statements including the narrative report, the annual governance statement to check it is consistent with our understanding of the Authority and with the financial statements included in the Annual Report on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the PCC and CC's business and is risk based. We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

The Financial Reporting Council (FRC) is responsible for reviewing and assessing the quality of local public audit work undertaken by Grant Thornton and the other audit firms. In response to the latest feedback from the FRC on local public audit work we have updated and refined our approach to the audit of PPE and Pensions Liabilities, which has resulted in additional audit procedures being undertaken. We have included fee adjustments to cover these additional procedures which are set out at page 11 of this report.

# Audit of the Financial Statements

## Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The PCC and CC faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> <li>evaluated the design effectiveness of management controls over journals</li> <li>analysed the journals listing, identified and selected a sample of high risk unusual journals to test for appropriateness, our detailed testing remains outstanding.</li> <li>gained an understanding of the accounting estimates and critical judgements made by management and considered their reasonableness, and</li> <li>evaluated the rationale for any changes in accounting policies, estimates or significant</li> </ul>	<p>Our audit work did not identify any issues in respect of management override of controls.</p>

# Audit of the Financial Statements

## Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of land and buildings</b></p> <p>The PCC revalues land and buildings on a rolling two year basis (previously a five-yearly basis). This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the PCC financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>evaluated the competence, capabilities and objectivity of the valuation expert</li> <li>received direct confirmation from the valuer including confirmation of the basis on which the valuation was carried out</li> <li>challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding</li> <li>tested a sample of revaluations made during the year to see if they had been input correctly into the PCC's asset register, and</li> <li>evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.</li> </ul>	<p>We identified an issue in relation to Hunter Lane Police Station. We understand the PCC is at advanced stage of discussion to dispose of this asset and an offer subject to contract was accepted after the year end. In such circumstances it is appropriate to re-assess the carrying value. As a result there is an unadjusted audit difference of £1.1million in the financial statements.</p> <p>Our audit work did not identify any other material issues in respect of the valuation of land and buildings.</p>

# Audit of the Financial Statements

## Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of the pension fund net liability</b></p> <p>The pension fund net liability, as reflected in the PCC group balance sheet, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved £1,350 million (2018: £1,229 million) in the group's balance sheet and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> <li>• updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design of the controls;</li> <li>• evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• assessed the competence, capabilities and objectivity of the actuaries who carried out the group's pension fund valuation;</li> <li>• assessed the accuracy and completeness of the information provided by the group to the actuaries to estimate the liability;</li> <li>• tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and</li> <li>• undertook procedures to confirm the reasonableness of the actuarial assumptions made and the source data used.</li> </ul>	<p>We have received assurance from the auditor of Cumbria County Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</p> <p>There was a national issue relevant to all Police bodies as a result of a legal case which impacted upon the valuation of the Pension fund net liability. The PCC and CC liaised with its actuary and as a result amended the draft financial statements to increase the net pension fund liability by £56 million.</p> <p>Our audit work did not identified any other issues in respect of the valuation of the net pension liabilities.</p>

# Audit of the Financial Statements

## **Audit opinion**

We gave an unqualified opinion on the PCC and CC's financial statements on 31 July 2019.

## **Preparation of the financial statements**

The PCC and CC presented us with draft financial statements in accordance with the national deadline, and provided a comprehensive set of working papers to support them. The finance team responded promptly to our queries during the course of the audit.

## **Issues arising from the audit of the financial statements**

We reported the key issues from our audit to the Joint Audit Committee, and the PCC and CC, on 25 July 2019.

In addition to the key audit risks reported above one unadjusted misstatement was identified during the 2018/19 audit. The matter was reported to the Joint Audit Committee, and the PCC and CC, on 25 July 2019, with the reasons for non-adjustment, included in the Letter of Representation.

## **Annual Governance Statement and Narrative Report**

We are required to review the PCC's and CC's Annual Governance Statement and Narrative Report. It published them on its website in and alongside the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the PCC and CC and with our knowledge of the Authority.

## **Whole of Government Accounts (WGA)**

In line with instructions provided by the NAO, we issued an assurance statement which confirmed the PCC and CC was below the audit threshold.

## **Other statutory powers**

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the PCC and CC's accounts and to raise objections received in relation to the accounts.

We did not identify any issues that required us to apply our statutory powers and duties under the Act.

## **Certificate of closure of the audit**

We certified the completion of the audit of PCC and CC in accordance with the requirements of the Code of Audit Practice on 31 July 2019.



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# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

## Overall Value for Money conclusion

We are satisfied that in all significant respects the PCC and CC put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

# Value for Money conclusion

## Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Financial sustainability</b></p> <p>Cumbria along with many other forces continues to face increasing financial pressures. We will update our understanding of the arrangements in place for the regular monitoring of the in-year financial position and assess how the future financial challenges are being addressed.</p>	<p>The PCC and CC continue to face financial challenges but the Medium Term Financial Forecast (MTFF) 2019/20 to 2022/23 demonstrates their long-term financial viability. Key planning assumptions cover both internal and external factors such as Government funding, pay inflation, non-pay inflation and council tax increases. These assumptions appear reasonable. There continues to be a robust process in place to produce the MTFF.</p> <p>The PCC set the 2019/20 budget and Council tax requirement on 20 February 2019 which resulted in a balanced revenue budget for 2019/20 of £145.7 million and a Council Tax increase of 10.29%. The 2019/20 Council Tax increase of 10.29% will help fund a further 20 Police Officers (on top of the increase of 25 officers provided in 2018/19) taking total officer numbers from 1145 to 1165 FTE. As part of the budget setting process for 2019/20, the projections for 2020/21 to 2022/23 were updated. This showed that savings of £4.1 million were required between 2021/22 and 2022/23. The position on the timing, amount and transitional arrangements of any Police funding formula changes is still to be confirmed but both the PCC and Chief Constable are aware of the potential impact. The Constabulary has continued to work on various scenarios, and the updating and refining of savings plans, to help it address the potential impact.</p> <p>Recognising the need to make further budget savings in the medium term in order to deliver a balanced budget, the Commissioner and Chief Constable have engaged in a number of discussions to consider areas of the budget that will be targeted for reductions in expenditure. Whilst no firm decisions have been made, initiatives, which will be explored as part of the Constabulary's Vision 2025 Strategy include, adjusting the workforce mix, consolidating functions to provide greater resilience, collaboration with other forces and other public sector bodies and realising benefits from investment in new technology.</p>	<p>Both the PCC and CC have arrangements to monitor and update their financial plans and the delivery of savings. We concluded that the PCC and CC have proper arrangements in place for ensuring they plan finances effectively to support their strategic functions and arrangements for ensuring informed decision making.</p>

# Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and **confirm there were no fees for the provision of non audit services.**

## Reports issued

Report	Date issued
Audit Plan	March 2019
Audit Findings Report	July 2019
Annual Audit Letter	August 2019

## Fees

	Planned £	Proposed fees 2017/18 £	fees 2017/18 £
Statutory audit - PCC	23,360	27,860	30,338
Statutory audit – CC	11,500	11,500	15,000
<b>Total fees</b>	<b>34,860</b>	<b>39,360</b>	<b>45,338</b>

## Audit fee variation

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of PCC £23,360 and CC £11,500 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work.

These are set out in the following table. The additional fees are subject to PSAA approval.

