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**Our reference: IR**

**Date: 18<sup>th</sup> June 2020**

## **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 is scheduled to take place on **Thursday 24<sup>th</sup> June 2020 in Conference Room Two, Police Headquarters, Carleton Hall, Penrith, at 10:30am.** As a result of the corona virus outbreak, the OPCC & Constabulary are taking sensible precautions to limit the risk to our staff, members and the public. For this reason the meeting will not now take place as a face to face meeting but will instead be conducted using telephone conferencing facilities.

To access the conference call, any person wishing to join should take the following action:

1. Dial 0330 124 0840
2. When prompted enters Conference ID: 58816 followed by the #
3. When prompted record your name followed by the # you will then enter the conference
4. Hang up to end the conference

The development session planned for the afternoon has been cancelled and will be re-scheduled later in the year if required.

Participants are asked to mute their microphones when they are not speaking or to keep their papers some distance away from their phones to avoid noise disturbance on the call.

Apologies for any inconvenience this may cause.

**Vivian Stafford, Gillian Shearer  
Chief Executive**

Please note – there will be a private members conference call 9am – 10am followed by a private conference call with internal audit 10.05am – 10.20am

**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 18<sup>th</sup> March 2020.

**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, OPCC Chief Executive and CFO)*

**7. EXTERNAL AUDIT PLAN UPDATE**

To receive from the external auditors an update to the audit plan in response to covid 19 response. *(To be presented by Grant Thornton)*

- (i) External Audit Progress Report and Sector Update
- (ii) External Audit Plan Addendum Covid19

**8. EXTERNAL AUDIT FEES**

To receive from the external auditors the proposal in respect of audit fees. (Verbal update to be provided by Grant Thornton)

**9. RISK MANAGEMENT MONITORING**

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

- 10. ANTI-FRAUD AND CORRUPTION ACTIVITIES**  
To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. *(To be presented by OPCC Chief Executive)*
- 11. ETHICS AND INTEGRITY GOVERNANCE**  
To receive an annual report from the chair of the Ethics and Integrity Panel.
- 12. INTERNAL AUDIT – ANNUAL REPORT**  
To receive the Head of Internal Audit’s Annual Report including the Annual Audit Opinion. *(To be presented by Head of Internal Audit)*
- 13. EFFECTIVENESS OF INTERNAL AUDIT**  
To receive a report from the Joint Chief Finance Officer in respect of the effectiveness of internal audit. *(To be presented by the DCFO)*
- 14. INTERNAL AUDIT REPORT(S)**  
The following Internal Audit report has been completed within the last quarter and has been reviewed by the Committee members. These reports are not required to be discussed at this meeting and a copy of each audit report will be available to view on the OPCC website.

  - (i) Body Worn Video (Constabulary) - Mar 20
  - (ii) Training (Constabulary) - Apr 20
  - (iii) Treasury Management (Constabulary) - Apr 20
  - (iv) Financial Sustainability (Constabulary & OPCC) - May 20
  - (v) Police and Crime Plan (OPCC) - Jun 20
- 15. REASSESSING THE 2020/21 INTERNAL AUDIT PLAN**  
To receive the Head of Internal Audit’s Annual Report regarding reassessing the 2020/21 Internal Audit Plan. *(To be presented by Head of Internal Audit)*
- 16. JOINT AUDIT COMMITTEE – REVIEW OF EFFECTIVENESS**  
To receive a report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance. *(To be presented by the DCFO)*
- 17. JOINT AUDIT COMMITTEE – TERMS OF REFERENCE AND STANDING ORDERS UPDATE**  
To receive a report updating the Terms of Reference and Standing Orders following changes to Committee Tenure Arrangements. *(To be presented by the DCFO)*
- 18. TREASURY MANAGERMENTS ACTIVITIES**  
To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report. *(To be presented by the Deputy Chief Finance Officer)*



**19. ANNUAL GOVERNANCE STATEMENT****(i) Effectiveness of Governance Arrangements**

To receive a report from the Joint CFO on the effectiveness of the PCC's and CC's arrangements for Governance.

**(ii) Codes of Corporate Governance**

- a. To consider the PCC Code of Corporate Governance 2020/21
- b. To consider the CC Code of Corporate Governance 2020/21

**(iii) Annual Governance Statement**

To consider the PCC Annual Governance Statement for the financial year and to the date of this meeting

- a. PCC Annual Governance Statement 2019/20
- b. CC Annual Governance Statement 2019/20

**20. ANNUAL STATEMENT OF ACCOUNTS**

To receive the un-audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts.

- a. Statement of Accounts Narrative 2019/20 – To receive a report from the Joint Chief Finance Officer outlining the statement of accounts process for 2019/20  
*(To be presented by the Joint Chief Finance Officer)*
- b. PCC/Group Annual Statement of Accounts 2019/20  
*(To be presented by the Deputy Chief Finance Officer)*
- c. PCC/Group Summary Statement of Accounts 2019/20  
Please see pages 3-20 of the above PCC/Group Statement of Accounts 2019/20
- d. CC Annual Statement of Accounts 2019/20  
*(To be presented by the Deputy Chief Finance Officer)*
- e. CC Summary Statement of Accounts 2019/20  
Please see pages 3-20 of the above CC Statement of Accounts 2019/20

**21. POINTS FOR CONSIDERATION BY THE COMMISSIONER AND THE CHIEF CONSTABLE****Future JAC Meeting Dates (For Information)**

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

24 September 2020 @ 10:30 am – Conference Room 2

19 November 2020 @ 10:30 am – Conference Room 2

17 March 2021 @ 10:30 am – Conference Room 2

26<sup>th</sup> May 2021 @ 10.30am – Conference Room 2

28<sup>th</sup> July 2021 @ 1pm – Conference Room 2 – (pre-meet 11am-12pm)

**Future Police & Crime Panel Meeting Dates (For Information)**

21 July 2020 - Conference Room A/B, Cumbria House, Botchergate, Carlisle, CA1 1RD -  
Cancelled

16 October 2020 – Council Chamber - County Offices, Kendal, LA9 4RQ

28 January 2021 – Venue Council Chamber, Allerdale House, Workington, Cumbria. CA14  
3YJ

20 April 2021 - Control Room, Cumbria Fire and Rescue HQ, Carleton Avenue, Penrith,  
CA10 2FA.

## Agenda Item 4 – Part 1

### CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY

#### JOINT AUDIT COMMITTEE

Minutes of a meeting of the Joint Audit Committee held on Wednesday 18<sup>th</sup> March 2020 by telephone conference, in Conference Room 2, Police Headquarters, Carleton Hall, Penrith, at 10.30am.

#### **PRESENT**

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

#### **Also present:**

Chief Executive, Office of the Police and Crime Commissioner (Vivian Stafford)  
Deputy Chief Constable (Mark Webster)  
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)  
Director of Corporate Improvement (Jane Sauntson)  
Financial Services Apprentice (Inge Redpath)

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

The chair called the meeting to order.

#### **547. APOLOGIES FOR ABSENCE**

Apologies for absence were received from  
Audit Manager, Grant Thornton LLP (Gareth Winstanley)  
Deputy Chief Executive, Office of the Police and Crime Commissioner (Gillian Shearer)

#### **548. 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.

#### **549. 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.

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

No matters arising.

**RESOLVED**, that the minutes be recorded as a true record of the meeting held on 20<sup>th</sup> November 2019.

**10:40am the meeting moved to Part2 to consider Part 2 minutes from the previous meeting.**

**10:44am the meeting moved back to Part 1**

**RESOLVED**, that the minutes be recorded as a true record of the meeting held on 20<sup>th</sup> November 2019.

#### **551. ACTION SHEET**

Item 521 – JAC2 – Support and challenge any new governance arrangements.

The DCC updated the meeting following a meeting held on 2<sup>nd</sup> February 2020 looking at an early intervention approach to Local Focus Hubs in line with national good practice, this will possibly revise the working model of the hubs. Two Inspectors are now working on producing a model that will be consistently applied across the force area. This work will possibly take up to 12 months and then the committee would be invited as previously to visit and be briefed on the progress made.

**ACTION:** To update the action sheet to show target date moved to March 2021 and to be added to the forward programme.

Item 524 – Internal Audit Report – Local Focus Hubs (Constabulary) – Sep 2019.

The DCC updated the meeting confirming that 5 of the 6 MOU's are now signed and the final one has very minor changes and will be signed very shortly. Given the current situation and these meetings being held by conference call once all 6 have been signed scanned copies will be sent to committee so committee can be reassured everything is in order.

**ACTION:** To update the action sheet to show target date moved to May 2020.

Item 540(d) – OPCC Arrangements for Anti-fraud and Corruption/Whistleblowing. The CE confirmed that PSAA is relevant and therefore this action is now complete.

Item 545 – Internal Audit consultancy work “Review of seized dogs” action plan. The DCFO confirmed that this item had been omitted but would be updated post meeting.

**ACTION:** To update the action sheet to show target date moved to May 2020.

JAC1 – The committee agree this item is now complete.

JAC2 - The committee agree this item is now complete.

JAC4 - The committee agree this item is now complete.

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

## **552. CORPORATE UPDATE**

The DCC gave an update to the meeting around the current coronavirus (COVID 19) outbreak. The force has set up a structure under ACC Andy Slattery who is taking guidance from Cobra and the National Police gold meetings. Cumbria have produced a plan around core business and what work can be sidelined to free up resources. This plan has been taken-up by several other forces as a good practice model.

The force has prioritised work stream into:

Red – work around preventing threats to life and other critical incidents that police are required to respond to.

Amber – high risk work streams that if possibly should continue.

Green – low risk work that could potentially be suspended.

Departments have been split into different sections/locations to hopefully avoid entire team succumbing to this virus all at the same time. Any training events that have to take place will be done in a virtual environment. There is also a strategic coordinating group with the County Council, NHS and other partner agencies.

Out with coronavirus, day business continues where possible however it is likely to have an impact on Operation Uplift around number of new recruits coming through.

This situation has created many changes in the way people work, have meetings etc but it has been a positive step in showing that getting the best out of the ICT we have can reduce the need to travel to meetings.

The CE gave an update to the meeting. The OPCC have aligned themselves with the practices of the Constabulary, and trying to keep business as usual, both Chief Executives Vivian Stafford and Gillian Shearer are locating in difference areas, the CFO and DCFO are locating in different areas.

The elections for the PCC have been postponed for one year.

A member wanted to pass on thanks to the force and OPCC for their responses in this difficult time.

The CFO gave an update to the meeting. The grant settlement was received later than normal at the end of January 2020 giving a very short turn around but the budget produced within the timescales.

Overall, the grant settlement was favorable, Cumbria has been given £5.6m extra funding for 2020/2021, however, there has been a reduction in the capital grant of around £300k which mean we get very little in the way of capital grants.

The Commissioner had the option to raise Council Tax to the max of £10 (which equates to

approx. 3.89%) but agreed not to go to the maximum and settled on a rise of £8.91 (3.47%, which was in line with other Commissioners.

The government have given over extra funding for Operation Uplift but very little provision has been given for continuation of police services meaning that the Commissioner has to go out and ask for above inflation increases to Council Tax just to keep us on an even keel.

Capital programmes in the past have been funded through, capital receipts, capital grants and capital reserves, these funding sources have now been extinguished which means an increased burden on the revenue budget to support the capital programme, this is borne out by the revenue contribution to the capital budget having to increase from £1.2m p.a. three years ago to £3.5m this year.

Finally, we are always being asked to try and find saving on our budgets and this is shown as an annual budget gap of £2.5m – £3m has been identified in the medium term forecast to 2023/2024.

A member asked if the Constabulary are prepared given the current situation for the financial year end.

The CFO explained that the Financial Services Team are trying to maintain business as usual; judgement and estimates may have to be made and the proposal is to deliver that accounts as per the timetable.

A member asked if there were any other implication in the wider business environment.

The CFO assured committee that prompt action is being taken with suppliers to obtain mobile phone, laptops and hand sanitisers etc.

The DCFO updated the meeting to say were possible the Constabulary are paying suppliers on a 7-day payment term to show support our local suppliers.

## **553. STRATEGIC RISK REGISTER**

- OPCC Strategic Risk Register
- OPCC Operational Risk Register

The CE updated to the meeting on the OPCC Strategic Risk Register and OPCC Operational Risk Register. The report remains unchanged around Strategic Finance, ESN and Information management and the following new risks have been identified:

R5 – Commercial, the resignation of the Head of Commercial and the impact on the business moving forward.

R6 – OPCC Business Disruption caused by Covid-19.

A member asked what the current position was around the vacancy of Head of Commercial.

The CFO advised that the post had been advertised internally as staff are currently undergoing CIPS training however no internal applications were received. The post was also advertised externally and of the four external application three were unsuitable and the remaining one will be interviewed this afternoon 18<sup>th</sup> March 2020.

The CE briefed the meeting around arrangements for commissioning services, the OPCC is working with partner agencies during the corona virus outbreak.

- Constabulary Strategic Risk Register

The Director of Corporate Improvement gave an update to the meeting of the Constabulary risk register agreeing with the CE around both the risks of Head of Commercial and Covid-19.

Risk 42 - Covid-19 has not been scored as yet because work is still underway to its actual impact on the Constabulary, unlike most risks this could last a very long time and have a big impact on the way the Constabulary works. At the moment the Constabulary are logging all the cost implications around the pandemic.

A member queried why we have Risk 36 Head of Commercial and Risk 38 Head of Commercial. The Director of Corporate Improvement explained that Risk 36 - Head of Commercial relates to a lack of professional procurement capability compromises the ability to provide an effective and compliant procurement service, whereas Risk 38 - Head of Commercial relates to the adequate and timely medical provision not being provided within custody, these are two separate risks both the responsibility of the Head of Commercial.

**ACTION:** to update Risk 36 to red risk and score appropriately.

A member asked about the combination of risks due to Covid-19 and should these be collated as one.

The Director of Corporate improvement explained that while Risk 42 - Covid-19 has a big effect on policing it does not have an effect on many of the other risks within the register so at this moment it will be treated as a separate risk.

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

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

The CFO presented the report showing the following outstanding recommendations:

- Local Focus Hubs as previously explained by the DCC around refocusing on the Hub model which has been presented to COG.
- Blue Light Collaboration which has been put back to 1<sup>st</sup> October 2020.
- TRiM (Trauma Risk Incident Management) – The Audit report to be presented later in this meeting.

A member sought clarification on approval of changes to time scales for the Blue Light Collaboration as this was not clearly identified.

The CE confirmed that the Blue Light executive board was held last week after these papers had been submitted and the change to the timescales was agreed at that meeting.

A member asked about the totals in Appendix A as they were incorrect.

**ACTION:** to update Appendix A to show correct figures

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

#### **555. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Manager presented the progress report to 28<sup>th</sup> February 2020 showing all work is progressing as planned. Since the last meeting four reports have been finalised, three draft reports have been issues and field work in underway of a further four audits. Assurance levels are high with 89% of completed audits receiving reasonable or higher assurance. At this point Internal Audit anticipate sufficient coverage to form the annual audit opinion.

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

#### **556. INTERNAL AUDIT REPORT**

Internal Audit Manager presented the following report to the meeting:

- Firearms (Constabulary) – Nov 2019

A member queries the management response to working outside the restriction of the MOU. Internal Audit Manager confirmed that ACC Slattery has overriding responsibility and he is monitoring the situation to ensure that all work will be undertaken in accordance with the MOU.

- Blue Light Collaboration (OPCC) – Dec 2019

A Member asked what level of responsibility is the Safer Cumbria Coordinator.

The CE explained that the OPCC no longer has a Blue Light Manager and has moved to a more collaborative approach with partners and businesses. In October 2019 there was review of the arrangements and the audit report highlighted that a recording of the decisions and the changes were not reflected in the governance arrangements and broader terms of reference, these are now being amended. The Safer Cumbria Coordinator has been supporting the Blue Light groups and is therefore the appropriate person for the post. The report did highlight a lack of a comprehensive framework to measure the impact of the collaborative work, this work will now take place following the executive board meeting last week.

Following the review in October 2019 governance arrangements have been streamlined and now there will be a bi-annual report into the progress of Blue Light Collaboration.

The chair suggested that in the light of the decisions having made at the Executive Board last week it would seem appropriate for the JAC to have an update on the recommendations and proposed new governance arrangements at the next meeting.

**ACTION:** to update on the progress of audit recommendations around Blue Light Collaboration.

- Commercial solutions – Procurement (Constabulary & OPCC) – Dec 2019

The Internal Audit Manager gave brief update and asked the committee to note the positive assurance in this area moving from partial to reasonable and quite a number of strengths



have been identified in paragraph 4.5 of the report.

The chair asked about the Roadshows scheduled for March 2020.