Area	Reason	Fee proposed
<b>Assessing the impact of the McCloud ruling</b>	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	2,000
<b>Additional audit procedures on Pensions liabilities</b>	Additional procedures now required in response to the Financial Reporting Council's feedback on audit work on Pensions liabilities.	1,000
<b>PPE Valuation – work of experts</b>	The Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	1,500
<b>Total</b>		4,500

## Our commitment to our local government clients

- Senior level investment
- Local presence enhancing our responsiveness, agility and flexibility.
- High quality audit delivery
- Collaborative working across the public sector
- Wider connections across the public sector economy, including with health and other local government bodies
- Investment in Health and Wellbeing, Social Value and the Vibrant Economy
- Sharing of best practice and our thought leadership.
- Invitations to training events locally and regionally – bespoke training for emerging issues
- Further investment in data analytics and informatics to keep our knowledge of the areas up to date and to assist in designing a fully tailored audit approach

## Our relationship with our clients– why are we best placed?

- We work closely with our clients to ensure that we understand their financial challenges, performance and future strategy.
- We deliver robust, pragmatic and timely financial statements and Value for Money audits
- We have an open, two way dialogue with clients that support improvements in arrangements and the audit process
- Feedback meetings tell us that our clients are pleased with the service we deliver. We are not complacent and will continue to improve further
- Our locally based, experienced teams have a commitment to both our clients and the wider public sector
- We are a Firm that specialises in Local Government, Health and Social Care, and Cross Sector working, with over 25 Key Audit Partners, the most public sector specialist Engagement Leads of any firm
- We have strong relationships with CIPFA, SOLCAE, the Society of Treasurers, the Association of Directors of Adult Social Care and others.

## New opportunities and challenges for your community

### The Local Government economy

Local authorities face unprecedented challenges including:

- Financial Sustainability – addressing funding gaps and balancing needs against resources
- Service Sustainability – Adult Social Care funding gaps and pressure on Education, Housing, Transport
- Transformation – new models of delivery, greater emphasis on partnerships, more focus on economic development
- Technology – cyber security and risk management

At a wider level, the political environment remains complex:

- The government continues its negotiation with the EU over Brexit, and future arrangements remain uncertain.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.

## Delivering real value through:

- Early advice on technical accounting issues, providing certainty of accounting treatments, future financial planning implications and resulting in draft statements that are 'right first time'
- Knowledge and expertise in all matters local government, including local objections and challenge, where we have an unrivalled depth of expertise.
- Early engagement on issues, especially on ADMs, housing delivery changes, Children services and Adult Social Care restructuring, partnership working with the NHS, inter authority agreements, governance and financial reporting
- Implementation of our recommendations have resulted in demonstrable improvements in your underlying arrangements, for example accounting for unique assets, financial management, reporting and governance, and tax implications for the Cornwall Council companies
- Robust but pragmatic challenge – seeking early liaison on issues, and having the difficult conversations early to ensure a 'no surprises' approach – always doing the right thing
- Providing regional training and networking opportunities for your teams on technical accounting issues and developments and changes to Annual Reporting requirements
- An efficient audit approach, providing tangible benefits, such as releasing finance staff earlier and prompt resolution of issues.

## Grant Thornton in Local Government

### Our client base and delivery



- We are the largest supplier of external audit services to local government
- We audit over 150 local government clients
- We signed 95% of our local government opinions in 2017/18 by 31 July
- In our latest independent client service review, we consistently score 9/10 or above. Clients value our strong interaction, our local knowledge and wealth of expertise.

### Our connections



- We are well connected to MHCLG, the NAO and key local government networks
- We work with CIPFA, Think Tanks and legal firms to develop workshops and good practice
- We have a strong presence across all parts of local government including blue light services
- We provide thought leadership, seminars and training to support our clients and to provide solutions

### Our people



- We have over 25 engagement leads accredited by ICAEW, and over 250 public sector specialists
- We provide technical and personal development training
- We employ over 80 Public Sector trainee accountants

### Our quality



- Our audit approach complies with the NAO's Code of Audit Practice, and International Standards on Auditing
- We are fully compliant with ethical standards
- Your audit team has passed all quality inspections including QAD and AQRT

### Our technical support



- We have specialist leads for Public Sector Audit quality and technical
- We provide national technical guidance on emerging auditing, financial reporting and ethical areas
- Specialist audit software is used to deliver maximum efficiencies



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# Audit Progress Report and Sector Update

Police and Crime Commissioner for Cumbria and The Chief Constable for Cumbria  
Constabulary  
Year ending 31 March 2019

September 2019



# Contents and Introduction



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

The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the following link to be directed to the website <https://www.grantthornton.co.uk/>.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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# Progress at September 2019

## 2018/19

Our audit of the 2018/19 financial statements is now complete. Our Joint Audit Findings Report was discussed with the Joint Audit Committee on 25 July 2019 and we issued our audit opinions on 31 July 2019. We also issued our audit certificates on this date.

Overall we issued:

- unqualified opinions on the group and PCC and Chief Constable financial statements; and
- unqualified value for money conclusions for both the PCC and Chief Constable.

We have issued all our deliverables for 2018/19 (see page 4) and therefore have concluded our work on the 2018/19 financial year. Our Joint Annual Audit Letter is included as a separate agenda item, and this summarises the findings of our audit work in 2018/19.

## 2019/20

We have begun our planning processes for the 2019/20 financial year audits.

Our formal work and audit visits will begin later in the year and we will discuss the timing of these visits with management. In the meantime we will;

- continue to hold regular discussions with management to inform our risk assessment for the 2019/20 financial statements and value for money audits;
- review minutes and papers from key meetings; and
- continue to review relevant sector updates to ensure that we capture any emerging issues and consider these as part of audit plans.

## Other areas

### Meetings

We meet with Finance Officers 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.

We also met with the PCC and Chief Constable in July 2019 to discuss their strategic priorities and plans.

### Events

We ran our Police Governance Conference event in conjunction with CoPaCC in Daventry in July 2019.

Further details of the publications that may be of interest to the members are set out in our Sector Update section of this report.

# Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<p><b>Fee Letters</b></p> <p>Confirming audit fees for 2018/19 audits.</p>	April 2019	Complete
<p><b>Accounts Joint Audit Plan</b></p> <p>We are required to issue a detailed accounts joint audit plan to the Joint Audit Committee setting out our proposed approach in order to give an opinion on the Group, Police and Crime Commissioner and Chief Constable 2018-19 financial statements.</p>	March 2019	Complete
<p><b>Interim Audit Findings</b></p> <p>We will report to you the findings from our interim audit within our Progress Report.</p>	May 2019	Complete
<p><b>Joint Audit Findings Report</b></p> <p>The Joint Audit Findings Report will be reported to the July 2019 Joint Audit Committee.</p>	July 2019	Complete
<p><b>Auditors Reports</b></p> <p>This is the opinion on the financial statements, annual governance statements and value for money conclusions.</p>	July 2019	Complete
<p><b>Joint Annual Audit Letter</b></p> <p>This letter communicates the key issues arising from our audit work.</p>	August 2019	Complete – on agenda

# Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from sector specialists](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

[Public Sector](#)

[Police](#)

# HMICFRS



## State of Policing: The Annual Assessment of Policing in England and Wales 2018

HMICFRS have released their report to the Secretary of State under section 54(4A) of the Police Act 1996, containing the assessment of the efficiency and effectiveness of policing in England and Wales based on the inspections carried out between April 2018 and May 2019. This is the fourth complete PEEL assessment of police forces in England and Wales, and is informed by the findings from the first batch of the 2018/19 assessments, and from the 2017 assessments for the remaining 29 forces.

The report is in three parts, with an overview containing Her Majesty's Chief Inspector of Constabulary's assessment of the state of policing in England and Wales applicable to the police service as a whole, part two containing an overview of the findings from all the inspections conducted in year and part three setting out the full list of inspections and other work.

In his annual assessment of policing in England and Wales, Sir Thomas Winsor said most police forces were performing well, and praised the police for their integrity and bravery. He also called on leaders in police forces and institutions to make bold and long-term decisions to improve policing, however, and said there was continued controversy about the 43-force structure of policing in England and Wales, with a need for the police service to function as part of a single law enforcement system.

Other areas highlighted for reform included:

- consideration of new mandatory standards to prevent inefficiency and ineffectiveness in policing;
- enactment of proposed legislation to strengthen the role of the Forensic Science Regulator;
- multi-year financial settlements for the most efficient police forces, to provide them with certainty, stability and predictability; and
- longer-term investment in technology, such as body-worn video, fully-functional hand-held mobile devices, facial recognition and artificial intelligence.

The report can be accessed by [clicking here](#).

## HMICFRS police inspection programme 2019/20

The Inspection Programme has been released which sets out HMICFRS's police inspection programme and resources for the year ahead.

It covers the areas will be inspected in 2019/20 and provides further details about:

- PEEL assessments;
- national thematic inspections;
- commissions from the Home Secretary and local policing bodies;
- inspections of national agencies and non-Home Office forces;
- counter-terrorism and security related inspections; and
- joint inspections with other inspectorates.

The document can be accessed by [clicking here](#).

# Home Office

## Policing front line review

The findings from the first Front Line Review have been published by the Home Office. The Review was designed to seek feedback and learn what the front line really think about the job they do and what can improve.

Officers and staff from all 43 forces in England and Wales proactively engaged in the Review, with workshops run independently by The Office for National Statistics which involved members of the front line, including police officers, special constables, staff, police community support officers (PCSOs) and volunteers, seeking insights about their experience of:

- wellbeing
- leadership
- professional development
- change and innovation

This included their views on access to and availability of services. The review has identified opportunities to ensure the policing workforce receive the right level of support and development they need to deliver the best for the public.

The review identified the following recommendations and immediate actions that the Home Office and policing partners will take in response to the Review.

1. The Front Line Innovation Project: creation of a space for the front line to directly influence innovation and improvement.
2. Ensuring the operational system achieves the right balance between meeting demands and supporting the individual: A Ministerial challenge to Chiefs to consider essential time for core activities within working patterns that positively impact on frontline wellbeing and support.
3. Management of External Demand: A Ministerial commitment to provide good practice guidance to enable policing to manage more effectively cases that should not involve the police; commencing with better guidance on 'safe and well checks'.

4. Management of Internal Demand: A Ministerial challenge to Chiefs to identify and address unnecessary internally generated demand within their forces and with national support to tackle systemic issues from the Home Office and other partners.
5. HMICFRS activity on Police Wellbeing: HMICFRS has committed to review the way that it inspects the extent to which wellbeing is embedded within day to day policing.
6. Providing a National Evaluation Mechanism for Wellbeing Provision: A Ministerial commitment to provide the front line with a direct means to evaluate national and local progress on wellbeing working with police staff associations.

A number of separate reports have been issued which set out the findings and recommendations from the Review. These can be accessed by clicking the image below.



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# Home Office

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## Police recruitment

As he entered Downing Street at the end of July 2019, the new Prime Minister announced that the recruitment of 20,000 new police officers will start in September with the launch of a national campaign, led by the Home Office. The Prime Minister has said he wants recruitment completed over the next three years.

To support this aim, a new national policing board has created, with the first meeting held 31 July 2019. Chaired by the Home Secretary and bringing together key police leaders, it will hold the police to account for meeting the recruitment target and will aim to drive a national response to issues. At the first meeting of the board, the Prime Minister confirmed a target of recruiting 6,000 officers in the first year.

## Police recruitment

The Home Secretary has announced that the Stop and Search pilot has been extended to all 43 Forces in the UK. Designed to make it simpler for all forces in England and Wales to use Section 60 of the Criminal Justice and Public Order Act, which empowers officers to stop and search anyone in a designated area without needing reasonable grounds for suspicion if serious violence is anticipated, the rollout will see the Home Secretary lift all conditions in the voluntary Best Use of Stop and Search Scheme over the use of Section 60.

## Funding for Violence Reduction Units announced

Eighteen PCCs have been awarded £35 million to set up specialist teams to tackle violent crime in their area. The Violence Reduction Units will bring together different organisations, including the police, local government, health, community leaders and other key partners to tackle violent crime by understanding its root causes. The new units will be responsible for identifying what is driving violent crime in the area and coming up with a co-ordinated response.

The funding is being awarded after PCCs in the 18 areas worst affected by serious violence secured their provisional allocation through successful bids. Each unit will be tasked with delivering both short and long-term strategies to tackle violent crime, involving police, healthcare workers, community leaders and others.

Details of the funding awarded, including the other monies awarded as part of the original surge allocation made in April 2019 and the additional surge allocation in May 2019 can be found by [clicking here](#).

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# Links

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## Sector Updates

### Public Sector

<https://www.grantthornton.co.uk/industries/public-sector/>

### Police

<https://www.grantthornton.co.uk/en/insights/?tags=police>

## HMICFRS

[State of Policing: The Annual Assessment of Policing in England and Wales 2018](https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/state-of-policing-2018.pdf)

<https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/state-of-policing-2018.pdf>

[HMICFRS police inspection programme 2019/20](https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/hmicfrs-inspection-programme-2019-20.pdf)

<https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/hmicfrs-inspection-programme-2019-20.pdf>

## Home Office

[Policing front line review](https://www.gov.uk/government/publications/front-line-policing-review)

<https://www.gov.uk/government/publications/front-line-policing-review>

[Funding for Violence Reduction Units announced](https://www.gov.uk/government/news/funding-for-violence-reduction-units-announced)

<https://www.gov.uk/government/news/funding-for-violence-reduction-units-announced>

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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# Joint Audit Committee



**TITLE OF REPORT:** Apprenticeships Governance

**DATE OF MEETING:** 19<sup>th</sup> September 2019

**ORIGINATING OFFICER:** Elaine Flowers Apprenticeship Manager and Coordinator

**PART 1 or PART 2 PAPER:** PART 1 (OPEN)

## Executive Summary:

- The Joint Audit Committee had previously agreed to undertake an advisory role in regards to governance for the Constabulary's apprenticeship provision it would directly deliver as an Employer Provider.
- The current workforce plan for PCSO recruitment is a cohort of eight Apprenticeship PCSOs starting March 2020.
- The Initial Apprenticeship Self Assessment Report and Quality Improvement Plan seen by the Committee in March 2019 was aligned to PCSO Apprenticeship provision and timescale for delivery.
- Since then, there has been a number of internal and external changes, which resulted in a paper going to the Apprenticeship Management Group in July 2019 asking for a decision regarding the most appropriate delivery route for future PCSO training to take.
- The decision made at the Apprenticeship Management Group having taken in to consideration the risks and benefits associated with each training route, was for the Constabulary to train future PCSO cohorts using the current programme, a decision that would be revisited again at the end of 2020.
- As a result of this decision the Constabulary will be re registering on the RoATP (Register of Apprenticeship Training Providers), in October 2019, as a Supporting Provider. As a result of being a Supporting Provider and not an Employer Provider the level of governance has changed and therefore the role of the JAC Committee.

## Recommendation:

- To receive and approve updated Quality Improvement Plan in respect of the Constabulary apprenticeship scheme.
- To note the changes to PCSO training delivery and to consider the future involvement / role of JAC in regards to apprenticeship governance structure. To consider and decide on an option for apprenticeship structure and JAC involvement from the two options identified.