The DCC explained given the current situation they are looking at delivering these roadshows through Microsoft Team broadcasts.

- TRiM (Constabulary) – Feb 2020

The Internal Audit Manager explained that this report provides partial assurance giving, two high, two medium and one partial recommendation and to acknowledge that the service provided is a voluntary one.

A member questioned the implementation dated of some of the recommendations which was set at 29<sup>th</sup> February 2020 and has now been put back to 30<sup>th</sup> April 2020 as it is reliant on a new post being created and this person making an impact.

The DCC agreed this is quite an ambitious timeline, the post has yet to be filled.

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

12:19 the meeting broke for comfort break

12:24 the meeting resumed

#### **557. INTERNAL AUDIT: CONSIDERATION OF THE VALUE AND ASSURANCE FROM CONSULTANCY/ADVISORY WORK**

The Group Audit Manager presented this report to show the value and assurance this type of reporting could provide. A report on Seized Dogs has already been presented to a previous meeting. The next piece of consultancy work around Vehicle Utilisation is currently ongoing, a feedback meeting was scheduled for last week but had to be cancelled. This report will look at the strategic approach to vehicles and the utilisation will use mileage as the proxy. Overall, the fleet does approximately 5.2m miles a year there is also a significant hire usage equating to an additional 27 vehicles in the fleet over the year. This report should hopefully be complete in the next few weeks.

Lessons learnt regarding this type of work against standard audit work would be that more resources are needed for this type of work. There is a view that three reviews this year was an ambitious target and moving forward it would be advisable to do one larger more comprehensive review.

Internal Audit would like to ask if the Custody Medical Contract piece of consultancy work should go ahead or should Internal Audit reduced the days on the plan.

The Chair asked if a separate report would be presented to committee on the Fleet Utilisation. The Group Audit Manager confirmed that yes, a report would be brought to a future meeting.

The Chair asked for reflections on whether these reports added value?

The DCC felt the report that would show how much value this type of work is would be the

Fleet Utilisation report.

A member felt the report should have had more comments and views from the Constabulary and senior officers. Also, there was no cost comparison in regard to this type of work against standard audit days and audit costs, this would have been a good exercise to compare the two.

The Chair asked what will happen if the Custody Medical Contract piece of work is not done. The Group Audit Manager confirmed any decision would be for the Constabulary to make. The DCC updated the meeting to say that the Commercial Team have been doing some work around the Custody Medical Contract but what their outcomes are is not known at this time.

**ACTION:** to accept this report and consider the proposals for the way forward at the meeting following the delivery of the Fleet Utilisation Report.

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

#### **558. PROPOSED INTERNAL AUDIT PLAN/INTERNAL AUDIT CHARTER**

- Internal Audit Plan Cover Report
- Draft Internal Audit Plan 2020/21
- Internal Audit Charter

The Group Audit Manager presented the reports. The plan is in a similar format to previous years. There are 281 days allocated for audit most of which has been allocated as per the plan leaving 10 days unallocated. The audit team will now be looking at the way business are being organised around COVID 19 when planning meetings, visits etc in order to undertake the audit work.

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

#### **559. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

The Internal Audit Manager presented the report which is a requirement under the Public Sector Internal Audit Standards designed to provide assurance that all Internal Audit work is done in accordance with these standards.

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

12:50 Richard McGahon leaves the meeting

#### **560. CAPITAL STRATEGY, CAPITAL PROGRAMME AND TREASURY MANAGEMENT STRATEGY**

- Capital Strategy 2020/21
- Capital Programme 2020/21 & beyond
- Treasury Management Strategy Statement 2020/21

The DCFO presented the reports, the main point for consideration is the Treasury Management Strategy Statement and Treasury Management Practices. The Treasury Management Practices have not been included, they have been reviewed but not felt necessary to bring to this meeting, they are however available on the website. The Treasury Management Strategy Statement has been redesigned. A debate is currently being had around the impact of COVID 19 on investments, as to whether we should restrict them to only Government and Local Authorities, this would not only help other Local Authorities at this time but also be a more secure investment strategy..

The Chair thanked the DCFO for the reports and the change new format and sought clarification as to the figures on page 16 “Principal sums invested for periods longer than a year” could this be shown as a % against the total amount invested to give a clearer picture.

The DCFO agreed and this would be looked into.

**RESLOVED**, the reports be noted especially the Treasury Management Strategy Statement and there are no comments for the Commissioner around these reports.

#### **561. RISK MANAGEMENT STRATEGY**

- OPCC Risk Management Strategy – Covering Report
- OPCC Risk Management Strategy

The CE presented the OPCC Risk Management Strategy Covering Report and Risk Management Strategy, a small amount of changes have been made to these reports with the assist of committee member Jack Jones.

**RESLOVED**, that the report be noted

- CC Risk Management Policy

Director of Corporate Improvement presented the CC Risk Management policy, the policy was reviewed in May 2019 following input from Internal Audit and this will now be reviewed on a yearly basis as part of audit recommendations. Key points are the policy now reflects the Constabulary’s revised objectives, Vision 25 and governance structure which has been updated again since May 2019.

A member noted that Appendix 3 and Appendix 4 were not printed off and added to the packs and there was no mention in the report Section 5 “Supporting Information” to show Appendix 5

**ACTION:** to amend the website packs to include Appendix 3 and Appendix 4.

**ACTION:** to update the policy section 5 to include Appendix 5.

**RESLOVED**, that the report be noted

## **562. JAC ANNUAL WORK PROGRAMME – ASSURANCE FORMAT**

The DCFO presented the Annual Work Programme, this is in the same format as in previous years with very little change.

A Member noted that the programme showed an incorrect date to the July meeting Appendix B.

**ACTION:** to update Appendix B to show the correct date for July 2020 Meeting.

**RESLOVED,** that the report be noted

## **563. EXTERNAL AUDIT PLAN**

The Engagement Lead presented the External Audit Plan for 2019/20. This report summaries the risks and issues around the audit of final accounts.

The significant risk around valuation of Land and Buildings and the risk around the valuation of Net Pension Liability, have been highlighted by the Financial Reporting Council as areas of all audits that need to improve. Both Land and Building and Pension Liability are large pieces of work and require the input of external parties such as actuaries, how this will work in the current situation is unknown.

External Audit have set the materiality level for the accounts at £2.8m. The auditors noted as part of the Value for Money Arrangements that cumulative savings which need to be made have been estimated at £8.9m in the Medium Term Financial Forecast (MTFF) up to 2023/24. Fees variation was submitted last year around valuation of Property, Plant and Equipment and Pension Liability and the new fees variation of £6,500 has been shown in the document on page 15 and is awaiting approval from PSAA.

The audit is now set for September 2020.

The Chair questioned if the fee variation was approved last year and are the CFO and DCFO content with the 2020/21 fee variation?

The Engagement Lead confirmed it was approved.

The CFO confirmed that the Constabulary aim is to carry on but try and be flexible where possible and the fees are as expected given the extra requirements. Ongoing dialogue between the Constabulary and External Audit will hopefully mean the accounts can be submitted within the timescales.

The DCFO agreed with the CFO's comments and to meet these deadlines will depend on how many staff we have in place to undertake the work.

**RESLOVED,** that the report be noted

## **564. VALUE FOR MONEY**

Director of Corporate Improvement presented the Value for Money report, the value for money profiles are produced yearly by Her Majesty's Inspector of Constabulary, Fire and Rescue Services (HMICFRS) and this report is the result of the 2019 profiles which came out in December 2019.

This report focuses on where Cumbria is an outlier and an outlier is defined as in the top or bottom 10% of forces and where the effect of the difference is greater than £1 per head of population.

The Constabulary were outliers mostly in the same areas as in previous years and this is because we are a small population with a large geographical area. We have high fixed cost due to the geographical area.

The report is based on returns from all constabularies so they are open to an element of interpretation and now there is a national stream of work which the CFO is part of looking at how the data is collated and profiled to hopefully create better and more meaningful reports.

**RESLOVED**, that the report be noted

#### **565. TREASURY MANAGEMENT ACTIVITIES**

The DCFO presented the report for quarter 3; to 31 December 2019. The report provides a forecast for income from investments which as at 31 December 2019 was £130k, falling short of the target of £135k, since then, the Bank of England have cut the base rate again from 0.75% to 0.25%. The investment balance as at 31<sup>st</sup> December 2019 was £14.7m. The report also provides assurance that the prudential indicators that were set last year by the Commissioner have all been complied with.

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

#### **566. POINT FOR CONSIDERATION BY THE COMMISSIONER AND THE CHIEF CONSTABLE**

There were no points for consideration by the Commissioner and the Chief Constable following this meeting.

#### **567. LESSONS LEARNT AROUND TELEPHONE CONFERENCING FOR JAC MEETING**

The chair asked for comments on how the committee felt about having this meeting through dial in, it has taken three hours instead of the usual two and half.

The DCC suggested the option of video conference through skype instead of dial up.

**ACTION:** to further investigate the use of skype video.

A member asked if the committee could have a pre-meet conference call so they could talk through any issues before the actual meeting.

**ACTION:** to put in place 15-minute pre-meet call for members alone.

The Chair suggested that if the use of questions in advance was an option then the paper would need ideally to go out at least 10 days in advance of the meeting

**ACTION:** to look at the option of questions in advance being prepared.

**Meeting ended at 13:35pm**

**Future JAC Meeting Dates (For Information)**

28 May 2020 @ 10:30 am – Conference Room 2 TBC  
24 June 2020 @ 10.30 am – Conference Room 2 TBC  
29 July 2020 @ 10:30 am – Conference Room 2 – (pre-meet 9.15-10.15am)  
24 September 2020 @ 10:30 am – Conference Room 2  
19 November 2020 @ 10:30 am – Conference Room 2  
17 March 2021 @ 10:30am – Conference Room 2

**Future Police & Crime Panel Meeting Dates (For Information)**

7 April 2020 – Barrow  
21 July 2020 – Carlisle  
16 October 2020 – Kendal  
28 January 2021 – Venue tbc

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

## Joint Audit Committee – Action Update and Plan

Minute Item and date of Meeting	Action to be taken	Person Responsible	Target Date	Comments	Status
521 (19/09/19)	JAC2 - Support and challenge any new governance arrangements	The DCC & Internal Audit	Mar 2020 Amended to Mar 2021	For Officers and Internal audit to consider how the committee can contribute to the review of governance in the collaborative work around the Local Focus Hubs.  Following JAC Meeting 18/3/20 target date to be revised the March 2021	
524 (19/09/19)	Internal Audit Report - Local Focus Hubs (Constabulary) – Sep 19	Deputy Chief Constable	Nov 2019 amended to Mar 2020 Amended to May 2020 Mtg Moved to Jun 2020	To update committee regarding the compliance on GDPR within the Local Force Hubs to ensure this is being progressed in a timely manner.  DCC – 4 out of 6 now completed final 2 given two more weeks to comply, signed documents to be brought to next meeting – Target date amended to Mar 20  Following JAC Meeting 18/3/20 target date to be revised the May 2020	
540(b) (20/11/19)	Joint Procurement Regulations	Head of Commercial Solutions	Nov 2021	To amend the word “Quotes” to “Tenders” on page 21 mapping document.	
540(b) (20/11/19)	Joint Procurement Regulations	Head of Commercial Solutions	Nov 2021	To make a formal link from the joint procurement regulations to the procurement handbook.	

540(e) (20/11/19)	Constabulary Arrangements for Anti-fraud & Corruption /Whistleblowing	DCI PSD	Nov 2020	To check and update definition of Fraud and Corruption on page 7 if appropriate.	
545 (20/11/19)	Internal audit consultancy work “review of seized dogs” action plan	DCFO	Mar 2020 amended to Jul 2020	To add the recommendations to the audit monitoring report.  Apologies, this has been omitted from the audit recommendations report for this meeting. I am progressing an update and will provide an update on these actions post meeting. Following JAC Meeting 18/3/20 target date to be revised the May 2020  MB – Will be included in the next audit recommendations update report to committee at the July meeting.	Ongoing
553(ii) (18/03/20)	Internal Audit Report – Blue Light Collaboration (OPCC) – Dec 19	Chief Executive	May 2020 Mtg Moved to Jun 2020	To update on the progress of audit recommendations around Blue Light Collaboration.  Performance Framework to be signed off by the Executive (Rec 4)	Ongoing
553(iii) (18/03/20)	CC Strategic Risk Register	Director Corporate Improvement	May 2020 Mtg Moved to Jun 2020	To update Risk 36 to red risk and score appropriately  Please note that anticipated circumstances around this risk as discussed in the meeting in March 2020 have not materialised – therefore the risk remains as a yellow risk – this item is now considered closed	Complete
554 (18/03/20)	Monitoring of Audit, Internal and other recommendations	DCFO	May 2020 Mtg Moved to Jun 2020	To update Appendix A to show correct figures MB – correct figures will be updated and checked in next report to committee in July 2020.	Complete
557 (18/03/20)	Internal Audit: Consideration of the value and assurance of consultancy work	Internal Audit	May 2020 Mtg Moved to Jun 2020	To accept this report and propose the way forward at the next meeting following the delivery of the Fleet Utilisation Report.  Due to the COVID-19 outbreak all Internal Audit work was temporarily suspended at management’s request. We will complete this work once we recommence our Internal Audit work.	Ongoing



561(iii) (18/03/20)	CC Management Policy	Risk	Financial Service Apprentice	May 2020 Mtg Moved to Jun 2020	To amend the website packs to include Appendix 3 and Appendix 4. The website has now been updated to show a full CC Risk Management Policy document, this item is now considered closed.	Complete
561(iii) (18/03/20)	CC Management Policy	Risk	Director Corporate Improvement	May 2020 Mtg Moved to Jun 2020	To update the policy section 5 to include Appendix 5.  The policy has been updated accordingly – this item is now considered closed	Complete
562 (18/03/20)	Annual Programme	Work	DCFO	May 2020 Mtg Moved to Jun 2020	To update Appendix B to show the correct date for July 2020 Meeting. MB - Annual work programme amended to reflect correct date of July meeting as 29/07/2020	Completed
567 (18/03/20)	Lessons Learnt		Financial Services Apprentice	May 2020 Mtg Moved to Jun 2020	To further investigate the use of skype video  ICT confirm the meeting can be held by either, dial up (currently used), Skype or Teams whichever suits the participants	Ongoing
567 (18/03/20)	Lessons Learnt		Financial Services Apprentice	May 2020 Mtg Moved to Jun 2020	To put in place 15-minute pre-meet call for member alone  Added to upcoming agenda, this item is now considered closed.	Completed
567 (18/03/20)	Lessons Learnt		DCFO	May 2020 Mtg Moved to Jun 2020	To look at the option of questions in advance being prepared MB – May meeting deferred to 24 June.	Ongoing

## Joint Audit Committee – Review of Effectiveness Action Plan 2020/21

Ref	Improvement Area	Planned Action	Owner	Review Date	Status
JAC1	Support and monitor the OPCC and Constabulary plans to address the current funding environment.	<p>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.</p> <p>JAC members to consider efficiency aspects of any recommendations or reports to Committee.</p>	JAC	March 2021	In progress
JAC2	Support and challenge any new governance arrangements, for example, from restructuring and capacity reviews including Operation Uplift, greater collaboration with other organisations, joint working on delivery of services or external factors such as COVID19.	JAC to encourage clarity in any new arrangements; appropriate documentation and; ensure governance arrangements considered as part of the risk assessment.	JAC	March 2021	In progress
JAC3	Consider the impact of new or emerging developments, such as, COVID19 on internal and external audit work programmes to ensure that they remain relevant.	<p>Members to continue maintain awareness of issues through corporate updates and wider reading and seek to understand how this impacts on governance arrangements.</p> <p>JAC to consider on an ongoing basis how the work of the Committee and the internal and external audit work programmes remain relevant.</p>	JAC	March 2021	In progress

# Audit Progress Report and Sector Update

Police and Crime Commissioner for Cumbria  
Year ending 31 March 2020

15th June 2020



# Contents and Introduction



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**Engagement Lead**

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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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## Contents

<a href="#">Progress at June 2020</a>	3
<a href="#">COVID-19 Update</a>	4
<a href="#">Audit Deliverables</a>	5
<a href="#">Sector Update</a>	6

# Progress at June 2020

## Financial Statements Audit

We have started planning for the 2019/20 financial statements audit in February 2020 and have issued a detailed Joint Audit Plan, setting out our proposed approach to the audit of the Group, PCC and Chief Constable 2019/20 financial statements.