## MAIN SECTION

### 1. Introduction and Background

- 1.1 The Constabulary entered into an agreement with the Education Skills Funding Agency (ESFA) to be an employer provider for apprenticeship training initially to deliver training for our PCSO apprentices. Submitted within the then application to the ESFA was the requirement to have in place quality assurance procedures, which follow the Ofsted Inspection Framework. This resulted in the Joint Audit Committee taking on an advisory role for apprenticeship provision directly delivered by the Constabulary i.e. PCSO apprenticeship training. In March 2019 the JAC committee received the Initial Self Assessment Report and Quality Improvement Plan.
- 1.2 The current workforce plan for PCSO recruitment is a cohort of eight student PCSOs apprentices, starting March 2020, followed by subsequent cohort recruitment at fourteen month intervals.
- 1.3 Since then, there has been a number external changes along with internal changes, which have now been considered, in making the decision that in the immediate future PCSO training would be through a non accredited training programme.
- 1.4 As a result of the decision to train PCSO PCSOs through a route other than the apprenticeship route, the Constabulary will now apply to re register with the Education Skills Funding Agency with an application to the RoATP as a Supporting Provider (Appendix 1 Supporting Provider or an Employer Provider).

### 2. Issues for Consideration

#### 2.1 Drivers for Change

- External environment changes

Education Skills Funding Agency (ESFA) requirement for all registered organisations to re apply for the Register of Apprenticeship Training Providers (RoATP) and new criteria. The RoATP has been re opened for re application, the criteria has been revised with the judgement now being made on how ready an organisation is to be either a Supporting Provider or an Employer Provider. The Constabulary was informed by the ESFA that it needed to re apply in October 2019

The ESFA has further tightened up the implications for any main training provider or employer provider organisation gaining an insufficient progress grade (Ofsted Monitoring Visit judgement) or inadequate grade (Full Inspection judgement) at an Ofsted inspection on apprenticeship provision. Either of these two judgements would mean an organisation is not able to start any new apprentices until they have had a further inspection and satisfactory outcome. In addition as an Employer Provider an unsatisfactory Ofsted grade could have implications on the organisations ability to receive subcontracting funding for any subcontracted delivery, i.e. PCDA delivery and direct costs.

- Internal changes

A decision was made in Spring 2019, to delay the recruitment of its first PCDA cohort to February 2020. This change of date whilst facilitating a smoother transfer and readiness for PCDA delivery meant that the Learning and Development Department would have been implementing three new programmes within a four month window, (PCDA Feb 2020, PCSO March 2020 and DHEP May 2020). All three programmes being developed by the same Learning and Development Trainers team. Leaving little capacity within the team to implement the required changes for a PCSO apprenticeship.

- Unknown factors

The PEQF PCSO programme includes a mandatory Level 4 qualification, a level 4 Diploma in Community Policing Practice (accredited through Skills for Justice) or a Level 4 HE Certificate in

Community Policing Practice (accredited through a Higher Education provider i.e. University). The requirements for delivery of this level 4 qualification remain unknown at this time and as such the impact of abstraction of PCSO police staff to undertaken these programmes in not known with resource implications not assessed.

- As a result, of the decision not to offer PCSO training as an apprenticeship, and with the change in the Constabulary’s registration onto RoATP as a supporting provider, the level of governance provided by JAC needs to be considered (Appendix 2 current Apprenticeship Management Governance Structure).

<b>Options for Apprenticeship Governance</b>		
Option 1 Apprenticeship governance structure remains the same	JAC Role JAC to receive an annual report on apprenticeship provision across the Constabulary on both Police Staff and Police Constable (PCDA) apprenticeship provision.	Benefits Should the Constabulary make a decision to become an Employer Provider in the future, the Apprenticeship Governance structure would be in place, with JAC receiving update report on apprenticeship provision and any changes to the external landscape (ESFA and OFSTED) which apprenticeship operate within. Issue Uncertainty of how this fits with JAC role and terms of reference
Option 2 Remove JAC from the Apprenticeship Management Structure	JAC no role JAC receives no separate updates / information on apprenticeship provision in the Constabulary	Benefits Change to JAC business schedule focus realigning to original purpose of JAC Issues Should the Constabulary decide in the future to become an Employer Provider a revised governance structure would need to be put in place to meet ESFA / Ofsted requirements. There could be a potential gap between the currency of knowledge and understanding of changes to apprenticeship provision, without updates. There would be a reduction of the external scrutiny of apprenticeship provision and the opportunity to enhance the effectiveness of the provision through governance.

## 2.2 Update on Initial Delivery Monitoring Apprenticeship Self Assessment Report and The Quality Improvement Plan for Apprenticeship 2018/19

Ofsted expect a provider to carry out an evaluation and assessment of the effectiveness of the apprenticeship provision, namely through a Self Assessment Report and Quality Improvement Plan. Appendix 3 Quality Improvement Plan 2018/19 for Apprenticeships V0.3 (Revised due to the decision not to progress PCSO training as an apprenticeship programme).

The Quality Improvement Plan has been updated to reflect the decision not to proceed with PCSO training as an apprenticeship programme, and the areas specifically relating to PCSO apprenticeship have been shaded grey and identified as N/A. All other improvement areas have been updated and RAG rated which can be applied and easily transferred to the PCDA apprenticeship provision with UCLan. UCLan in the future will have the ESFA responsibility for quality assurance for their degree programme, whilst the Constabulary retains its own responsibility following our QA process for quality assurance of Police Training which meets the College of Policing standards.

Attached is the first review of the Apprenticeship Quality Improvement Plan and update on improvement areas.

There are currently of the 19 improvement areas:

Current status of Apprenticeship Quality Improvement Plan is:

Status	Number of Improvement Areas	Percentage	Change from last report
■ On track	3	16%	
■ Off track	7	37%	
■ In exception	0	0%	
■ Not Applicable	9	47%	
■ Complete	0	0%	

Improvement Areas now N/A and causes of being off track are:

- N/A with the decision not to offer PCSO training through an apprenticeship a number of the specific PCSO improvement areas are no longer required.
- The areas identified, as being off track, in all of these areas work is ongoing and in some cases will be completed through the PEQF implementation and our work with UCLan. For example the apprenticeship progress review process, UCLan will now be leading the process, same with the quality assurance cycle, which will now be informed by UCLans academic quality assurance processes and procedures.

To conclude, progress is being made with PEQF implementation and the Police Constable Degree Apprenticeship Training the Constabulary will be delivering with our HEI partner University of Central Lancashire. In a number of improvement areas a proportion have now been refocussed with UCLan leading on the activity as the Main Training Provider and would expect these to be green prior to the first cohort start date February 2020.

#### 2.3 Consultation processes conducted or which needs to be conducted

- Consultation was with the Management Group listed in section 9.2, on the 16<sup>th</sup> July 2019.

#### 2.4 Impact assessments and implications on services delivered

- The Equality Analysis for apprenticeships has been approved by the PEQF Implementation and Apprenticeship Management Group on 16<sup>th</sup> July 2019.

#### 2.4 Timescales for decision required

- The ESFA has informed the Constabulary that we will need to re apply to the RoATP in October 2019 as a Supporting provider.
- The PCDA Police Constable Apprenticeship cohort starts in February 2020 and will align to the quality assurance procedures of UCLan being their undergraduate degree programme.

#### 2.5 Internal or external communications required

- Any changes to the Apprenticeship Governance Structure will be reported at the Apprenticeship Management Group (Appendix 2 current Apprenticeship Management Governance Structure).

### 3. Financial Implications and Comments

- 3.1 The decision to not delivery PCSO training via the apprenticeship route will result in no utilisation of apprenticeship levy. In addition, the Constabulary could face an additional £46,000 levy clawback by the Government, by April 2021. This position can be improved by the Constabulary having more apprenticeships starts, for police staff, either as new staff into the Force or the skill development of existing staff and PCDA PC apprentices.
- 3.2 In November 2018, the ESFA changed the funding and management rules for subcontract apprenticeship provision. The new rules limit the amount of subcontracted provision a provider Registered on the Register of Apprenticeship Training Provider (RoATP) as a supporting (subcontracted) provider in the first year to £100,000. There is also an upper £500,000 threshold after the first year of delivery. The Constabulary is limited to this threshold, which has been accounted for in the financial planning for the PCDA programme.
- 3.3 No current risk of the Constabulary receiving a negative Ofsted inspection outcome, which could have impacted on receiving subcontracting payments for the PCDA programme and any PCDA delivery we undertake.

### 4. Legal Implications and Comments

- 4.1 The apprenticeship governance structure supports compliance with the Employer Provider application the Constabulary made to the ESFA in November 2017 and contributes to the effectiveness of leadership and management Ofsted judgement.
- 4.2 The decision be to offer the PCSO Training not as an apprenticeship training route will mean the Constabulary would be required to re apply to the RoATP as a Supporting Provider with new contracts with the ESFA.
- 4.3 The responsibility for any apprenticeship training within the Constabulary will now be with the Main Training Provider. For the PCDA PC Initial Entry Programme this will be the University of Central Lancashire (UCLan) who will have the ESFA, QAA and Ofsted responsibility and the Constabulary will have to comply with their requirements.
- 4.4 As a result, the decision not to offer PCSO training as an apprenticeship and with the resulting change in the Constabulary's registration onto RoATP which requires a different level of governance. The Committee is asked to consider its role in the apprenticeship governance structure.

### 5. Risk Implications

#### 5.1 Risks and Mitigation

Risk	Mitigation
Reduces the failure to meet the ESFA and Ofsted requirements in becoming an Apprenticeship Supporting Training Provider for the PCDA route.	The Main Training provider (University of Central Lancashire) for the PCDA Apprenticeship programme for PC initial entry into Policing has responsibility to meet Ofsted, QAA and ESFA requirements.
No utilisation of apprenticeship levy	Would need to optimise Levy utilisation through PCDA delivery
Unknown impact on PEQF implementation with the CoP due to current national environment for PEQF implementation and Uplift programme	Does provide a cost effective way to deliver PCSO training with the most limited amount of abstraction

Would not provide the PCSO staff any RPL towards the PCDA programme going forward.	PCSO officers would still be entitled to apply for the PCDA apprenticeship route for initial entry as a Police Officer. The context of the PCSO role and PC role in Cumbria are significantly different making RPL not feasible.
Would not support the Constabulary meeting its Apprenticeship Public Sector Targets	Public sector apprenticeship targets to be met by PCDA delivery and other police staff roles undertaking apprenticeships

## 6. HR / Equality Implications and Comments

- 6.1 The People Department are represented on the PEQF Implementation Board and Apprenticeship Management Group. Equality Analyse has been completed and approved for the PEQF implementation, PC three entry routes into Policing and separately for PCSO and apprenticeships.
- 6.2 The recruitment of PCSO Staff officers is included in the work of Recruitment Gold meeting.

## 7. ICT Implications and Comments

- 7.1 N/A

## 8. Procurement Implications and Comments

- 8.1 Should a decision be made in the future to deliver the PCSO training as an apprenticeship route. If a procurement exercise was required this will go through the YPO (Yorkshire Purchasing Organisation).
- 8.2 Contract Management and Governance has been put in place for PEQF Implementation, to monitor, report and escalate issues in regards to contract performance.

## 9. Supplementary Information

- 9.1 List any relevant documents – current inspection documents

- 9.2 [The education inspection framework May 2019](#)

[Further education and skills inspection handbook July 2019](#)

Appendix 1 Supporting Provider or an Employer Provider

Appendix 2 current Apprenticeship Management Governance Structure

- 9.3 List persons consulted during the preparation of report

Director of Corporate Support (Chair of the PEQF Implementation and Apprenticeship Management Group) (Stephen Kirkpatrick)

Head of Learning and Development (Lyndsey Williams)

Deputy Chief Finance Officer (Michelle Bellis)

HR Manager (Diane Johnson)

Learning Support & Standards Manager (Peter Morey)

Financial services Manager (Keeley Hayton)

## **Appendix 1 Supporting Provider or an Employer Provider**

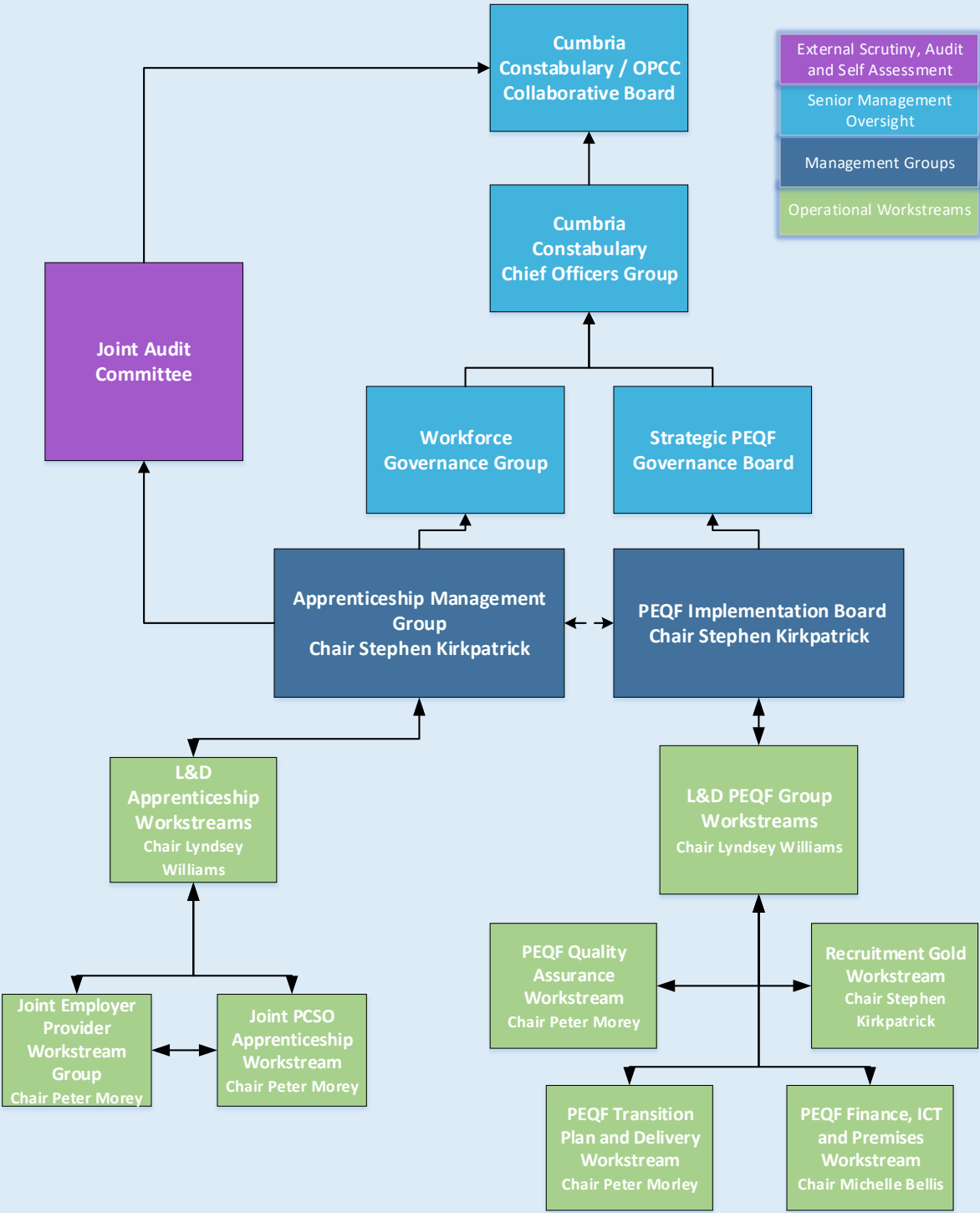
ESFA Register of Apprenticeship Training Providers (RoATP) has three classifications of registration.