Subsequent to the issue of our Joint Audit Plan, global events have moved in an unexpected and tragic direction. None of us could have foreseen the impact that the COVID-19 crisis has had on the world. As a police body, you are at the forefront of efforts to support local people, and clearly your focus will be directed to supporting local communities as best you can in these exceptionally difficult circumstances. As your auditors, we absolutely understand the challenges that you and your teams are facing and we have already been discussing with you and your team how we can work with you as effectively as we can. At these challenging times it is even more important to ensure that we can deliver a high quality audit, focused on good governance and the application of relevant accounting and auditing standards, whilst recognising the day to day pressures you face.

With this in mind we prepared an updated addendum to our Joint Audit Plan for 2019/20 issued on 22nd April 2020 outlining our response to the COVID-19

## Value for Money

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

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

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

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

We reported the significant risks identified as a result of our initial risk assessment in in our Joint Audit Plan.

We will report the conclusions from our work in the Joint Audit Findings Report.

## Other areas

### Meetings

We last met (virtually) with Finance Officers in May as part of our ongoing audit liaisons. We continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective; especially given the need to work remotely.

We will update the Joint Audit Committee as part of our year end reporting on the resolution of each of these points.

### Events

We will keep you informed of upcoming events and ensure that invitations are circulated to both management and the committee. Plans are currently on hold as we continue to work remotely.

# COVID-19 Update

## Impact on working arrangements:

- following the government's announcement on Monday 16th March, we have closed our offices for the foreseeable future and your audit team are now working from home
- we will therefore likely be working remotely during the accounts audit and have discussed the logistics of these arrangements with the finance team.
- although there are some audit tasks which are best undertaken in person, the majority of the audit will be able to be completed remotely. This is however likely to make the audit process longer. We will work closely with the finance team to make this different way of working as efficient as possible.
- we acknowledge there may need to be further changes to planned audit timings due to potential illness within the audit team or the finance team and due to the further developments of COVID-19.

## Impact on accounts and audit opinions

The following sets out a number of the key issues which finance teams will need to consider as part of the year end closedown.

- Impact on reserves and financial health and whether the audited body needs to provide additional disclosures that draw attention to a Material Uncertainty around Going Concern.
- Impact on collectability of debt and assumptions made in bad debt provisions.
- Impact on post-balance sheet events (the consequences of the virus post 31 March 2020 will generally be non-adjusting post balance sheet events but some form of disclosure may be needed).
- Disclosure of impact in annual report.
- Disclosure of critical judgements.
- Disclosure of material estimation uncertainties.
- Impact on the content of the Annual Governance Statement, particularly with regards to risks, controls and mitigation.
- Considerations in respect of service continuity and disaster planning arrangements (this could impact on the VfM conclusion).
- Impact on reporting to those charged with governance and signing arrangements.

## Regulatory changes

CIPFA adopted a small number of presentational changes to its Accounting Code of Practice for 2019/20. The changes which are now proposed to the Code, for example around disclosure, will have only a marginal impact on the audit.

The Government accounting Financial Reporting Advisory Board (FRAB) has deferred the implementation of IFRS 16 by a year. Whilst IAS 8 disclosures will be required, this change will lead to some reduction in preparatory work required.

Finally, the publication date for the draft accounts has been revised to 31 August and a target date for publication of audited accounts to 30 November. Whilst flexibility in moving away from July is welcome, a number of bodies have highlighted the risk that a delayed closedown process could impact on their budget programme for 2021/22. Therefore, we have agreed to start our visit in July and August 2020.

# Audit Deliverables

2019/20 Deliverables	Planned Date	Status
<b>Fee Letters</b> Confirming audit scale fees for 2019/20.	April 2019	Complete
<b>Joint Audit Plan</b> 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 Police and Crime Commissioner and group and Chief Constable's 2019/20 financial statements.	March 2020	Complete
<b>Joint Audit Findings Report</b> We will report the findings from our audit of your financial statements in our Joint Audit Findings Report	tbc	Not yet due
<b>Auditors Reports</b> These are the opinions on your financial statements, annual governance statements and value for money conclusions.	tbc	Not yet due
<b>Joint Annual Audit Letter</b> This letter communicates the key issues arising from our work.	tbc	Not yet due

# 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](#)



## PEEL: Police effectiveness, efficiency and legitimacy 2018/19 – group 3

HMICFRS has published their findings for the third, and final, group of forces inspected in the PEEL 2018/19 assessment. This group of 14 reports completes a full annual cycle of inspections of the 43 forces in England and Wales, following previous publications in May and September 2019.

The summary press releases can be accessed by [clicking here](#)

## PEEL spotlight report: Diverging under pressure – Overview of themes from PEEL inspections 2018/19

This report gives an overview of the themes from the 2018/19 PEEL (police effectiveness, efficiency and legitimacy) inspections. With the publication of the final 14 force reports from the third tranche of inspections, this report reflects on findings from all 43 force inspections to draw together national themes in policing.

PEEL is the annual assessment of police forces in England and Wales. HMICFRS assess forces in three ways to find out:

- how effective they are at preventing and investigating crime, protecting vulnerable people and tackling serious organised crime;
- how efficiently they manage demand and plan for the future; and
- how legitimately they treat the public, how ethically they behave, and how they treat their workforce.

Following the completion of HMICFRS's Integrated PEEL Assessments (IPA) for 2018/19, the inspectorate has found that although many forces are performing well under pressure, the consistency of service across England and Wales needs to be addressed.

In the report Divergence Under Pressure HMICFRS found that forces are still struggling to understand demand in their areas. This is preventing them from being able to use their resources well and plan for the future. Forces also need to ensure they are determined to maintain and improve how they treat the public, in particular using stop and search fairly and properly.

HMICFRS report that:

- forces have greatly improved their ability to protect vulnerable people and support victims;
- there is still a lack of capacity in neighbourhood policing to analyse and use intelligence;
- the likelihood of the police bringing someone to justice following a criminal investigation is decreasing; and
- there are stark differences in the way forces investigate crimes across the country.

The full report is available by clicking [here](#)

COVID-19 Update:

Consultation on the proposed police inspection programme and framework for 2020-21: Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) had launched a consultation on its proposed police inspection programme and framework for 2020-21 which was scheduled to run until April 2020. The consultation deadline has been extended indefinitely due to the Coronavirus pandemic. HMICFRS also suspended all inspection work requiring contributions from police forces and fire and rescue services until further notice.

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# Home Office

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## Policing gets biggest funding boost in decade

The government has announced the biggest increase in funding for the police system in a decade.

The amount of funding available to the policing system for 2020 to 2021 will increase by more than £1.1 billion, totalling £15.2 billion, if Police and Crime Commissioners (PCCs) take full advantage of flexibility to set the police precept.

This represents an almost 10% increase on the core (resource) grant provided to forces last year, enabling the police to cut crime and deliver on the people's priorities.

It builds on a number of existing government commitments to bear down on the criminals who seek to do our communities and our country harm. It will enable forces to recruit 6,000 of the 20,000 additional police officers by the end of March 2021.

The settlement includes the £750 million announced by the Chancellor last year to enable forces to meet their officer recruitment targets.

The bulk will go directly to PCCs (£700 million). The remainder will be spent nationally on capabilities and infrastructure to support the recruitment drive.

As announced by the Home Secretary on Tuesday 21 January, funding for counter-terrorism policing will total £906 million in 2020 to 2021, a year-on-year increase of £90 million.

The full article is available by clicking [here](#).

## Home Office announces first wave of 20,000 police officer uplift

The Home Office has confirmed the officer recruitment targets for every police force in England and Wales for the first year of the unprecedented drive to increase their ranks by 20,000 over the next 3 years.

Strengthening police numbers is a priority for the government, which is providing £750 million to support forces to recruit up to 6,000 additional officers onto our streets by the end of 2020 to 2021, the first stage in this new uplift.

All officers recruited as part of the 20,000 uplift will be additional to those hired to fill existing vacancies. They are also on top of the extra officers already being recruited because of the £1 billion increase in police funding for 2019 to 2020, which includes money from council tax and for serious violence.

The first-year recruitment targets are available [here](#).



Home Office

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# Other news

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## The Police Federation and CIPFA call for new funding system

The Police Federation and CIPFA have warned that the current funding formula and yearly settlement it generates is outdated and prevents long-term planning that could deliver greater savings. The calls for reform echo those made by PCCs in response to the announcement of this year's funding allocations.

Analysis by the Police Federation concluded that the settlement in real terms equates to 6.4% increase on last year. It is the responsibility of PCCs to add funding through the increases in the precept element of council tax.

CIPFA said the funding would meet the demands generated by the uplift recruitment programme but not the efficiencies that ministers are also expecting.

Rob Whiteman, CIPFA Chief Executive, said: 'This is yet another example of unsustainable, short-term thinking when it comes to police finance. Forces urgently need financial certainty in order to fulfil their vital role – protecting those in need and delivering a safer society.'

The full article can be accessed [here](#)



## World Class Policing Awards 2020

The World Class Policing Awards recognise exceptional performance, effective collaboration, innovative and progressive policing, beneficial outcomes for the public, as well as initiatives that improve the welfare of officers and staff to empower them to greater achievement. The Awards celebrate and share World Class Policing knowledge and practice with the whole policing community.

The Awards will honour the very best in policing at a prestigious awards ceremony in London this November.

Nominations for the awards are now open. Find out more at <https://worldclasspolicing.com/home>



# Brydon Review – the quality & effectiveness of audit

The Brydon review is an independent review, led by Sir Donald Brydon, which has looked at the quality and effectiveness of audit, seeking to make proposals that will improve the UK audit ‘product’. The review has examined the nature and scope of audit from a user perspective and seeks to clarify and potentially close the ‘expectation gap’ (ie what stakeholders and society expect from audit compared to what it delivers today).

A full list of Sir Donald’s recommendations can be found online, and a brief summary is provided below:

- Redefinition of audit and its purpose
- Creation of a corporate auditing profession, governed by principles
- Introduction of suspicion into the qualities of auditing
- Extension of the concept of auditing to areas beyond financial statements
- Mechanisms to encourage greater engagement of shareholders with audit and auditors
- Change in language of the opinion given by auditors
- Introduction of a corporate Audit and Assurance Policy, a Resilience Statement and a Public Interest Statement
- Suggestions to inform the work of BEIS on internal controls and improve clarity on capital maintenance
- Greater clarity around the roles of the audit committee
- A package of measures around fraud detection and prevention
- Improved auditor communication and transparency
- Obligations to acknowledge external signals of concern
- Extension of audit to new areas including Alternative Performance Measures
- Increased use of technology

On the auditor’s responsibility to detect fraud, Jonathan Riley, Grant Thornton Head of Quality and Reputation, said: “We are pleased to note that Sir Donald Brydon makes it clear that not only is there an expectation gap in relation to the purpose of audit and the detection of fraud but that the current ISAs need revision, and training of corporate auditors need to be enhanced, in order to allow auditors to better detect fraud. This is further reinforced by the new ability to make it easier for users of accounts, not just management, to inform the auditor of concerns relating to financial statements.”

“Notwithstanding these proposals, it is neither possible or desirable for an auditor to test in detail every transaction of the company and so materiality will still exist. In addition, a fraud involving collusion and sophistication may still prove extremely hard to detect.”

Grant Thornton welcomes the consideration given by Sir Donald on the quality and effectiveness of audit. These recommendations should bring far greater clarity and transparency to the profession and ultimately result in an audit regime that allows auditors to better assess, assure and inform all users of financial accounts.

Crucially, the Government must now consider these recommendations not just in context of earlier inquiries into the profession, but also against the backdrop of global trade and Britain’s future role as a pillar of global commerce. The report places new obligations not only on auditors, but also on company directors. Together with other regulations such as the revised Ethical Standard and wider corporate governance requirements, the proposed changes need to strike the right balance and not dent our place on the world’s financial stage. Careful explanation particularly of what this means to those fast growing mid-sized public entities seeking capital will be necessary.

The public perception of audit remains weak and failures continue to happen, so we agree that now is the right time to explore what needs to change to ensure that audit is fit for modern day business and meets the public interest. The report should contribute heavily towards this outcome.

Link to the full report and full list of recommendations:

<https://www.gov.uk/government/publications/the-quality-and-effectiveness-of-audit-independent-review>

# Redmond Review – Review of local authority financial reporting and external audit

The independent review led by Sir Tony Redmond sought views on the quality of local authority financial reporting and external audit. The consultation ran from 17 September 2019 to 20 December 2019.

Grant Thornton provided a comprehensive submission, We believe that local authority financial reporting and audit is at a crossroads. Recent years have seen major changes. More complex accounting, earlier financial close and lower fees have placed pressure on authorities and auditors alike. The target sign-off date for audited financial statements of 31 July has created a significant peak of workload for auditors. It has made it impossible to retain specialist teams throughout the year. It has also impacted on individual auditors' well-being, making certain roles difficult to recruit to, especially in remote parts of the country.

Meanwhile, the focus on Value for Money, in its true sense, and on protecting the interests of citizens as taxpayers and users of services are in danger of falling by the wayside. The use of a black and white 'conclusion' has encouraged a mechanistic and tick box approach, with auditors more focused on avoiding criticism from the regulator than on producing Value for Money reports that are of value to local people.

In this environment, persuading talented people to remain in the local audit market is difficult. Many of our promising newly qualified staff and Audit Managers have left the firm to pursue careers elsewhere, often outside the public sector, and almost never to pursue public audit at other firms. Grant Thornton is now the only firm which supports qualification through CIPFA. It is no longer clear where the next generation of local auditors will come from.

We believe that now is the time to reframe both local authority financial reporting and local audit. Specifically, we believe that there is a need for:

- More clearly established system leadership for local audit;
- Simplified local authority financial reporting, particularly in the areas of capital accounting and pensions;

- Investing in improving the quality of financial reporting by local bodies;
- A realistic timescale for audit reporting, with opinion sign off by September each year, rather than July;
- An increase in audit fees to appropriate levels that reflect current levels of complexity and regulatory focus;
- A more tailored and proportional approach to local audit regulation, implementing the Kingman recommendations in full;
- Ensuring that Value for Money audit work has a more impactful scope, as part of the current NAO Code of Audit Practice refresh;
- Introducing urgent reforms which help ensure future audit arrangements are sustainable and attractive to future generations of local audit professionals.

We note that Sir Donald Brydon, in his review published this week, has recommended that *“the Audit, Reporting and Governance Authority (ARGA) (the proposed new regulatory body) should facilitate the establishment of a corporate auditing profession based on a core set of principles. (This should include but not be limited to) the statutory audit of financial statements.”* Recognising the unique nature of public audit, and the special importance of stewardship of public money, we also recommend that a similar profession be established for local audit. This should be overseen by a new public sector regulator.

As the reviews by John Kingman, Sir Donald Brydon, and the CMA have made clear, the market, politicians and the media believe that, in the corporate world, both the transparency of financial reporting and audit quality needs to be improved. Audit fees have fallen too low, and auditors are not perceived to be addressing the key things which matter to stakeholders, including a greater focus on future financial stability. The local audit sector shares many of the challenges facing company audit. All of us in this sector need to be seen to be stepping up to the challenge. This Review presents a unique opportunity to change course, and to help secure the future of local audit, along with meaningful financial reporting.

# National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

## Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO consulted on potential changes to the Code in two stages:

**Stage 1** involved engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO stated that they considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this informed the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

**Stage 2** of the consultation involved consulting on the draft text of the new Code. To support stage 2, the NAO published a consultation document, which highlighted the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. The draft Code includes three specific criteria that auditors must consider:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

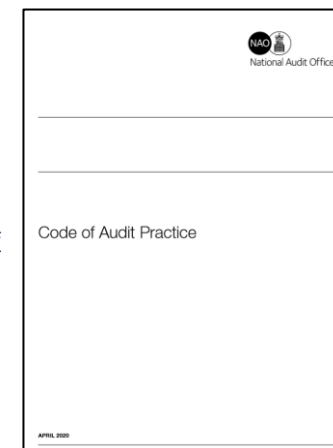
The auditor will be required to provide a commentary on the arrangements in place to secure value for money. Where significant weaknesses are identified the auditor should make recommendations setting out

- Their judgement on the nature of the weakness identified
- The evidence on which their view is based
- The impact on the local body
- The action the body needs to take to address the weakness

The consultation document and a copy of the new Code can be found on the NAO website. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the new Code:

[https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code\\_of\\_audit\\_practice\\_2020.pdf](https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf)



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 External Audit Plan update

*Year ending 31 March 2020*

Police and Crime Commissioner for Cumbria and Chief Constable for Cumbria  
April 2020





# Introduction & headlines

## Purpose

This document provides an update to the planned scope and timing of the statutory audits of both the Police and Crime Commissioner for Cumbria ('the PCC') and the Chief Constable for Cumbria ('the Chief Constable') as reported in our Joint Audit Plan dated February 2020, for those charged with governance.