1. **Main Training Provider** – sole business purpose of the organisation is to provide apprenticeship training to other businesses employees, i.e. FE College, Training Provider or University. Is responsible and accountable to the ESFA for apprenticeship funding and Ofsted for quality assurance.
2. **Employer Provider** – An employer who is registered to provide apprenticeship training only to its own employees and draw down the levy funding to cover the direct training costs of that apprenticeship training. An Employer Provider can also be a subcontractor to another main training provider, i.e. a University delivering the PCDA apprenticeship and is able to receive a subcontracted fee to cover the direct costs of any training it delivers on that apprenticeship programme. The Employer Provider is responsible and accountable to the ESFA for apprenticeship funding and Ofsted for quality assurance.
3. **Supporting Provider** – An employer who only wishes to act as a sub-contractor to a main training provider can only receive funding to cover the cost of training it provides and is not able to deliver the whole training as required for the apprenticeship programme. Is responsible and accountable to main provider who has overall responsibility for the ESFA apprenticeship funding and Ofsted for quality assurance. A supporting provider there is a new rule, which limits the amount of subcontracted provision a provider Registered on the Register of Apprenticeship Training Provider (RoATP) as a supporting (subcontracted) provider in the first year to £100,000. Should the force decide to become a Supporting Provider we would be limited to this threshold. There is also an upper £500,000 threshold after the first year of delivery. As an employer provider there currently is no upper limit the Constabulary could receive funds for subcontracted delivery of the PCDA / PCSO apprenticeships.

**Appendix 2 current Apprenticeship Management Governance Structure**



**Cumbria Constabulary PEQF Implementation and Apprenticeship Governance Structure**





**Appendix 3** Quality Improvement Plan 2018/19 for Apprenticeships V0.3 (Revised due to the decision not to progress PCSO training as an apprenticeship programme)

## Quality Improvement Plan 2018 – 19 for Apprenticeships

Area for Improvement:	<b>Theme 1 How much progress have leaders made in ensuring that the provider is meeting all the requirements of successful apprenticeship provision?</b>					
Ref. No	Specific action to address area for improvement / maintain strength	Success Measure	By when	Person resp	Progress May/September/Nov	RAG rating
IA1.1	Access to required data systems to enable the development of ESFA data compliance requirements and an audit framework to be developed.	Timely monthly ILR returns made to the ESFA  Internal Learning and Development Audit of documentation 100% accurate	June 2020  August 2020	Elaine Flowers  Elaine Flowers	Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will not commence until the Constabulary confirms recruitment to and training of its own apprenticeship cohort as an employer provider.	N/A
IA1.2	Set challenging key performance indicators, which will enable managers to monitor the progress learners make throughout the duration of the apprenticeship programme.	KPIs are established and monitored.  Managers are fully aware of how apprentices are progressing on the programme, with timely interventions made to support apprentice success.	Sept 2019	Peter Morley	KPIs for Apprenticeship and for PEQF Collaboration have been developed and agreed at the Apprenticeship Management Group and PEQF Implementation Board.	G
IA1.3	A system for individual progress reviews, linked to the initial assessment and the	Progress review process is developed for implementation.	Sept / Nov 2019	Peter Morley	UCLan our University provider for the PCDA apprenticeship is leading the process and documentation for	A

	apprentices development of the skills, knowledge and behaviours of the PCDA and PCSO apprenticeship standard, with clear milestones to monitor learners progress needs to be developed.	Apprentices and trainers are aware of how they are progressing on the programme, and what areas need support, for progress to be made.	Aug 2020	Elaine Flowers	Progress Reviews for the PCDA Apprenticeships.	
IA1.4	Development of a continuous professional programme for trainers aligned to the new apprenticeship standards.	TNA for trainers is completed. Individual and joint training programmes are provided.	Sept 2019	Peter Morley	CPD for Police Trainers who will be delivering the PCDA apprenticeship alongside UCLan staff, has been identified with a Level 5 20 credit module Cert in Academic Skills in Policing being delivered by UCLan to Police Trainers in October 2019. With progression onto the PG Cert in HE for those Police Trainers who do not have a level 6 degree.	G
IA1.5	The roles and responsibilities associated to the tutor role are defined, along with any training requirements.	Roles and responsibilities of tutors established and communicated to those involved in apprenticeships. Appropriate training identified and provided.	Sept 2019 Nov 2019	Peter Morley	Work is ongoing in relation to role requirements of Police Tutors involved in Police Officer apprenticeship training. Programme / assessment development with UCLan the Training Department and PDU Area Sergeants is informing work.	A
IA1.6	Development of the PCSO apprenticeship curriculum, including End Point Assessment Gateway, to meet apprenticeship standard, knowledge, skills and behaviours, the 20% off the job training requirements for an apprenticeship. Gaining SfJ Awards accreditation for the Level 4 Diploma in	PCSO curriculum developed, resources to delivery identified. Off the job training to be planned within the apprenticeship programme.	Dec 2019	Peter Morley	Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will not commence until the Constabulary confirms recruitment to and training of its own apprenticeship cohort as an employer provider.	N/A

	Community Policing Practice (Police Community Support Officer).	Off the job training guidance refreshed for PCSO role.				
IA1.7	Development of a quality assurance cycle for apprenticeship programmes, which include gaining feedback from the apprentice and key stakeholders.	Quality cycle developed and implemented.  Schedule for apprentice and stakeholder feedback produced along with questionnaire etc.	Dec 2019  Dec 2019	Elaine Flowers  Peter Morley	The quality assurance process and documentation for the PCDA Apprenticeships has been reviewed in regards to working in partnership with UCLan the HEI training provider. UCLans academic quality assurance processes will inform further work.	A
<i>Area for Improvement:</i>	<b><i>Theme 2 What progress have leaders and managers made in ensuring that apprentices benefit from high quality training that leads to positive outcomes for apprentices?</i></b>					
<i>Ref. No</i>	<i>Specific action to address area for improvement / maintain strength</i>	<i>Success Measure</i>	<i>By when</i>	<i>Person resp</i>	<i>Progress May/September/Nov</i>	<i>RAG rating</i>
IA2.1	Development of the curriculum to ensure apprentices have the required set of knowledge, skills and behaviours for each of the progress milestones including the EPA Gateway, during the apprenticeship programme.	PCSO curriculum and apprentice journey with milestones developed.	Nov 2019	Peter Morley	Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will not commence until the Constabulary confirms recruitment to and training of its own apprenticeship cohort as an employer provider.	N/A
IA2.2	Structured process to check the knowledge and skills gained by an apprentice during the block training weeks. Linked to a system to track, monitor and record the apprentice's progress, to include: knowledge, skills and behaviours,	Process for knowledge , skills and behaviours checks implemented  Assessed through apprentice feedback, the apprentice understands how they are progressing on their	PCSO March 2020  PCSO June 2020	Peter Morley  Elaine Flowers	Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will not commence until the Constabulary confirms recruitment to and training of its own	N/A

	attendance, safeguarding, Prevent and British values at identified milestones.	apprenticeship programme against targets and what they need to do to progress.			apprenticeship cohort as an employer provider.	
IA2.3	Development of a robust apprenticeship recruitment process for PCSO and PCDA apprentices, which provide information, advice and guidance on the apprenticeship and future career guidance. Development of a process, supports appropriate recruitment to the apprenticeship programme, which enables the recognition of any relevant prior learning associated to the intended apprenticeship to inform planning to meet individual learning needs.	Refreshed apprenticeship recruitment process developed and implemented to meet apprenticeship and ESFA guidance.  Assessed through apprentice feedback, the apprentice is aware of their career options once they have completed their apprenticeship.	PCSO Sept 2019  PCSO June 2020	Di Johnson  Elaine Flowers	Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will not commence until the Constabulary confirms recruitment to and training of its own apprenticeship cohort as an employer provider.  The recruitment process for the PCDA apprenticeship has been agreed with UCLan and is being implemented for the first PCDA cohort due February 2020.	N/A
IA2.4	Development of an apprenticeship induction, with an accompanying apprentice handbook to cover initial assessment, apprenticeship programme, support available to the apprentice, safeguarding, Prevent, British Values and relevant information in regards to the role and Constabulary.	On boarding infrastructure in place, to ensure apprentice is prepared for their role.	PCSO Jan 2020	Peter Morley / Elaine Flowers	Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will not commence until the Constabulary confirms recruitment to and training of its own apprenticeship cohort as an employer provider.	N/A
IA2.5	Development of process and procedures for giving timely and supportive feedback to apprentices, linked to progress reviews. In addition, the development of a 'reflective log', to be completed by the	Apprentices are on target to achieve the apprenticeship by their planned end date.	PCSO April 2021	Peter Morley	Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will not commence until the Constabulary confirms recruitment to and training of its own	N/A

	PCSO apprentice to support the Level 4 qualification and how the apprentice is developing their knowledge, skills and behaviours required for the apprenticeship.				apprenticeship cohort as an employer provider.	
IA2.6	Development of the Strength Based Conversations to include observation of teaching and learning feedback and monitoring of action undertaken to improve performance.	Appropriate quality assurance measures have been implemented and the impact of training on apprentices' learning and progress is being monitored.	Aug 2020	Peter Morley	Action to be completed by August 2020	A
<i>Area for Improvement:</i>	<b><i>Theme 3 How much progress have leaders and manager made in ensuring that effective safeguarding arrangements are in place?</i></b>					
<i>Ref. No</i>	<i>Specific action to address area for improvement / maintain strength</i>	<i>Success Measure</i>	<i>By when</i>	<i>Person resp</i>	<i>Progress May/September/Nov</i>	<i>RAG rating</i>
IA3.1	Safeguarding and Prevent training to be undertaken for Police Trainers, tutors and relevant Police staff prior to PCSO apprenticeship commencing, Safeguarding and Prevent Training log to be established.	All staff identified have completed training.  PCSO Tutors	Feb 2020  May 2020	Peter Morey	Designated Safeguarding Lead and Deputy Safeguarding Lead have undertaken Safeguarding Level 3 training as required for the role.  Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will now be reviewed following discussions with our main training provider UCLan for the PCDA apprenticeship programme.	A
IA3.2	Apprentice Induction programme to include safeguarding and Prevent training and provide an opportunity for the	On boarding infrastructure in place, to ensure apprentice is prepared for their role.	PCSO Jan 2020	Peter Morley /	Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will not commence until the	N/A

	apprentice to raise any welfare, safeguarding concerns. The apprentice Handbook to include Safeguarding, Prevent and British Values, how to access support, along with what to do if you have a concern.			Elaine Flowers	Constabulary confirms recruitment to and training of its own apprenticeship cohort as an employer provider.	
IA3.3	Apprenticeship recruitment process to be developed to identify early any welfare, learning and safeguarding needs to of apprentices, possibly through the development of a questionnaire.	Refreshed apprenticeship recruitment process implemented.  Assessed through apprentice feedback, the apprentice is aware of themselves and service users safe	PCSO Sept 2019  PCSO June 2020	Di Johnson  Elaine Flowers	Due to decision not to offer PCSO training as an apprenticeship programme for March 2020, this action will not commence until the Constabulary confirms recruitment to and training of its own apprenticeship cohort as an employer provider.	N/A
IA3.4	Within the tutor role allocate planned time to discuss welfare and safeguarding with the apprentice.	Progress reviews are completed with feedback on welfare and safeguarding.  Assessed through apprentice feedback, the apprentice follows safe working practices in their role	Aug 2020	Elaine Flowers	Work is ongoing in relation to role requirements of Police Tutors involved in Police Officer apprenticeship training. Programme / assessment development with UCLan the Training Department and PDU Area Sergeants is informing work.	A
IA3.5	Develop within individual progress reviews mandatory questions to ensure that apprentice welfare, safeguarding, Prevent and British values are covered, and acted upon and if necessary raised with the Designated Safeguarding Lead.	Audit of progress reviews demonstrate they are completed with feedback on welfare and safeguarding.	Nov 2020	Elaine Flowers	UCLan our University provider for the PCDA apprenticeship is leading the process and documentation for Progress Reviews for the PCDA Apprenticeships.	A

IA3.6	Development of a Prevent duty risk assessment / action plan that identifies the risks associated with radicalisation and extremism, that apprentices may come across in their role and in everyday lives.	<p>A Prevent duty risk assessment / action plan developed and implemented.</p> <p>Assessed through apprentice feedback, the apprentice follows safe working practices in their role</p>	<p>Jan 2020</p> <p>Aug 2020</p>	<p>Peter Morley</p> <p>Elaine Flowers</p> <p>Elaine Flowers</p>	<p>Cumbria Constabulary prevent duty practice, risk assessment and action plan, for police staff and police officers involved in delivery of apprenticeships and apprentices, has been developed and consultation has taken place with Detective Constable Counter Terrorism and Detective Chief Inspector, Public Protection &amp; Partnerships. The Prevent Duty Practice and Risk Assessment / Action Plan is on the agenda for the next Apprenticeship Management Meeting on the 8<sup>th</sup> October 2019.</p>	G
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Peter McCall

# Treasury Management Activities 2019/20

## Quarter 1 (April – June 2019)

Public Accountability Conference 25 July 2019

Joint Audit Committee Meeting 19 September 2019

### Purpose of the Report

The purpose of this paper is to report on the Treasury Management Activities (TMA), which have taken place during the period April – June 2019, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management. TMA are undertaken in accordance with the Treasury Management Strategy Statement (TMSS) and Treasury Management Practices (TMPs) approved by the Commissioner in February each year.

### Recommendations

The Commissioner is asked to note the contents of this report.

JAC Members are asked to note the contents of this report. The report is provided as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy.

### Economic Background

During the quarter ended 30 June 2019:

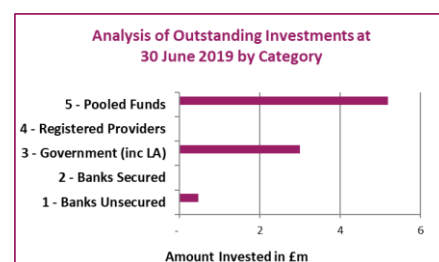
- Brexit was delayed until 31<sup>st</sup> October 2019;
- GDP rose by a solid 0.5% quarter to quarter during January to March, but contracted at the start of April;
- The fundamentals that determine consumer spending remained healthy;
- Inflation bobbed around the Bank of England's 2% target.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. There is unlikely to be any further action from the MPC until the uncertainties over Brexit clear. Link Treasury Services (the PCC's Treasury Advisors) prediction is that bank rates will not rise until September 2020. If there were a no deal exit, it is envisaged that bank rate would be cut in order to support growth.

### TM Operations and Performance Measures

The Commissioners day to day TMA are undertaken in accordance with the TMSS. The TMSS establishes an investment strategy with limits for particular categories of investment and individual counterparty limits within the categories.