## The current environment

In addition to the audit risks communicated to those charged with governance in our Joint Audit Plan on 21 February 2020, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

## Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020, however we will liaise with management to agree appropriate timescales. We continue to be responsible for forming and expressing an opinion on the PCC's, Chief Constable's and group's financial statements and VfM arrangements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Joint Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Joint Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

## Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk, as described overleaf
- Reviewed the materiality levels we determined for the audit. We did not identify any changes to our materiality assessment as a result of the risk identified due to Covid-19.

## Changes to our VfM approach

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.

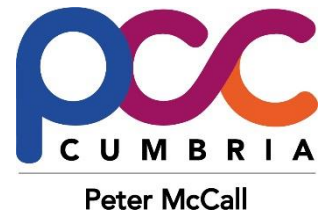
## Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Joint Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

# Significant risks identified – Covid – 19 pandemic

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p><b>Covid – 19</b></p>	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> <li>- Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation</li> <li>- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates</li> <li>- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and</li> <li>- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.</li> </ul> <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach</li> <li>• Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise</li> <li>• Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic.</li> <li>• Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely</li> <li>• Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances</li> <li>• Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment</li> <li>• Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence</li> </ul>

# Joint Audit Committee



## Title: Effectiveness of OPCC Risk Management Activity Monitoring

**Date:** 20 May 2020

**Agenda Item No:** 09

**Originating Officer:** Gill Shearer

Report of the Chief Executive

### 1. Introduction and Background

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

### 2. Effectiveness of Arrangements for Risk Management

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

#### Risk Management Strategy

2.2 The OPCC Risk Management Strategy is reviewed on a three-year cyclical basis with the latest review taking place in March 2020. There has been an update to the name of the Joint Audit Committee; and an addition of accountability and governance within the risk management framework. This identifies that the OPCC has an accountability framework. The remainder of the strategy adequately reflects the way in which the OPCC considers and deals with all risks. Mr Jack Jones, of the Joint Audit Committee has been consulted regarding updating the Risk Management Strategy. That said, the strategy is considered on an annual basis to allow any appropriate changes to be made to ensure that the OPCC has robust risk management processes.

2.3 The strategy continues to contribute to the overall governance arrangements in place for the Office of the Police and Crime Commissioner (OPCC). It allows strategic and operational risks to be identified and provided guidance to enable staff to deal with these appropriately and effectively. Being a dynamic document it assists the consideration of risk to permeate throughout the OPCC's business when making decisions.

## Risk Monitoring

2.4 During 2019-20 the risk registers continue to be reviewed and updated on a quarterly basis. The strategic and operational risk registers are now more focused with a mechanism to enable risks to be moved between the two.

2.5 On a quarterly basis within the reporting period JAC were presented with the updated strategic risk register to enable them to have oversight in line with their terms of reference. Throughout the year the strategic risks have been reviewed with some risks being elevated from the operational register due to their risk scores.

2.6 During the reporting period there were predominantly five risk identified within the strategic risk register. These being Strategic Finance, the Emergency Services Mobile Communications Programme, Information Management (GDPR compliance) and Procurement and were as a result of identified risks to the OPCC which continue to be actively managed. The OPCC's Executive team retains oversight of the progression of risks on both the strategic and operational risk registers.

2.7 A new strategic risk, R6 OPCC Business Disruption, has been added due to its subsequent escalation from the operational risk register. This relates to potential business disruption following the Coronavirus outbreak and developing spread within the United Kingdom. The OPCC continues to closely monitor the situation, making operational business decisions based on the relevant information and guidance available at the time. There continues to be an emerging picture and developments on how lockdown can be eased and what this will look like for working practices.

2.8 The OPCC correlates its risks with the priorities contained within the Police and Crime Plan within both the strategic and operational risk registers. Although the objectives within the plan are predominantly for the Constabulary to fulfil, as it is his plan and he holds the Chief Constable to account for the provision of policing services in Cumbria it is essential that the plan is achieved.

2.9 Assurance from the Joint Audit Committee continues through the reporting of both strategic risks in full, supported by the high level register for operational risks. This provides the Committee with oversight that all expected risks are captured and being appropriately scored and monitored.

2.10 During 2019-20 a total of 31 decisions were made. These can be broken down into 27 Commissioner decisions and 7 OPCC Executive Team Gold decisions. All were based on information provided including any areas of risks which need to be considered. The Executive Support Officer when receiving and logging decision forms ensures that this section of the form is completed to enable the Commissioner to make an informed decision. No forms have been received where this section has not been completed.

2.11 The OPCC has also reviewed its operational risk register, rationalising it to reflect the operational risks it faces. A review of the operational risk register is carried out on a quarterly basis with all staff being required to review their own risks and make any necessary changes and updates. The OPCC Executive Team consider both the strategic and operational risk registers every quarter as part of their meetings. A copy of the front sheet is attached at [Appendix 2](#). This illustrates whether the scores for the individual risks have risen, remained the same or decreased and assists the Committee to understand how the risks are managed.

2.12 A number of low scoring operational risks remain on the register, these being Risks 3 Financial Governance, Risk 4 Shared Services, and Risk 5 Asset management. They remain to show illustrated monitoring of these areas of business which are important to the OPCC's overall Governance regime.

## Oversight of Constabulary Strategic Risks

2.13 In addition to monitoring OPCC risks the OPCC Chief Executive and the Governance Manager also carry out monitoring of Cumbria Constabulary's strategic risks. This has taken place on a quarterly basis during 2019-20 whereby they have met with senior Constabulary staff/officers who have responsibility for the Constabulary's Strategic Risk Management. The meetings provide an opportunity to identify and discuss those risks which impacted upon both organisations and seek assurance from the Constabulary that they had correctly identified risks, had appropriate mitigation in place to deal with and monitor the risk, and no areas of concern were identified.

2.14 During 2019-20, again the risk of a change to the funding formula was present on both organisation's strategic risk registers. The 2019/20 grant settlement was more favourable than expected providing short term funding for pensions and increased flexibility to raise council tax, which was utilised in producing the 2019/20 budget. However, this does not alleviate the longer-term concerns regarding the sustainability of a funding model which relies on local taxpayers to fund all cost increases and the risk score remained the same.

2.15 The national project Emergency Services Mobile Communications Programme (ESMCP) has been subject to a series of delays. Work being undertaken regionally and nationally provides some assurance, although the critical nature of this national project and delays in national implementation mean it will be a significant risk for a protracted time period.

2.16 The implementation of the General Data Protection Regulations (GDPR) within the Constabulary remains a risk whilst work continues. Delays in enactment had a knock-on effect for the OPCC as it is reliant upon the Constabulary for some of its policies and procedures. Regular meetings between the Project Lead and the Governance Manager afford the OPCC reassurance that work was being progressed and therefore reducing the overall risk of non-compliance.

2.17 The strategic risk in relation to Procurement has now been renamed to Commercial to reflect the change to the Constabulary's Department to Commercial Services. The Partnership and Commissioning Team will continue to meet regularly with the Commercial Team to ensure continued guidance and support. Close working with-Commercial Business Partner to ensure knowledgeable about OPCC contracts and needs.

2.18 As previously mentioned within the report another new risk was added in March 2020 relating to the COVID-19 Pandemic. The Government lockdown guidance has seen OPCC members of staff working from home since 23 March 2020. The availability of laptops for all its personnel has provided the ability for the OPCC's business to continue to function. Travel restrictions have resulted in meetings being held via video conferencing to ensure social distancing. It has also provided a unique opportunity to review working practices in light of enforced changes and whether these can be retained when lockdown is eased.

## Risk Training

2.14 The Governance Manager, as OPCC lead officer for risk management, attended a 2 day refresher training course on the 13<sup>th</sup> and 14<sup>th</sup> July 2016 facilitated by our insurance risk control consultant Gallagher Bassett. The OPCC Governance Officer attended a 2-day risk management training course on 17<sup>th</sup> and 18<sup>th</sup> September 2019. This now affords the OPCC additional resilience with regards to risk management.

2.15 With a number of new members of staff joining the OPCC team, a risk management training session was held on 28 February 2019. The session highlighted everyone's responsibility for risk management, how to identify, analyse and evaluate risks taking into account the OPCC's risk appetite. No areas of concern have been raised or identified by staff with regards to risk management. A further risk management session will be incorporated within the OPCC's 2020-21 Training Plan.

## Joint Audit Committee

2.13 During 2019-20 the OPCC's Chief Executive presented the OPCC's strategic risk register to the Joint Audit Committee on four separate occasions. This afforded the OPCC the benefit of the committee testing the validity of the recorded risks and mitigations; reviewing the current arrangements and ensuring the integration of risk management into governance and decision making processes. Areas of concern or issues identified by the committee have been noted and addressed earlier in this report.

## Lead Officer

2.14 The Governance Manager is the OPCC lead officer for risk and carried out this role throughout 2018-19. On a quarterly basis they have ensured that the OPCC's strategic and operational risk registers were updated by those members of staff who have responsibility for individual risks. No areas of concern or issues have been identified by the Governance Manager during 2018-19.

## 3. Internal Audit

3.1 As part of the annual audit programme for 2019-20 Internal Audit carried out reviews over a number of areas of business within the OPCC and Cumbria Constabulary. Each review evaluated any exposures to risks relating to the organisation through its governance, operation and information systems. Audit reviews undertaken during 2019-20 did not identify any new or unidentified risks to the OPCC.

## 4. Conclusions

4.1 From the monitoring which has taken place during 2019-20 by the Office of the Police and Crime Commissioner, no unidentified risks have been identified or occurred. When taking this into consideration assurance can be gained that the strategy, policy, systems and processes in place are working effectively.

## 5. Recommendations

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

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

**Gill Shearer**  
Chief Executive

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

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

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

Contact points for additional information

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# Joint Audit Committee



## Title: Effectiveness of OPCC Anti-Fraud and Corruption Activity Monitoring

**Date: 20 May 2020**

**Agenda Item No: 10**

**Originating Officer: Gill Shearer**

Report of the Chief Executive

### 1. Introduction and Background

1.1 The Police and Crime Commissioner has a statutory responsibility to provide policing services for Cumbria. The Office of the Police and Crime Commissioner (OPCC) must ensure that effective processes and procedures are in place to deliver that service in an environment free from fraud and corruption.

1.2 To safeguard against fraud and corruption the Commissioner and OPCC staff operate in an open and transparent environment. This is achieved by a variety of methods including making decisions in public, publishing information on its website including registers of interests, decisions, declarations of gifts and hospitality and expenses.

1.3 On a cyclical basis arrangements to prevent and detect Fraud and Corruption are reviewed and approved by the Police and Crime Commissioner. These arrangements provide clear definitions of fraud, corruption, theft and irregularity within the strategy. The arrangements were reviewed and updated in March 2018 following which a copy was provided to the Joint Audit Committee. The arrangements mirror much of the Constabulary's policy, although there are differences in relation to reporting, monitoring and any disciplinary procedures.

1.4 The OPCC Arrangements for Anti-Fraud and Corruption provides clarity over roles, responsibilities and duties of staff within the OPCC. The Deputy Monitoring Officer undertakes an annual dip sample between the gifts and hospitality registers, the contact with supplier register and decisions made by the Commissioner.

### 2. Effectiveness of Arrangements for Anti-Fraud and Corruption

2.1 In order to ensure that the OPCC's arrangements for Anti-Fraud and Corruption are effective a number of areas of business are monitored to ensure compliance and identify any fraudulent or corrupt practices.



2.2 During 2019-20 and in compliance with arrangements covering gifts and hospitality the Governance Officer has issued a notice on a monthly basis to all OPCC staff formally requesting the documentation of any gifts and hospitality offered during the previous month. Staff identified what the gift or hospitality was; who it was offered to and whether it was accepted or declined. They have made no notification of offers of hospitality. A change in the OPCC's Arrangements for Anti-Fraud and Corruption now means that any only offers over the value of £10 will be recorded by staff. Previously staff would register light refreshments such as tea, coffee and working lunches when attending meetings with external organisations. The updated arrangements now determine that this is acceptable as part of normal working relations. ~~Three related to light refreshments such as tea and coffee, working lunch when attending meetings with external organisations. An invitation to the CIPFA Conference dinner was afforded to the Joint Chief Finance Officer but was declined as they were not attending the conference. A place to a Westminster Briefing Event on the Implementation of the New Victims Strategy was accepted. This offer was made free of charge to the OPCC in lieu of issues encountered at a previous event.~~ Upon completion the registers are published on the OPCC website at the beginning of the following month. The Governance Officer has not identified any areas of concern or irregularities.

2.3 The Commissioner also identifies any gifts or hospitality which has been offered and again indicates whether this is accepted or declined. During 2019-20 he made notification of 11 offers of hospitality, 1 of which was declined and the remainder accepted. These were predominantly refreshments whilst attending daytime or evening engagement events as part of his role as Police and Crime Commissioner for Cumbria. Again upon completion the registers are published on the OPCC website at the beginning of the following month. The Chief Executive has not identified any areas of concern or irregularities.

2.4 In accordance with guidelines set by the Secretary of State, the Commissioner is eligible to claim allowances and expenses whilst carrying out his role. The Commissioner on a monthly basis will complete an expenses form which includes a declaration stating that the expenses have been necessarily incurred. They are then approved or declined by the Chief Executive. In line with the Elected Local Policing Bodies (Specified Information) Order 2011 authorised expenses are published on the OPCC website. During 2019-20 the Commissioner made 29 expense claims in which no incorrectly claimed expenses were identified by the Chief Executive. A further level of assurance is provided by the fact that claims are processed and paid by the Constabulary's Central Services Department who re-check the claims against the Home Office criteria before making payment.

2.5 OPCC members of staff, Independent Custody Visitors, members of the Joint Audit Committee and members of the Ethics and Integrity Panel are eligible to claim expenses in line with approved policies and procedures. Each individual must sign a declaration stating that the expenses claimed were necessarily incurred during the course of their agreed duties. All claimed expenses are checked for accuracy and signed off by the Chief Executive or the Governance Manager whichever is the appropriate authority to approve the expense claim. Throughout 2019-20 no irregularities or fraudulent claims were made by any of those mentioned above.

2.6 On the 26 March 2019 the Commissioner submitted a signed declaration of interest setting out any business and personal interests for which the Office should be aware in the context of the integrity of decision making. This form was published on the Commissioners website on 1 April 2019 to ensure public transparency of declarations. An updated form was completed and published on 4 September 2019. During 2019-20 the Commissioner made 31 decisions, of which the decision forms recorded that there were no personal and prejudicial interests. The Governance Manager has undertaken a review during the year of each decision form against the published declaration of interests and has confirmed that no conflicts of interests have been identified regarding any decisions the Commissioner has made during 2019-20.

2.7 During 2019-20 and in compliance with the arrangements governing supplier contacts, the Governance Officer has issued a notice on a monthly basis to all OPCC staff formally requesting the documentation of any supplier contacts that have taken place in the previous month. Staff have made notification of 11 supplier contacts during the year through this process. These notifications form a supplier contact register that has been reviewed by the Governance Officer to provide assurance during procurement processes that there are no conflicts of interest at contract award. The Governance Manager has confirmed that during 2019-20 no issues or areas of concern have been identified in relation to this area of work.

2.8 On behalf of the Commissioner the Ethics and Integrity Panel at their quarterly meetings review the Constabulary's performance in relation to Anti-Corruption. Reports provide information on the number, categories of reported incidents, officer and staff suspensions, ongoing cases and investigations which are being dealt with by the Constabulary. This enables the Panel to identify emerging trends or patterns which the Panel can then ensure that preventative measures are put into effect. In addition the Panel also dip sample police officer and police staff misconduct cases which have been finalised on a six monthly basis. The Panel report their findings to the Commissioner at his Public Accountability Conference meetings via the Panel minutes and their Annual Report. During 2019-20 the Panel considered 8 reports covering these areas of business from which no issues or areas of concern have been identified by the Panel and raised with the Commissioner.

2.9 On an annual basis the Constabulary undertakes a number of financial tasks for the OPCC including under Section 6 of the Audit Commission Act 1998 to provide relevant data for the National Fraud Initiative. The initiative uses advanced data matching techniques to tackle a broad range of fraud risks faced by the public sector. The Constabulary participates, on the OPCC's behalf within the National Fraud Initiative having completed fraud risk assessments for the financial year. No incidents of fraud were identified to the Joint Chief Finance Officer during the 2018-19 processes. As this process is undertaken following the compilation of this report the OPCC is not able to report on the outcome of the 2019-20 process. In terms of wider fraud and corruption there have been no frauds identified against Cumbria Constabulary or the OPCC in the last year.

2.10 To encourage reporting by OPCC staff of anything they are concerned about posters have been reissued throughout the offices providing up to date contact numbers if they feel apprehensive about reporting an issue to their line manager. The OPCC have not been advised of any issues being raised with external organisations. The OPCC website contains information on how members of the public could report any concerns.

### **3. Internal Audit**

3.1 As part of the annual audit programme Internal Audit carry out reviews of a number of areas of business within the OPCC and Cumbria Constabulary. Each review evaluates any exposures to risks relating to the organisations governance, operation and information systems. Audit reviews undertaken during 2019-20 did not identify any risks to the OPCC in relation to fraud or corruption.

### **4. Conclusions**

4.1 From the monitoring which has taken place during 2019-20 by the Office of the Police and Crime Commissioner, no instances of fraud or irregularity have been identified or reported. No allegations have been made against any member of staff or the Police and Crime Commissioner. When taking this into consideration assurance can be gained that the policy, systems and processes in place are working effectively.

## 5. Recommendations

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

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

**Gill Shearer**  
**Chief Executive**

**Legal Implications:** the OPCC has a statutory obligation with regard to preventing and dealing with fraud and corruption as outlined within the report.

**Financial Implications:** If the OPCC does not actively manage any potential or actual fraud and corruption then there is the potential for the organisation to suffer financially, therefore having an impact upon its ability to provide policing services in Cumbria.

**Risk Management Implications:** there is a potential for the organisation to suffer not only financially, but with regard to its reputation leading to a loss of public confidence. The OPCC could be open to legal challenge if it does not actively identify and manage fraud and corruption.

**Human Rights Implications:** None Identified

**Race Equality / Diversity Implications:** None Identified

Contact points for additional information

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Peter McCall



**ANNUAL  
REPORT  
2019**

**Ethics  
&  
Integrity  
Panel**

## Forward of the Panel Chair

Welcome to the 2019 Annual Report of the Ethics and Integrity Panel.

The Panel is an independent body, and its purpose is to promote and influence high standards of ethical performance in all aspects of policing in Cumbria and the work carried out by the Police and Crime Commissioner's office (OPCC). It seeks to achieve this by holding the mirror up to the Constabulary and the OPCC, by investigating, dip sampling, constructively challenging and reviewing a broad range of aspects of policy, process and performance, through the lens of ethics and integrity.

We have an annual work programme that includes both routine and thematic activities through which we seek to always promote the improvement and value adding aspects of ethical responsibility. We will challenge issues and actions where we believe there could have been an improvement, recognising and highlighting areas of good practice.

The work of the Panel is published on the Commissioner's website and whilst the Panel membership is drawn from a diverse range of backgrounds and experience, we have two things in common. We and our families all live in the county and are committed to seeing the area thrive. We all share a strong desire to help ensure that Cumbria Constabulary continues to deliver high quality services to the public, maintaining our county as the safe and secure place to live that it currently is.

The Chief Constable, the Commissioner and their teams, fully support us in our work and are always open to challenge, feedback and suggestions for improvement. This, in itself, is an indicator of a strong, open, transparent and ethical culture.

We hope that you find the report useful and informative. The information in this, and our other quarterly reports, helps to promote a wider understanding and awareness of the Constabulary's performance and ethical approach.

**Alan Rankin**

**Ethics and Integrity Panel Chair**

The Chief Constable, Michelle Skeer said:

*The Police Code of Ethics underpins the principles and standards expected of us all within Cumbria Constabulary. It is important that our adherence to the code is independently monitored. I welcome the scrutiny of the panel which provides me with reassurance that as an organisation we are transparent and the panel support our desire to uphold the highest standards in delivering an outstanding policing service to keep Cumbria safe.*

The PCC for Cumbria, Peter McCall said:

*Policing and the oversight of it remains a busy environment and it is essential that ethical standards do not slip. The legitimacy of our force is critically dependent on the confidence of the public that they can trust the police to 'do the right thing on their behalf.' Whilst I am convinced that we are blessed with highly professional, dedicated and committed officers, we must always be ready to examine our performance to ensure that every member of the organisation maintains the highest possible standards, often in difficult and challenging circumstances. The Ethics and Integrity Panel continue to provide a valuable scrutiny role on ethical values of both the organisations. The broad range of business that they scrutinise continues to be developed to ensure the Panel is effectively and I look forward to working with them in the forthcoming year.*

## 1. Introduction & Background

The purpose of the Ethics and Integrity Panel is to promote and influence high standards of professional ethics, to challenge; encourage and support the Commissioner and the Chief Constable in their work by monitoring and dealing with issues of ethics and integrity in their organisations. The Panel's role is to identify issues and monitor change where required. It has no decision-making powers, although it is able to make recommendations to the Commissioner and the Chief Constable. It considers questions of ethics and integrity within both organisations and provides strategic advice, challenge and support in relation to such issues.

This report provides an overview of the work that the panel has carried out during 2019.

The Panel meets on a quarterly basis in private but its agenda and reports are published on the Commissioner's website following each meeting, with only sensitive or confidential information being excluded. Reports are provided by the Panel to the Commissioner's public meeting to provide information about the Constabulary's performance in areas that relate to ethics and integrity. The purpose of this is to promote openness, transparency and public confidence.

An annual work programme is agreed to enable it to fulfil its terms of reference and scrutiny role. The programme fixes the tasks to be undertaken by the Panel at each of its scheduled meetings and has been set to ensure whenever possible that meetings are balanced in terms of the volume of work.

The work of the Panel has continued to develop during 2019 and the 2020 work programme continues to reflect its changing role. Again there will be thematic sessions held during the year which will look at specific issues or areas of business.

Further information regarding the Panel, its membership and the work it carries out can be found on the Commissioner's website:

<https://cumbria-pcc.gov.uk/what-we-do/ethics-integrity-panel/>

Membership of the Panel currently stands as:

- Ms Lesley Horton
- Mr Alan Rankin (Chair)
- Mr Michael Duff
- Mr Alex Rocke









## 5. Grievances, Civil Claims and Information Management

### Grievances

On a six monthly basis the Panel have reviewed **Grievances** being processed by the Constabulary during agreed reporting periods.

Since May 2018 the HR Department are now responsible for dealing with grievances providing a broader overview of staffing issues. Generally, the grievances were regarding policies and procedures or action taken against an individual.

In November 2019 the Panel noted an increase in the number of claims made. However many of these could be attributed to one individual. They continued to raise the issue of low numbers generally and the dangers of informal resolution as any organisational learning would not necessarily be captured or progressed. The new Grievance Procedure included a form which asked what the individual would wish the outcome to be to gain an understanding of the issues that they raised at an early stage in the process.



### Civil Claims

On behalf of the Police and Crime Commissioner the Panel also monitor **Civil Claims** being processed by the Constabulary's Legal Department. They received information about the types of claims being made, the stage the proceedings had reached and about the claims that had been resolved. As part of this oversight the Panel seek assurance that any trends are being identified and how the organisation has learnt from particular cases disseminating information throughout the organisation to avoid future risks and claims.

To date the Panel have not identified any issues or concerns in either area of business. On a national and local level the Constabulary, along with other forces, are in the process of dealing with employment tribunals in relation to police pensions. Currently there were over 146 claims following the Constabulary

implementation of the national pension regulations being co-ordinated nationally by Hertfordshire Constabulary. This matter is yet to be concluded.

The Panel raised concerns as to whether the claims were causing any internal issues or anxiety due the length of time taken for the matter to be concluded. Assurance was provided that the Legal Department and the Police Federation were working closely with the affected officers to try and resolve the claims.

In 2019 all civil claims were dealt with by the Legal Department thus allowing any issues, trends or organisational learning to be identified more easily. The Panel undertook to monitor these improvements on a six monthly basis.



### Information Management

During 2019 there had been a backlog within the Constabulary in dealing with Freedom of Information and Subject Access Requests within the requisite timescales.

The Constabulary were looking to place additional resources within the department to assist in achieving its responsibility. Work is being carried out to review information published on its website to negate the need for individuals to place a request, rather the information could be found by other means.

In 2020 the Panel will monitor the Constabulary's improvements within this area of business.



## 6. Thematic Inspections



The Panel have reviewed six areas of thematic work during May and November 2019. In May the Panel reviewed **Mental Health Detention** in custody suits throughout Cumbria. In particular, those relating to detention under Section 136 of the Mental Health Act and those detained under Common Law.

They reviewed 12 Sec 136 custody records and 4 Common Law records. Recognising the incredible workload which was placed upon Custody Sergeants in dealing with detainees who had mental health issues, the amount and level of data inputting they carried out and its frequency they felt should be applauded especially within busy custody suits. Unlawful detention could bring civil action from detainees or indeed criminal actions against Custody Sergeants.

Custody staff would often have to deal with detainees for long periods whilst waiting for health partners to be able to accept the detainee. Changes to the provision of mental health services would see the county split in two. The North of the county receiving provision from the North East and the South receiving provision from Lancashire. As part of the Panel's 2020 work programme they will again review Mental Health Detention.



During 2019 a Panel member attended two Constabulary Board meetings in relation to **Use of Force**. This enabled the Panel to review how the force manage reviews of use of force, what organisational learning is disseminated and resulting changes to policy.

Of the use of force incidents recorded it was found that over 30% were in fact resolved using communication skills to achieve control of a situation rather than actual force. On average 34% of incidents of use of force were against subjects who were deemed to have mental health impairment.

When considering the 2020 work programme the Panel felt that attending the meetings did not provide the scrutiny element that the Constabulary were requiring. This would be reviewed and identify how this could be achieved.

The use of **Spit Guards** was introduced at the beginning of 2019. In February 2019 the Panel were provided with a breakdown of initial usage and the training being provided to officers. It was agreed that a review of the usage would be carried out.

In August they reviewed the use of Spit Guards. Having been used 23 times between January and August, they were pleased to see the detailed and proportionate use of Spit Guards, recognising the diverse incidents officers were required to attend. There had been no complaints or adverse outcomes from the use of Spit Guards which was largely attributed to them being used on an individual for a short space of time. The Panel will review this again in 2020 to obtain a full 12 month picture.



Also in August the Panel undertook a dip sample of **Stop and Search** forms to ensure that their completion had been maintained. Of the 50 forms reviewed some forms were not fully clear on the exact reason for the stop/search, however they were not fundamentally wrong and feedback was provided. Body worn video had been used in only 46% of the forms reviewed which was concerning as some of these were at violent incidents. The Panel recommended that the electronic form be updated to include a question on whether or not body worn video was used at the time of the stop/search.



In November 2019 the Panel carried out a dip sample within the Constabulary's **Communications Centre**, dip sampling pre-recorded 999 calls, live calls and the 101 emails system. They felt that calls had been handled very well with call handlers being professional and empathetic to the different types of callers. Any required police response to the 999 calls had been very quick with call handlers remaining on the line with the caller until officers arrived.

A new system had been installed within the Communications Centre in June 2019. Some initial issues had been experienced by call handlers. These included booking officers on and off duty directing calls to individual officers' voicemails and some calls being dropped from the system during the call. Work is being carried out to rectify the identified issues between the provider and the Constabulary's IT department.

The Panel are to be provided with an update on progress during their February meeting in 2020.



Following on from a **Body Worn Video** demonstration in 2018 the Panel were mindful of the proposed usage and how this was reflected within the dip sample and thematic sessions they had during the year. Acknowledging that single crewed officers attended over half of these incidents, throughout the year the Panel have campaigned for further usage.

The Constabulary carried out a review of usage which was previously only 40% in May 2019. This had subsequently improved to 83% against a backdrop of a 5% decrease in attended incidents.

Evidence of how it could quickly complaints had been resolved when body worn video evidence was available had been recognised during the Panel's dip sampling of public complaints. In addition to ensuring officer safety and that of the public.

The Panel will continue to monitor the usage of body worn video during their dip sample and thematic sessions in 2020.

## 7. Conclusion

The Panel continues to develop their role, expanding into other areas of business to assist not only the Constabulary but enable the Police and Crime Commissioner to have further and more detailed oversight of the work of the Constabulary.

Recommendations and guidance given by the Panel have been welcomed by both the Constabulary and OPCC; resulting in a number of positive changes and developments to processes and procedures. The future work of the Panel will continue to be reviewed and developed to ensure that the Panel remain an independent body in their oversight of the Constabulary and OPCC.



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

**Meeting date: 24 June 2020**

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

## **INTERNAL AUDIT: ANNUAL REPORT 2019/20**

### **1.0 EXECUTIVE SUMMARY**

- 1.1 This report provides a summary of the outcomes of the work of internal audit for 2019/20 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner and the Chief Constable's arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).
- 1.2 Key points from internal audit's annual report are:
- The annual opinion of the Head of Internal Audit: based on work undertaken by Internal Audit during the year, the Group Audit Manager is able to provide Reasonable assurance over the effectiveness of the Police and Crime Commissioner and the Chief Constable's arrangements for governance, risk management and internal control.
  - Overall 93% of finalised audits resulted in Reasonable or Substantial assurance.
  - Work on the 2019/20 Internal Audit plan was temporarily suspended in March 2020 following a request from the OPCC and Constabulary management due to resources being required to respond to COVID-19. Internal Audit undertook an assessment of work already done and provided management with a position statement. We concluded that sufficient audit work had been undertaken to provide the annual opinion

for both organisations so a decision was taken, at the request of the OPCC / Constabulary, to suspend audit work until the COVID-19 situation settled and there is some return to normality.

- The work of Internal Audit is considered to have provided an appropriate level of coverage to provide the opinions, and there have been no threats to Internal Audit's independence in the year to which this opinion relates.

- 1.3 All audits have received a positive response from management with agreed action plans in place to address all recommendations.
- 1.4 One follow up was finalised during the year. The assurance level for the Criminal Justice Unit was revised to Reasonable based on action taken to address the recommendations.
- 1.5 Summaries of the outcomes of all completed audits during the year are included at Appendix 1. The text shaded in grey has been reported to Joint Audit Committee through regular progress reports during the year.
- 1.6 Appendix 2 shows progress against the 2019/20 Internal Audit plan.

## **2.0 OVERVIEW**

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

## **3.0 RECOMMENDATION**

- 3.1 Joint Audit Committee members are asked to note:
  - The progress in delivering the 2019/20 audit plan.
  - The request of the OPCC and Constabulary to temporarily suspend the 2019/20 Internal Audit plan due to the COVID-19 pandemic and its impact on the 2019/20 annual opinions.



- The Head of Internal Audit's opinion and assurance statement on the PCC and the Chief Constable's overall systems of governance, risk management and internal control for the year ended 31<sup>st</sup> March 2020.
- The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.
- The results of the Quality Assurance and Improvement programme.
- The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.

## **4.0 BACKGROUND**

- 4.1 The PCC and Chief Constable must make proper provision for Internal Audit in line with the 1972 Local Government Act. The Accounts and Audit Regulations 2015 require that the PCC and Chief Constable must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Audit Standards 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.

### **Internal Audit Opinion**

- 4.4 The purpose of this report is to give my opinion as the Head of Internal Audit for the PCC and the Chief Constable on the adequacy and effectiveness of both organisations' systems of risk management, governance and internal control from the work undertaken by internal audit for the year ended 31<sup>st</sup> March 2020. The annual opinion from the Head of the Internal Audit is a requirement of the Public Sector Internal Audit Standards.
- 4.5 This report is a key contributor to the PCC and the Chief Constable's Annual Governance Statements.
- 4.6 In giving this opinion, it should be noted that assurance can never be absolute and it is not possible to give complete assurance that there are no major

control weaknesses. My opinion is based on the work undertaken by internal audit during the year, including the outcomes of follow up work.

## **Risk Management**

### **PCC**

- 4.7 Internal Audit's review of the PCC's risk management arrangements concluded that they are effective.
- 4.8 The OPCC's risk management strategy was updated in April 2017. The strategy comprehensively sets out the approach, objectives, framework, methodology and responsibilities in respect of risk management. We note that the OPCC's risk management strategy 2020-2023 was updated in March 2020 and that this will be used from 1 April 2020. The OPCC reviews its strategic and operational risks on a quarterly basis and meets with Officers within the Constabulary to review their strategic risks and any potential impact on the OPCC as part of the PCC's responsibility to hold the Chief Constable to account. The strategic risk register is presented to the Joint Audit Committee for review and scrutiny during the year.
- 4.9 Audit work undertaken during the year confirms that operational risks are being managed on a regular basis and have been captured in accordance with the risk management policy.

### **Constabulary**

- 4.10 Our work undertaken on the Constabulary's risk management arrangements concluded that they are operating effectively.
- 4.11 The Constabulary's risk management policy in place in 2019/20 was approved in May 2019. The policy communicates the Constabulary's overall approach to risk management and sets out what is in place to embed a risk aware culture. The risk appetite for the force is defined within the policy alongside risk tolerance, risk categories, methodology, roles and responsibilities and accountability and governance arrangements.
- 4.12 The Constabulary's strategic risk register has been presented and discussed at Joint Audit Committee meetings during the year.
- 4.13 Various audits, undertaken during the year, have identified that key operational risks are being managed on a regular basis and have been captured in accordance with the risk management policy, thereby demonstrating application of the policy in practice.