**Outstanding Investments:** As at 30 June 2019 the total value of investments was **£8.668m** and all were within TMSS limits. The chart below shows the outstanding investments at 30 June by category.



A full list of the investments that make up the balance of **£8.668m** is provided at **Appendix A**.

**Investment Activity:** During quarter one no investments were placed within TM categories 1-3 (banks unsecured, banks secured and Government). There were regular

investments made via money market funds (category 5 pooled funds) as part of cash flow management.

**Non-specified investments:** The TMSS sets a limit for investments with a duration of greater than 365 days at the time the investment is made (known as non-specified investments), this limit is £3m. At 30th June the Commissioner had no investments that met this definition.

**Investment Income:** The budget for investment interest receivable in 2019/20 is £165k. The current forecast against this target is that the actual interest will be in the region of £130k. The budget included potential interest earned from investment in a property fund. Given the uncertainty around Brexit, particularly a no-deal Brexit and the possibility of a recession putting pressure on property prices, it has been decided to hold off on this kind of investment until the effects of Brexit are clearer. Factors such as future interest rates available and investment balances will also affect the final sum for investment income received.

The average return on investment at the end of quarter 1 is 0.83%.

As a measure of investment performance, the rate achieved on

maturing investments of over 3 months in duration is compared with the average BOE base rate.

The table below illustrates the rate achieved on the two maturing investments of over three months duration in quarter 1 compared with the average base rate for the duration of the investment.

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Lancashire County Council	£2m	12	1.00%	0.68%
Moray Council	£2m	6	1.00%	0.75%

**Cash Balances:** The aim of the TMSS is to invest surplus funds and minimise the level of un-invested cash balances. The actual un-invested cash balances for the period April to June are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	91	3,818	28,519
Days Overdrawn	0	0	0

The largest un-invested balance occurred on the 30<sup>th</sup> April (£29k) whereby a large amount of seized cash and a large cheque for vehicle insurance was banked and cleared on the same day. In line with procedure, any funds banked during the day are subject to checking by the bank and could be removed from our account again while any issues are resolved, which would have resulted in an overdrawn account. It is therefore normal practice that this cash is not invested

into the liquidity select account and would have been left in the main fund account. The banks have introduced a new faster cheque clearing system. In the past we were certain that the cheques that are banked would show in our account as cleared funds two days later. With the new system, cheques are clearing on the same day or the day after. This is making it difficult to predict the account balance for the purpose of investment may result in a slightly higher overnight balances on occasion.

There were no occurrences of the account being overdrawn in quarter one.

**Prudential Indicators**

In accordance with the Prudential Code, the TMSS includes a number of measures known as Prudential Indicators, which determine if the TMSS meets the requirements of the Prudential Code in terms of **Affordability, Sustainability and Prudence.**

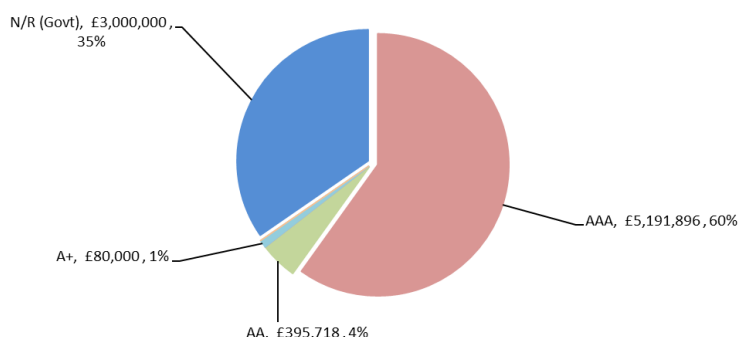
An analysis of the current position with regard to those prudential indicators for the financial year 2019/20 is provided at **Appendix B.** The analysis confirms that the Prudential Indicators set for 2019/20 are all being complied with.

## Appendix A

### Investment Balance at 30 June 2019

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
<b>Category 1 - Banks Unsecured (Includes Banks &amp; Building Societies)</b>							
Svenska (Deposit Acc)	AA	Various	On Demand	N/A	0.30%	395,718	395,718
NatWest (Liquidity Select Acc)	A+	29/03/2019	01/04/2019	O/N	0.20%	80,000	80,000
						<b>475,718</b>	<b>475,718</b>
<b>Category 2 - Banks Secured (Includes Banks &amp; Building Societies)</b>							
						<b>0</b>	<b>0</b>
<b>Category 3 - Government (Includes HM Treasury and Other Local Authorities)</b>							
East Dunbartonshire Council	N/R (Govt)	06/03/2019	06/09/2019	68	1.05%	2,000,000	2,000,000
Thurrock Council	N/R (Govt)	31/01/2019	31/07/2019	31	0.93%	1,000,000	1,000,000
						<b>3,000,000</b>	<b>3,000,000</b>
<b>Category 4 - Registered Providers (Includes Providers of Social Housing)</b>							
None						0	0
						<b>0</b>	<b>0</b>
<b>Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)</b>							
Invesco	AAA	Various	On demand	O/N		2,000,000	2,000,000
Fidelity	AAA	Various	On demand	O/N		1,400,000	1,400,000
BlackRock	AAA	Various	On demand	O/N		591,896	591,896
Goldman Sachs	AAA	Various	On demand	O/N		500,000	500,000
Aberdeen Standard	AAA	Various	On demand	O/N		700,000	700,000
						<b>5,191,896</b>	<b>5,191,896</b>
<b>Total</b>						<b>8,667,614</b>	<b>8,667,614</b>









**Analysis of Outstanding Investments by Credit Rating of Counterparty at 30 June 2019 (Minimum Criteria per TMSS A-)**



Note – The credit ratings in the table & chart relate to the standing as at 07<sup>th</sup> July 2019, these ratings are constantly subject to change.

## Appendix B

### Prudential Indicators 2019/20

Prudential and Treasury Indicators		Result	RAG
<b>Treasury Management Indicators</b>			
<b>The Authorised Limit</b> <i>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not be sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section 3(1) of the Local Government Act 2003.</i>	TEST - Is current external borrowing within the approved limit	YES	
<b>The Operational Boundary</b> <i>The operational boundary represents an estimate of the most likely but not worst case scenario. It is only a guide and may be breached temporarily due to variations in cash flow.</i>	TEST - Is current external borrowing within the approved limit	YES	
<b>Actual External Debt</b> <i>It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investment rates compared to the costs of borrowing.</i>	TEST - Is the external debt within the Authorised limit and operational boundary	YES	
<b>Gross and Net Debt</b> <i>The purpose of this indicator is to highlight a situation where the Commissioner is planning to borrow in advance of need.</i>	TEST - Is the PCC planning to borrow in advance of need	NO	
<b>Maturity Structure of Borrowing</b> <i>The indicator is designed to exercise control over the Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i>	TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO	
<b>Upper Limit for total principal sums invested for over 365 Days</b> <i>The purpose of this indicator is to ensure that the Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</i>	TEST - Is the value of long term investments within the approved limit	YES	
<b>Prudential indicators</b>			
<b>Ratio of Financing Costs to Net Revenue Stream</b> <i>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs</i>	TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	
<b>Net Borrowing and the Capital Financing Requirement</b> <i>This indicator is to ensure that net borrowing will only be for capital purposes. The Commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.</i>	TEST - Is net debt less than the capital financing requirement	YES	
<b>Capital Expenditure and Capital financing</b> <i>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2018/19</i>	TEST - Is the current capital outturn within planned limits	YES	
<b>Capital Financing Requirement</b> <i>The CFR is a measure of the extent to which the Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i>	TEST - Is the capital financing requirement within planned limits	YES	