## **Governance**

- 4.14 Both organisations have a suite of documents setting out the governance arrangements in place. Cyclical reviews of the documents are timetabled to ensure the documents are kept under review and are current. These are subject to independent scrutiny by the Joint Audit Committee.
- 4.15 The corporate governance arrangements within the OPCC and Constabulary are based on the core principles of good governance set out by CIPFA/SOLACE and in line with the Nolan Principles.
- 4.16 Both organisations have Codes of Conduct setting expectations required of staff/officers.
- 4.17 Both organisations have an anti-fraud and corruption strategy in place.
- 4.18 Formal mechanisms are in place to engage with stakeholders (examples being Public Accountability Conferences, Collaborative Board meetings, events held / attended by the PCC, etc.).

## **Internal Control**

- 4.19 From work undertaken in 2019/20, all but one review received either substantial or reasonable assurance supporting our view that there are no significant control issues. One Constabulary review was given partial assurance (Trauma Risk incident Management (TRiM)). The Constabulary has chosen to provide this non-mandatory service to support the workforce and volunteers are clearly committed to supporting colleagues through this activity. Senior management have provided assurances that steps will be taken to address the issues raised in the report around ownership and oversight of the service, information management and improvement activity. We will undertake a follow up audit of TRiM during 2020/21.

## **Internal Audit Opinion 2019/20**

- 4.20 I am satisfied that sufficient internal audit work has been undertaken to allow me to give a conclusion on the adequacy and effectiveness of risk management, governance and internal control. I can also report that there has been no threat to the independence of internal audit that would impact on the provision of my annual opinion statement.
- 4.21 It should be noted that Internal Audit work was temporarily suspended at the end of March 2020 at the request of the Constabulary / OPCC due to their COVID-19 response. Whilst we would have anticipated completing at least one more audit to include within these annual opinions we consider that sufficient audit work has been undertaken in both organisations to provide the annual opinions.

- 4.22 In my opinion, the PCC and the Chief Constable's frameworks of governance, risk management and internal control are reasonable and audit testing has confirmed that controls are generally working effectively in practice. Where internal audit work has identified scope for improvements, the management response has been positive with agreed action plans in place to address all recommendations.
- 4.23 The Shared Service Group Audit Manager has undertaken review of all internal audit work contributing to the annual opinion statement and is able to confirm that all work has been undertaken in accordance with the Public Sector Internal Audit Standards and with the Quality Assurance and Improvement Programme. All audit work has been reviewed at key stages by the Audit Manager and is supported by appropriate evidence.

#### **Internal audit performance**

- 4.24 A suite of performance measures was used to monitor Internal Audit's performance during 2019/20. The results are shown at Appendix 3.

#### **Internal audit coverage and outputs**

- 4.25 14 reviews contributing to the assurance rating have been finalised.
- 4.26 All audits relating to the OPCC have received an assurance level of substantial or reasonable.
- 4.27 Seven Constabulary reviews were assessed as providing reasonable assurance with reviews covering both organisations receiving reasonable assurance. One Constabulary audit received partial assurance. The audit of TRiM (Trauma Risk Incident Management) received partial assurance. The Constabulary has chosen to provide this non-mandatory service to support the workforce and volunteers are clearly committed to supporting colleagues through this activity. Senior management have provided assurances that steps will be taken to address the issues raised in the report around ownership and oversight of the service, information management and improvement activity. We will follow up the four recommendations in this audit as part of our 2020/21 Internal Audit work.
- 4.28 Management responses to Internal Audit reports and recommendations have been positive.
- 4.29 Progress in implementing Internal Audit recommendations are monitored by the Joint Audit Committee at each meeting.

4.30 The following table summarises the total number of audit evaluations made during 2019/20 for the Constabulary, OPCC and systems operated jointly for both organisations for finalised reports.

Assurance level	Constabulary	OPCC	Joint	Total	%
Substantial	-	1	-	1	7%
Reasonable	7	1	4	12	86%
Partial	1	-	-	1	7%
Limited	-	-	-	-	-
<b>Total</b>	<b>8</b>	<b>2</b>	<b>4</b>	<b>14</b>	<b>100%</b>

4.31 We have also undertaken the following other work:

- Work on risk management for both organisations. The outcome is set out in paragraphs 4.7- 4.13 of this report and has been reflected within the annual opinion.
- We have completed advisory / consultancy work on Seized Dogs and presented our findings to management and the JAC.
- Completion of the advisory / consultancy work on Vehicle Utilisation was put on hold following the OPCC / Constabulary's request to temporarily postpone work on the 2019/20 Internal Audit plan.
- We have had early involvement in discussions around controls / considerations for the new financial system developments.

4.32 As outlined previously in this report, we temporarily suspended audit work on the 2019/20 audit plan at the request of the Constabulary and OPCC senior management due to the COVID-19 outbreak. Had we continued with work on the plan as in previous years a further one piece of work would have been completed and the outcome included within the annual opinion of the Head of Internal Audit (creditors).

4.33 The Institute of Internal Auditors has commented that the annual opinion of the Head of Internal Audit should be based on the percentage of work completed due to COVID-19 and that where a limited amount of work has been done the Head of Internal Audit should flag that the opinion is based on that limited amount of work. We have completed 87% of the plan to final and draft report stage (14 out of 16 reviews).

4.34 Comparison of previous years reports included within the annual opinion of the Head of Internal Audit is shown in the table below.

Year	Constabulary	OPCC	Joint	Total
2019/20	8	2	4	<b>14</b>
2018/19	11	3	3	<b>17</b>
2017/18	12	2	2	<b>16</b>

4.35 Our work on creditors would have been completed in time to be included within the annual report and opinion if work on the audit plan had not been temporarily suspended. We have assessed that the work on benefits realisation arrangements within the Constabulary would have not been completed as arrangements were being changed and need to be embedded for us to complete this piece of work. With this being taken into consideration, had all of the plan been completed during the year a maximum of 16 reviews providing an assurance rating could have been reported. As we have completed 14 reviews my view is that this is sufficient coverage overall, and across the two organisations, for 2019/20 to give my Head of Internal Audit opinions.

4.36 Although my opinion is based on work that we have completed I have also considered the issue of what impact there would be if the outcome of the two reviews which have not been included in the annual opinion had been less than reasonable (and we have no indication at this point that this will be the case). This would give the overall position as:

- OPCC only (2 out of 2 reasonable or above) – 100%
- Constabulary only (7 out of 9 reasonable or above) – 78%
- Combined (4 out of 5 reasonable or above) – 80%

I have given both organisations ‘reasonable’ assurance in my Head of Internal Audit’s opinions for 2019/20. I am satisfied that had we completed the audit programme as planned, even if the other outstanding reviews were less than reasonable, that it would not have impacted on my overall assessment of ‘reasonable’ assurance for both the PCC and the Chief Constable.

4.37 Appendix 1 provides the detail of audit work undertaken from the 2019/20 internal audit plan including work in progress from the 2018/19 plan. Text that is shaded in grey has been reported to Joint Audit Committee during the year and is included here for completeness.

## **Results of the Quality Assurance and Improvement Programme**

4.38 The QAIP was presented to JAC on 18<sup>th</sup> March 2020. We can confirm that the QAIP was followed in 2019/20.

## **Statement of Conformance with Public Sector Internal Audit Standards**

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

**Richard McGahon**  
**Group Audit Manager**  
11 June 2020

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## **APPENDICES**

***Appendix 1: Final reports issued to 10<sup>th</sup> June 2020***

***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 10<sup>th</sup> June 2020***

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## Appendix 1 – Final reports issued to 10<sup>th</sup> June 2020

Assignments	Status	Assessment
Debtors	Report circulated to members of the Joint Audit Committee and included in 25 <sup>th</sup> July 2019 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 2019 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 2019 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Governance Structure	Report circulated to members of the Joint Audit Committee and included in 20 <sup>th</sup> November 2019 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Substantial
Seized dogs – Consultancy	Findings presented to management on 15 October 2019 and included in 20 <sup>th</sup> November 2019 Committee papers for discussion at the meeting.	N/A
Commercial Solutions - Procurement	Report circulated to members of the Joint Audit Committee and included in 18 <sup>th</sup> March 2020 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Blue Light Collaboration (OPCC)	Report circulated to members of the Joint Audit Committee and included in 18 <sup>th</sup> March 2020 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable

## Appendix 1 – Final reports issued to 10<sup>th</sup> June 2020

Trauma Risk Incident Management (TRiM)	Report circulated to members of the Joint Audit Committee and included in 18 <sup>th</sup> March 2020 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Partial
Firearms	Report circulated to members of the Joint Audit Committee and included in 18 <sup>th</sup> March 2020 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
OPCC Police and Crime Plan	Report circulated to members of the Joint Audit Committee. Report available on the Commissioner's website.	Substantial
Body Worn Video	Report circulated to members of the Joint Audit Committee. Report available on the Commissioner's website.	Reasonable
Training	Report circulated to members of the Joint Audit Committee. Report available on the Commissioner's website.	Reasonable
Treasury management	Report circulated to members of the Joint Audit Committee. Report available on the Commissioner's website.	Reasonable
Financial sustainability	Report circulated to members of the Joint Audit Committee. Report available on the Commissioner's website.	Reasonable
Risk management and governance	Work completed and reported as part of the annual opinion for 2019/20.	Reasonable

## Appendix 1 – Final reports issued to 10<sup>th</sup> June 2020

In addition to the above we prepared and consulted on the 2020/21 draft Internal Audit plan with the Constabulary and OPCC. The proposed plan was presented to JAC at the meeting on 18<sup>th</sup> March 2020.

We completed the advisory / consultancy work on Seized Dogs and presented our findings to management and to JAC on 20<sup>th</sup> November 2019.



## 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)	Completed	Yes
Constabulary	Neighbourhood policing hubs (2018/19 WIP)	Completed	Yes
Constabulary	Force Tasking and Co-ordination (2018/19 WIP)	Completed	Yes
Constabulary	Criminal Justice Unit – follow up (2018/19 WIP)	Completed	N/A
Constabulary / OPCC	Financial sustainability	Completed	Yes
Constabulary / OPCC	Benefits realisation	Work in progress – put on hold due to the OPCC / Constabulary’s request to temporarily suspend the 2019/20 Internal Audit plan. We had already ceased this work once as the Constabulary was revising its benefits realisation process, but these changes have been delayed due to COVID-19. As there is a further piece of work on benefits realisation in the 2020/21 Internal Audit plan it would make sense to roll the 2019/20 work to date into our 2020/21 audit.	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 / OPCC	Procurement	Completed	Yes
OPCC	Blue Light Collaboration	Completed	Yes
OPCC	Police and Crime Plan	Completed	N/A – feedback form issued 04/06/2020
Constabulary	Body Worn Video	Completed	Yes
Constabulary	TRIM (Trauma Risk Incident Management)	Completed	Yes
Constabulary	Firearms	Completed	Yes
Constabulary	Training	Completed	Yes
Constabulary	Consultancy – Vehicle Utilisation	Work in progress – our fieldwork was nearing completion and then we'd draft our report and discuss our findings with management in order to bring this piece of work to a close. This has been delayed due to the Constabulary's request to temporarily suspend audit work so they could focus on the COVID-19 response.	N/A
Constabulary	Consultancy – Custody Medical Contract	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	Consultancy – Seized Dogs	Completed	N/A
Constabulary / OPCC	Risk management and governance	Completed	N/A
Constabulary / OPCC	Creditors	Work in progress – put on hold due to the OPCC / Constabulary’s request to temporarily suspend the 2019/20 Internal Audit plan.	N/A
OPCC	Treasury management	Completed	Yes
	Attendance at Police Audit Training & Development event	Attended event which took place on 26 & 27 September 2019.	N/A
	Internal Audit management	Completed	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	95% (annual target)	87%	<p>Of the 20 pieces of work in the 2019/20 audit plan 16 were planned to result in a written report with an assurance rating. The 87% completion figure represents 14 out of 16 finalised reports. The other 2 audits that were in progress have been temporarily put on hold at the request of the Constabulary / OPCC due to the COVID-19 situation.</p> <p>The other 4 pieces of planned work were:</p> <ul style="list-style-type: none"> <li>• work on risk management and governance (completed with an outcome of ‘reasonable assurance’ and incorporated into the annual opinion)</li> <li>• 3 pieces of advisory / consultancy work which do not receive an assurance rating (1 completed, 1 in progress but on hold due to COVID-19 and 1 not started).</li> </ul>
Days delivered	Number of planned days delivered	281	248	<p>Three pieces of work in the 2019/20 plan were not completed:</p> <ul style="list-style-type: none"> <li>• 3 days to complete our work on creditors when this re-commences</li> <li>• 5 of the 20 days on ‘Benefits realisation’ have been used. The audit had commenced and was then put on hold as the Constabulary identified the systems in place were not suitable and a new process was being developed. This has been further delayed due to the COVID-19 outbreak. Given that systems are</li> </ul>

### Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
				<p>still to be agreed, and will take time to embed, we propose to not progress this work from the 2019/20 plan and to reduce the days in the plan by the 15 days remaining as 'Benefits realisation' is already included within the proposed 2020/21 audit plan</p> <ul style="list-style-type: none"> <li>15 days were allocated to advisory / consultancy work on the custody medical contract but work was not started in 2019/20. As the Commercial Solutions Team had been doing some work around the custody medical contract and given the temporary postponement of audit work, and a need to review the available resource for the 2020/21 audit plan, it is proposed that this piece of work is not taken forward.</li> </ul>
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 days of management	90%	100%	

### Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
	response or closeout meeting.			
Recommendations agreed	% of recommendations accepted by management	95%	100%	
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	100%	
Quality assurance checks completed	% of QA checks completed	100%	100%	
Customer Feedback	% of customer satisfaction surveys returned	100%	100%	Thirteen forms were issued for audits completed in 2019/20. Twelve were due by this date and have been returned, one is not yet due.
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	92%	Based on the thirteen forms returned. In addition to the twelve forms returned for work in the 2019/20 plan we also received a completed form for an audit reported in the 2018/19 annual report.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	77%	



## Cumbria Office of the Police and Crime Commissioner

Public Accountability Conference 25 June 2020: Agenda Item XX  
Joint Audit Committee 24 June 2020: Agenda Item 13

### Review of effectiveness of the arrangements for Audit 2019/20

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

#### 1. Introduction and Background

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

relevant codes and standards. For internal audit the review is undertaken against the Public Sector Internal Audit Standard (PSIAS). The review of the effectiveness of the arrangements for the Joint Audit Committee is undertaken in line with the CIPFA 2018 guidance<sup>1</sup> that provides an evaluation self-assessment framework and a checklist of good practice.

## 2. Effectiveness of the Internal Audit Function

- 2.1. The effectiveness of the internal audit function is reviewed on the basis of compliance by the Internal Audit shared service provider with the PSIAS. The Group Audit Manager is required under the PSIAS to include within his annual report, a statement of conformance with the Standards. Any instances of non-conformance must be reported to the Joint Audit Committee. Furthermore, any significant non-conformance should be considered for inclusion within the Commissioner and Chief Constable's respective Annual Governance Statements.
- 2.2. The Public Sector Audit Standards support audit effectiveness by setting out a set of requirements for the governance, management and delivery of internal audit. This includes a requirement to develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of internal audit activity. Key elements of the QAIP include on-going monitoring of the performance of the internal audit activity, periodic assessment or self-assessment and external assessment. The QAIP also ensures that reasonable assurance is provided that Internal Audit is performing its work in accordance with its Internal Audit Charter, which is consistent with the PSIAS and that it operates in an effective and efficient manner.
- 2.3. The QAIP was presented to members of the Joint Audit Committee at their meeting 18 March 2020 for review. The QAIP report set out what was in place during 2019/20 and what is envisaged to be in place during 2020/21. The QAIP set out for members how audit engagements are supervised, how work including final reports are reviewed, arrangements for the audit manual and performance measures. The QAIP also includes the annual assessment of Internal Audit's conformance with its Charter and annual completion of the CIPFA checklist for assessing conformance with the PSIAS. At the same meeting members received the Internal Audit Charter. The Internal Audit Charter sets out the purpose, authority, responsibility and objectives of Internal Audit, providing clarity on how Audit works, its scope, lines of reporting and requirements in respect of objectivity and independence. The Charter, alongside the QAIP,

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<sup>1</sup> audit committees\Practical Guidance for Local Authorities and Police



supports the organisation and its auditors in ensuring the delivery of arrangements for Internal Audit that are effective. During the year members of the Joint Audit Committee have also received monitoring reports on actual performance against Internal Audit's performance framework at their quarterly meetings.

- 2.4. The summary of the outcomes of the completed self-assessment is attached to this report at Appendix A and is further supported by an evaluation of the role of the Group Audit Manager (Head of Internal Audit) against the CIPFA standard at Appendix B. The full 48 page checklist is retained on file for review by the External Auditors. The Annual Report of the Group Audit Manager (Head of Internal Audit), provided within this agenda, confirms that the Standards within the PSIAS have been complied with.
- 2.5. In November 2017, the first external quality assessment (EQA) of the internal audit function was carried out in line with the requirement of PSIAS to have an external assessment at least every five years. The outcome of this process was reported to members of the Joint Audit and Standards Committee at its meeting on 21 March 2018. The overall assessment was that the shared internal audit service "generally conforms" to the standards and this represents the highest of three possible outcomes. An action plan has been developed to address the seven recommendations contained within the EQA report.
- 2.6. The review of internal audit against the PSIAS provides the primary source of assurance. Further assurance of the effectiveness of internal audit was previously taken from the opinion provided by the external auditors. The external auditor (Grant Thornton) has advised that they no longer use the work of internal audit to assist with their own work and as such have not provided an opinion on the work of internal audit.

### 3. Effectiveness of arrangements for an Audit Committee

- 3.1. The effectiveness of the arrangements for an audit committee have been assessed by reviewing the arrangements for the Joint Audit Committee against the assessment criteria and checklist provided by CIPFA in its 2018 updated publication "audit committees, Practical Guidance for Local Authorities and Police". The guidance document provides a detailed regulatory framework against which the work and activity of the committee, in addition to the overall arrangements, can be assessed and consideration given to areas for improvement and development. The key messages arising from the review are that:

- ◆ The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- ◆ Members are recruited appropriately and the range of skills has been strengthened through recent appointments.
- ◆ The Committee's remit complies with best practice.
- ◆ The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- ◆ Audit Committee members have carried out their duties diligently, achieving 95% attendance, have made a valued contribution to governance arrangements and have taken action on specific issues.
- ◆ Members have continued to increase their formal and informal training and development activities.

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

## 4. Conclusions

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

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

4.2. When taken together, there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2020, or to the date of this meeting.

## 5. Recommendations

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

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2020 and to the date of this meeting, and
- ii. Consider any areas where they might wish to make recommendations to the Commissioner and Chief Constable for improvements in 2020/21.

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

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2020 and to the date of this meeting, taking into account the views of the Joint Audit Committee, and
- ii. Consider any areas where they might wish to see improvements or changes in 2020/21.

Gill Shearer  
Commissioner's Chief Executive

Roger Marshall  
Joint Chief Finance Officer  
27 May 2020

**Human Rights Implications:** None Identified

**Race Equality / Diversity Implications:** None Identified

**Personnel Implications:** None Identified

**Financial Implications:** None Identified

**Risk Management Implications:**

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

**Contact points for additional information**

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## Review of Internal Audit Effectiveness

### 1. Definition of Internal Auditing

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

### 2. Code of Ethics

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

### 3. Purpose, Authority and Responsibility

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

### 4. Proficiency and Due Professional Care

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

- 4.3. The team has a wide range of skills and experience brought about in part by the creation of the Shared Internal Audit Service which brought together a number of existing internal audit teams into a single service.
- 4.4. All audit work is undertaken with due professional care and reviewed by an Audit Manager to ensure that the work undertaken supports conclusions reached.
- 4.5. A Quality Assurance and Improvement Programme (QAIP) has been in place during 2019/20. The programme has been formally documented and was reported to the Joint Audit Committee on 18 March 2020. This includes the adoption of a comprehensive performance framework that is incorporated within the audit charter. The Joint Audit Committee have received quarterly reports monitoring actual performance against the framework.

## 5. Performance Standards

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

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

## 6. Engagement Planning

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

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

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

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

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

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

6.7. Audit final reports issued in relation to 2019/20 audit plans were accurate, comprehensive and complete. All contained an assurance statement and agreed action plan.

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



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

## 7. Monitoring Progress

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

## 8. Communication of the Acceptance of Risks

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

## CIPFA Statement on the Role of the Head of Internal Audit 2019

### 1. Introduction

- 1.1 In 2019, CIPFA published an updated Statement on the Role of the HoIA in Public Sector Organisations in recognition of the critical position occupied by the Head of Internal Audit (HoIA) within any organisation in helping it to achieve its objectives by giving assurance on its internal control and risk management arrangements and playing a key role in promoting good corporate governance. Conformance with the Statement is cited as an example of good governance within the Delivering Good Governance Framework 2016

### 2. The Five Principles

- 2.1 The Statement sets out how the requirements of legislation and professional standards should be fulfilled by the HoIA in carrying out their role and is structured under five core principles:
- 2.2 The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:
- championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
  - giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.
- 2.3 To perform this role, the Head of Audit:
- must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee
  - must lead and direct an internal audit service that is resourced to be fit for purpose; and
  - must be professionally qualified and suitably experienced.
- 2.4 A completed self-assessment template is attached below for appropriate sign off.

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
	Principle 1: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments				
1.1	Set out the HIA's role in good governance and how this fits with the role of others.	HoIA Role Profile sets out the contribution of the annual report of the HoIA to the Annual Governance Statement.	✓		
1.2	Ensure that the importance of good governance is stressed to all in the organisation, through policies, procedures and training	Code of Corporate Governance sets out the frameworks that are in place to support the overall arrangements. There are individual codes for the Cumbria OPCC and Cumbria Constabulary.	✓		
1.3	Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.	Internal audit plan incorporates some capacity to respond to emerging issues and projects.	✓		
	Principle 2: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control				
2.1	Set out the responsibilities of the HIA, which should not include the management of operational areas.	Responsibilities of the HoIA are set out in the Role Profile and do not include any operational responsibilities.	✓		
2.2	Ensure that internal audit is independent of external audit.	Internal audit is independent of external audit. IA plans will be shared with external audit, but will not be in any way directed by external audit.	✓		
2.3	Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the IA strategy for these and associated plans and reports and ensure the work is independently managed.	Not applicable.			

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
2.4	Establish clear lines of responsibility for those with an interest in governance (e.g. Chief Executive, Chief Legal Officer, Chief Financial Officer, Audit Committee, non-executive directors/elected representatives). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies	Clear lines of responsibility are set out in job roles, the scheme of delegation and key supporting governance documents eg financial regulations, procurement regulations, grant regulations. The Joint Audit Committee has a clear Terms of Reference consistent with the CIFA guidance.	✓		
2.5	Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns	Reporting lines are defined within the Internal Audit Charter which has been agreed by the Board.	✓		
2.6	Agree the terms of reference for internal audit with the HIA and the Audit Committee as well as with the Leadership Team	Internal audit charter sets out internal audit's terms of reference. Charter has been approved by Board and presented to Joint Audit Committee.	✓		
2.7	Set out the basis on which the HIA can give assurances to other organisations and the basis on which the HIA can place reliance on assurances from others.	The basis of assurances provided to other organisations is set out within the Shared Services agreement.  Various sources of assurance have been taken into consideration in preparing the audit plan to ensure optimum audit coverage.	✓		
2.8	Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g. risk management, corporate planning, anti fraud and corruption and whistleblowing.	Key governance documents include the Code of Corporate Governance, scheme of delegation, Anti-fraud and corruption strategy, policy and procedure. Risk management arrangements are in place and the corporate risk register for each organisation is reported to Joint Audit Committee.	✓		
2.9	Ensure that the annual internal audit opinion and report are issued in the name of the HIA.	Annual report of the Head of Internal Audit contains the internal audit opinion for the Police & Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary. This report is presented to Joint Audit Committee by the Head of Internal Audit.	✓		

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
2.10	Include awareness of governance in the competencies required by members of the Leadership Team.	Role profiles for the Chief Executive, Joint CFO and deputy monitoring officer are based on the relevant professional standards and include governance responsibilities. Constabulary Chief Officers are trained on governance matters as part of their professional qualification.	✓		
2.11	Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it. The HIA should not be responsible for preparing the report.	The framework of assurance that supports the annual governance statement is documented within the Statement itself. HIA is not responsible for preparing the AGS.	✓		
2.12	Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.	Public Sector Internal Audit Standards (PSIAS) refer to the requirement for internal audit plans to include a statement of how internal audit service will be delivered. This is included within the audit plan.	✓		
Principle 3: The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.					
3.1	Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement.	The Group Audit Manager is the designated HoIA for the PCC / Chief Constable.	✓		

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
3.2	Ensure that where the HIA is an employee that they are sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.	Not applicable.			
3.3	Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier.	Not applicable.			
3.4	Establish an Audit Committee in line with guidance and good practice.	There is a Joint OPCC / Constabulary Audit Committee which is the recommended approach in the Financial Management Code of Practice for the Police Forces of England and Wales. OPCC / Constabulary to confirm that the Joint Audit Committee has undertaken an annual self-assessment against the CIPFA practical guidance checklist and has assessed itself as performing appropriately.	✓		
3.5	Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA.	The relationship is set out in the Internal Audit Charter.	✓		
3.6	Ensure that the organisation's governance arrangements allow the HIA: – to bring influence to bear on material decisions reflecting governance;	There are appropriate arrangements in place to allow the HIA to perform these functions appropriately.	✓		

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
	<ul style="list-style-type: none"> <li>– direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit; and</li> <li>– to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate.</li> </ul>				
3.7	Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.	This is defined within the Internal Audit Charter	✓		
3.8	Set out the HIA’s responsibilities relating to partners including joint ventures and outsourced and shared services.	The HoIA responsibilities are defined within the Audit Charter in relation to the Shared Internal Audit Service.	✓		
Principle 4: The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.					
4.1	Provide the HIA with the resources, expertise and systems necessary to perform their role effectively.	Internal audit is resourced appropriately to deliver the level of service currently required.	✓		
4.2	Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate.	Internal audit is resourced appropriately to deliver the level of service currently required.	✓		
4.3	Ensure that there is a regular external review of internal audit quality	Mandatory EQA was undertaken in October 2017 and the outcome was reported to Audit & Assurance Committee on 20 March 2018 with a further update on progress at the Joint Audit Committee held on 20 March 2019 and 18 March 2020.	✓		

## Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
4.4	Ensure that where the HIA is from another organisation that they do not also provide the external audit service	Cumbria Shared Internal Audit Service does not provide the external audit service to the Police & Crime Commissioner for Cumbria or the Chief Constable for Cumbria Constabulary.	✓		
Principle 5: The HIA in a public service organisation must be professionally qualified and suitably experienced					
5.1	Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation.	HoIA is CIPFA qualified (since 1993). HoIA responsibilities are defined within the role profile for the post and make appropriate reference to the requirements of the 2019 CIPFA Statement.	✓		
5.2	Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role.	HoIA has nearly 30 years' audit experience within Local Government and undertakes CPD to keep his skills up to date. HoIA has regular contact with audit colleagues throughout the North West via the North West Chief Audit Executives Group and the Local Authority Chief Auditors Network (for Counties, Mets and Unitaries).	✓		



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

**Meeting date: 24<sup>th</sup> June 2020**

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

## **REASSESSING THE INTERNAL AUDIT PLAN 2020/21**

### **1.0 EXECUTIVE SUMMARY**

1.1 This report provides an update on the 2020/21 Internal Audit plan which was presented to Joint Audit Committee at the meeting held on 18 March 2020. The report also sets out factors taken into consideration for Internal Audit to deliver a reassessed audit plan in light of the on-going COVID-19 situation.

1.2 Key points are:

- Internal Audit work was suspended on 23<sup>rd</sup> March 2020 at the request of the Joint Chief Finance Officer due to the COVID-19 situation. This was considered to be a sensible and pragmatic way forward in the circumstances.
- The 2020/21 Internal Audit plan presented to the Joint Audit Committee on 18 March 2020 has been reassessed and agreed with Collaborative Board;
- The reassessed plan provides for 251 days which is a reduction of 30 days from the plan presented to Joint Audit Committee in March 2020;
- The reassessed audit plan will be kept under review and will remain fluid;
- The cost of the Internal Audit service will be reduced to reflect the reassessed plan and will continue to be based on a daily rate;

- Recommencement of audit work has now been agreed with Collaborative Board and we will work with the OPCC and Constabulary to complete work in progress from the 2019/20 Internal Audit plan and commence the work in the 2020/21 reassessed audit plan;
- New ways of working are being adopted by Internal Audit to ensure that that our team, and those we interact with, can work safely and in accordance with government guidelines on COVID-19;
- We will monitor the impact of the COVID-19 situation on the 2020/21 Head of Internal Audit opinions and report any issues as they emerge to Collaborative Board and Joint Audit Committee.

## **2.0 RECOMMENDATION**

- 2.1 Joint Audit Committee members are asked to note the report and reassessed Internal Audit plan for 2020/21 (included as Appendix 1).

## **3.0 BACKGROUND**

- 3.1 The 2020/21 draft Internal Audit plan was presented to the Joint Audit Committee at the meeting held on 18 March 2020. The plan was prepared following discussion and consultation with senior management of the OPCC and Constabulary.
- 3.2 The plan provided for 281 days, as per the Shared Service agreement between the OPCC, Constabulary and Cumbria County Council as the host authority.
- 3.3 On 23 March 2020 a request was made, by the Joint Chief Finance Officer, for Internal Audit to consider temporarily suspending internal audit work during the COVID-19 outbreak. The impact of this being that we did not complete the 2019/20 audit plan and we did not start work in the 2020/21 audit plan.
- 3.4 Internal Audit assessed the impact of suspending work on the 2019/20 plan and concluded that sufficient work had been undertaken for the Head of Internal Audit to be able to give the annual opinions for both the Chief Constable and PCC. It was therefore agreed to the temporarily suspend Internal Audit work to enable the Constabulary and OPCC to focus on their COVID-19 response.
- 3.5 In addition to temporarily ceasing work on the 2019/20 plan, work on the 2020/21 Internal Audit plan was not started.. Given the continuing COVID-19 situation, we have reviewed the draft plan presented to JAC in March 2020 and consulted with Collaborative Board to agree a reassessed Internal Audit plan for 2020/21.

### **Reassessed Internal Audit plan 2020/21**

3.6 The reassessed plan (included as Appendix 1) now provides for 251 days (a reduction of 30 days from the 281 in the Shared Service agreement and the plan presented to JAC in March 2020). The reduction in days results from:

- the deferral of work on the New Business Transformation Project – Establishment processes (20 days). Progress in this area has been delayed so a review will now be undertaken in 2021/22 and;
- removal of time set aside as contingency (10 days).

3.7 We have included an item within the reassessed plan for 'new work resulting from COVID-19' but at present not allocated any time against it. In line with the Chartered Institute of Internal Auditors (IIA) guidance we recognise that 2020/21 will be a different year and that it may be necessary to reflect that the organisations have changed and that the risks the organisations are now facing are new or enhanced and will need to be assessed. Further reassessments of the Internal Audit plan may be required during the year and any changes agreed with the Collaborative Board and reported to Joint Audit Committee. At the present time Collaborative Board have not highlighted any areas resulting from COVID-19 which require Internal Audit review.

3.8 We will reflect the reduction of audit work in our fees. As we charge a daily rate, this will be the basis of the reduction.

### **Recommencement of Internal Audit work**

3.9 Collaborative Board have agreed that now is an appropriate time to recommence internal audit work. We have set out the reviews to be carried out, as agreed with Collaborative Board in June 2020, in Appendix 1. In addition, we will conclude our work in progress from 2019/20.

3.10 The COVID-19 situation remains uncertain and concerns continue about a potential second wave. Within this in mind we recognise that the audit plan needs to remain fluid and will keep it under review with Collaborative Board.

### **New ways of working**

3.11 Due to current government requirements around social distancing we recognise that the way we carry out our work will need to change for the time being. We are reviewing our processes to ensure that Internal Audit staff, and the people they interact with as part of their work, are able to work safely during this pandemic and afterwards. We recognise that this will be an evolving process which we will keep under review. We will liaise with both organisations as necessary to ensure that we can deliver our work in an effective and secure way.

### **2020/21 Annual Opinions**

- 3.12 The reassessed Internal Audit plan for 2020/21 will be kept under review and the Head of Internal Audit opinions for 2020/21 will be based on work completed subject to consideration of any impact of COVID-19. In line with IIA guidance we will report to Collaborative Board and Joint Audit Committee if we have to limit the amount of work (for example, if there is a second wave and we are asked to suspend audit work again).

## **4.0 CONCLUSION**

- 4.1 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. 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.
- 4.2 Work on the 2020/21 Internal Audit plan has not yet started because the Constabulary and OPCC requested a temporary postponement to audit work (including work in progress within the 2019/20 plan). We have reviewed the audit plan presented to JAC in March 2020 and agreed a reassessed plan with Collaborative Board. The reassessed plan will need to remain fluid and will be kept under review, with any further changes agreed by Collaborative Board and reported to JAC.

**Richard McGahon**  
**Group Audit Manager**  
11 June 2020

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## **APPENDICES**

### **Appendix 1 – Reassessed Internal Audit plan 2020/21 (separate attachment)**

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

## Appendix 1 – Reassessed Internal Audit plan 2020/21

Audit Review	Description	Comments	Days
Financial sustainability (Constabulary / OPCC)	Financial pressures remain as risks on both the OPCC and Constabulary strategic risk registers. The audit would provide updated assurance over the ongoing arrangements for financial sustainability during this time of continued financial uncertainty for the Constabulary.	Retain in the plan	15
Benefits delivery process (Constabulary / OPCC)	<p>There has been significant investment in projects to drive efficiencies within the Constabulary. Governance processes around delivering the benefits from investment in projects have been revised.</p> <p>The audit review would provide assurance that the newly developed processes have the correct level of internal control to identify and report the delivered benefits. The audit will consider the arrangements the Constabulary has in place to manage unanticipated benefits as well as how any negative impacts or non-delivery issues are identified promptly and reported.</p>	Retain in the plan	20
Risk management and governance (Constabulary / OPCC)	Work to support the annual opinions.	Retain in the plan – specific for opinions	10
Contract management (Constabulary / OPCC)	In the audit environment commissioning, procuring and contract management are seen as high risk areas. A lot of work has been done by the Commercial Solutions department to improve commissioning and procurement activity. However, there is a need to ensure that appropriate contract management arrangements are in place so that the benefits of contracts are fully realised.	Retain in the plan	25

Audit Review	Description	Comments	Days
Sickness management (Constabulary)	The review will provide assurance over the arrangements for managing sickness and will focus on compliance with policies and procedures.	Retain in the plan	20
Collision Reduction Officers (CROs) (Constabulary)	Identified as a priority by management. The review would provide independent assurance that CROs are providing value for money by delivering the requirements of the original business case.	Retain in the plan	20
Professional Standards – Reflective Practice Review Process (Constabulary)	Identified as a priority by management. The review will provide independent assurance that the Constabulary’s processes are compliant with the new regulations.	Retain in the plan	20
Property Stores (Constabulary)	Identified as a priority by management. The review will provide assurance that the management of property (evidential and lost and found) complies with the policy.	Retain in the plan. Discussion required on how this can be done in a COVID-19 secure way	20
New Business Transformation Project (BTP) Establishment processes (Constabulary)	<p>Identified as a priority by management. The review will provide independent assurance that the newly developed processes have the correct level of internal controls and that data is timely and accurate.</p> <p>We will undertake the work in two phases:</p> <ol style="list-style-type: none"> <li>1. Early discussions over whether controls being built in to the system are appropriate and;</li> <li>2. Review once the system is in place.</li> </ol>	Remove from the plan and undertake the audit on 2021/22	(20)

Audit Review	Description	Comments	Days
New Business Transformation Project (BTP) finance (Constabulary)	<p>Identified as a priority by management. The review will provide independent assurance that the newly developed processes have the correct level of internal controls.</p> <p>We will undertake the work in two phases:</p> <ol style="list-style-type: none"> <li>1. Early discussions over whether controls being built in to the system are appropriate and;</li> <li>2. Review once the system is in place.</li> </ol>	Retain in the plan	20
Financial systems – Main Accounting System	The introduction of the new main accounting system in October 2020 means the new system will be introduced part way through the 2020/21 financial year. This review would provide assurance that data has been correctly transferred into the new system and that the new system operates as expected.	Retain in the plan	15
Financial systems - Pensions	Cyclical financial system audit which will focus on compliance with key controls.	Retain in the plan	10
Advisory / Consultancy work Front Office Counters	An independent assessment of current demand by volume and type at each of the stations that have a front counter. This piece of advisory work will provide a factual summary and commentary on demand. Management will be able to use our work as part of their consideration of future options for the service.	Retain in the plan. Discussion required on how this can be done in a COVID-19 secure way	25
TRIM (Trauma Risk Incident Management) Follow up (Constabulary)	The TRIM audit received 'Partial' assurance in 2019/20 and therefore a follow up audit is undertaken the next year.	Retain in the plan	5
Contingency	Audit time to be allocated during the year following further discussions with management.	Remove from plan	(10)

Audit Review	Description	Comments	Days
New work resulting from COVID-19	At the time of putting the 2020/21 Internal Audit plan together COVID-19 wasn't seen as a significant issue so no risks around its impact were identified.	Management to consider on an ongoing basis whether there are any areas, resulting from COVID-19, where Internal Audit assurance may be required for 2020/21.	N/A
Attendance at Police Audit Training & Development event	This is an important part of the development of the internal audit service to the OPCC / Constabulary and provides insights into current issues, risks and audit matters relevant to our police audit work.	Retain in the plan	2
Internal audit management	<p>Time is built into the plan for the management of the shared service in relation to work undertaken for the constabulary and the Commissioner's Office, to include:</p> <p>Attendance at Joint Audit Committee (5 meetings in year)</p> <p>Preparation of progress reports, annual reports and opinions</p> <p>Audit planning</p> <p>Management liaison</p> <p>Effectiveness of internal audit – Compliance with PSIAS</p>	Retain in the plan – specific for delivery of the service	<p>4</p> <p>6</p> <p>9</p> <p>4</p> <p>1</p>
<b>Total</b>			<b>251</b>





Peter McCall



Joint Audit Committee  
Review of Effectiveness 2019/20

## Executive Summary

The purpose of an audit committee is to provide those charged with governance<sup>1</sup> independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

Best practice dictates that governance, risk management and strong financial controls be embedded in the daily and regular business of an organisation. The existence of an audit committee does not remove responsibility from senior managers or leaders, but provides an opportunity and resource to focus on these issues.

*Audit committees are a key component of the governance framework.*

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

CIPFA's guidance document, Audit Committee's Practical Guidance for Local Authorities and Police (2018 edition), recommends that audit committees review their effectiveness annually. The Annual Report of the Committee sets out the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

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

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

- The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- Members were appointed based on their skills and experience, are politically neutral.
- The Committee's remit complies with best practice and members are clear about their role and focus of attention.
- The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- Joint Audit Committee members have carried out their duties diligently, achieving 95% attendance at meetings, have made a valued contribution to governance arrangements and have taken action on specific issues.
- Members have maintained formal and informal training and development activities to enhance their understanding of the Constabulary and OPCC.

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

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

The Committee continues to strive for improvements across all areas of its activities. The Committee has identified three priority areas within its wider programme where in 2020/21 it will seek to have impact: These priorities are included in an action plan and comprise efforts to:

- Support and monitor the OPCC and Constabulary plans to address the increasingly stringent funding environment.
- Support and challenge any new governance arrangements, for example, from restructuring and capacity reviews, greater collaboration with other organisations or joint working on delivery of service.
- Consider the impact of new developments such as Operation Uplift, COVID19 on internal and external audit work programmes to ensure they remain relevant.

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

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

- Attendance at Police and Crime Panel meetings as an observer to understand the PCP's key areas of attention.
- Sharing the Cumbria approach to audit committees with other policing bodies thereby developing and sharing areas of best practice.
- Reviewing the effectiveness of Internal Audit's approach to consultancy work to help ensure it adds value.

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

The Committee's review of Effectiveness provides information on the assessment process and CIPFA standards, this together with the Committee's Terms and Reference and detailed work programme for 2019/20 can be found on the Commissioner's website at <https://cumbria-pcc.gov.uk/finance-governance/budget-finance/joint-audit-and-standards-committee/>. The Joint Audit Committee holds public meetings, Committee papers and audit reports are all available on the Commissioner's website using the above link.

# Introduction

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

## The Influential Audit Committee

The audit committee has the potential to be a valuable resource to the whole organisation. Where it operates effectively, an audit committee can add value to its organisation by supporting improvement across a range of objectives. To achieve wide-ranging influence, an audit committee will need commitment and energy from membership together with support and openness from the organisation.



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

## Review of Effectiveness

The review has been undertaken against the framework of the CIPFA document. It reviews the activities and impact of the Committee against the guidance in relation to the purpose and functions for Audit Committees and a checklist for effectiveness. The full range of activities undertaken by the Committee during 2019/20 is also set out in Appendix A as a consolidated summary of the work of the Committee in fulfilling its functions. For each of the areas in the CIPFA guidance, an assessment is made to award a grade in accordance with the CIPFA standard, based on the conclusions of the review. The grades are set out in table one below. In addition to consideration of Committee activity the review of effectiveness is also supported by consideration of the issues of Committee independence and objectivity and the skills and experience of members. Audit Committee members have further agreed a self-assessment checklist for good practice, included with the CIPFA document to support the annual review.

Table One: CIPFA Effectiveness Evaluation Assessment Key

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

## Overall Conclusions and Assessment

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

The review has demonstrated that within the areas of the self-assessment the Committee can evidence the effective use of substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. The committee achieves a consistent grade of 5 in all 10 areas of the assessment against the Core Functions and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability score a grade 5 and Membership and Effectiveness also score a grade 5. The key messages arising from the review are that:

- Committee members have carried out their duties diligently, meetings are well attended and members have made an effective contribution to governance arrangements
- Members have kept up to date with training and developments. During 2019/20 these arrangements have continued to include a corporate briefing as part of Committee meetings and for 2019/20 a specific development session covering treasury management with the Commissioner's external advisors was held. A further development session on the Constabulary Strengths Based Conversations (SBCs) procedure was delayed due to staff availability and a further session on the budget and MTFP was cancelled in March as a result of the Coronavirus outbreak.
- In 2016/17 Members were provided with an "Induction Pack and Handbook" which provides a number of useful documents in one handbook and includes details of structures, key individuals and governance arrangements within the OPCC and Constabulary, these handbooks are updated on a periodic basis to include latest information.

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

#### The Police and Crime Commissioner for Cumbria Comment

One of my key responsibilities on behalf of the public is to ensure the effective and efficient use and accounting for public money allocated to Policing the county. This is a highly complex and constantly changing financial landscape and it is therefore essential that we have effective and challenging scrutiny of our financial processes. I believe we are blessed in the OPCC and Constabulary in having highly professional and dedicated finance staff who do an excellent job, this is complimented by a rigorous, expert panel in the Joint Audit Committee who in turn conduct Independent audit of a range of Constabulary functions and most especially our accounts. As Commissioner this gives me additional assurance which I am able to pass onto the public that our administration and financial processes are effective, efficient and their probity is assured. There are of course always things we can improve and I am grateful to the Chair and members of JAC for their robust scrutiny and guidance when they find matters which need to be addressed and improved.

#### Chief Constable for Cumbria Constabulary Comment

I value the work of the Joint Audit Committee in providing assurance that governance within the Constabulary is effective and supports the delivery of an outstanding policing service for the people of Cumbria. The independence, complimentary skills and conscientious approach of the committee to their role facilitates robust scrutiny and challenge which contributes to the Constabulary achieving its objectives, and being an efficient and effective policing service.

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

- **Section One:** Core Committee Functions and the Effectiveness Checklist page 8-24
- **Section Two:** Possible Wider Functions of an Audit Committee page 25-26
- **Section Three:** Independence and Accountability page 27-28
- **Section Four:** Membership and Effectiveness page 29-31
- **Appendix A:** Committee Activities 2018/19 page 32-34
- **Appendix B:** Committee Terms of Reference Assurance Framework page 35-42
- **Appendix C:** Governance Documents Review Schedule page 43
- **Appendix D:** Committee Attendance page 44
- **Appendix E:** Committee Chair and Member Role Profiles page 45-48
- **Appendix F:** CIPFA Good Practice Checklist page 49-51

# Section One: Core Committee Functions and the Effectiveness Checklist

## Good Governance and the Annual Governance Statement

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

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

There should be a local code of governance setting out how the principles of the CIPFA SOLACE good governance framework are applied, that should be reviewed by the Committee. Police Audit Committees should review the Annual Governance statement (AGS) of both the Commissioner and the Chief Constable prior to approval. The CIPFA guidance provides that to meaningfully review the AGS, the Committee should be in a position to draw on their knowledge of the governance arrangements as they are established and on assurances of their operation in practice. It should

also ensure that the AGS is underpinned by a framework of assurance.

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

### Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme includes an independent cyclical review of the Commissioner and Chief Constable's governance framework and all material governance arrangements. During 2019/20 the work of the Committee has included:

- Reviewing and advising on revisions to the joint procurement regulations, arrangements for anti-fraud, corruption and whistleblowing for both the OPCC and Constabulary and the OPCC treasury management strategies and practices. The review of treasury management included a briefing by external treasury management advisors (Link Asset Services) in respect of changes to the wider economic environment and associated implications for the operation of the treasury management function within the OPCC, following which members were able to robustly challenge changes in the approach to investment strategy.



- A review of the role of the Joint Chief Finance Officer against the CIPFA guidance for police and consideration of the Joint Chief Finance Officer's review of the effectiveness of arrangements for governance, including internal audit and a review of the role of the Head of Internal Audit against CIPFA guidance.
- In line with CIPFA recommendations, the Committee reviewed the Chief Constable and Commissioner's AGS in May, prior to the publication of the unaudited statement and again in July prior to publication alongside the audited accounts. Alongside the AGS, members reviewed the Commissioner and Chief Constables Code of Corporate Governance. In addition, members review progress against the respective AGS action plans mid way through the financial year.
- The Committee receive all audit internal reports in full, at the point at which they were finalised, with members requesting that reports with significant issues are tabled at Committee meetings. Members have given specific focus to audit reports covering GDPR, overtime monitoring, main accounting system, debtors, local focus hubs, governance structure, firearms, blue light collaboration, procurement, trauma incident management (TRiM) and follow up reports on offender management and CJU.
- The scope of the internal audit plan has been significantly developed since 2014/15 to ensure it provides wider governance assurance in addition to that provided on core financial systems and financial governance. The audit areas covered in 2019/20 are highlighted in the bullet above. During 2020/21 the approved audit plan will focus on financial sustainability, benefits delivery, risk management and governance, contract management, sickness management, collision reduction officers, PSD practice requires improvement, property stores, business transformation, main accounting system, pensions a follow up on TRiM and a piece of consultancy work front counters.
- At their meeting in May 2019 internal audit provided members with a draft annual audit opinion providing assurance from the group Audit Manager (Head of Internal Audit). Members also receive further assurance at each meeting through reports from the external auditors. This included the Audit Findings Report presented to members in July 2019 setting out the external auditor's un-qualified opinion on the financial statements and an un-qualified value for money conclusion.

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

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

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

## Internal Audit

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

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

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

The Audit Charter sets out the functional reporting arrangements between Internal Audit, Collaborative Board<sup>2</sup> and the Joint Audit Committee. CIPFA guidance sets out a number of roles for the committee as part of the support and review arrangements. These are to oversee Internal Audit's independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote

the effective use of internal audit within the assurance framework.

### Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme, in line with the CIPFA guidance, includes a review of the Internal Audit Charter and a review of a risk based internal audit plan including the audit budget and number of audit days within the plan. The report that incorporates the Plan and Charter was received by members in March 2019 in respect of the 2019/20 financial year. In March 2020 members approved the Plan and Charter for 2020/21 which has seen the number of audit days maintained at the standard 281 days in 2020/21. The plan sets out the process undertaken to assess risks and develop a programme of audit in accordance with the risk based approach of the PSIAS.

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

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

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<sup>2</sup> The Collaborative Board comprising the Deputy Chief Constable, Assistant Chief Constable, the Commissioner's Chief Executive, the Commissioner's Chief Finance Officer, the Director of Corporate Improvement and the Director of Corporate Support  
Corporate Support / Financial Services / MB

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

The Committee receives all internal and external audit reports in full supporting assurance on the overall control environment. The reporting format of internal audit reports was improved in 2014/15 to provide a stronger link between audit recommendations and control objectives. The reports also aim to focus attention on internal control strengths and recommendations. During 2019/20 Members have considered reports across a diverse range of Constabulary and OPCC business including local focus hubs, force tasking & co-ordination, governance structure, procurement, blue light collaboration, trauma risk incident management (TRiM), firearms, follow up reports on criminal justice and a piece of internal audit consultancy work on seized dogs.

Monitoring against performance measures and benchmarks for the Internal Audit service was introduced in 2014/15 and has continued throughout 2019/20. Proposed performance measures are reviewed at the start of the financial year and have been included within the Internal Audit Charter on the recommendation of the Committee. Members have received a quarterly monitoring report assessing actual performance against the benchmark.

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

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

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

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

## Risk Management

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

It also notes the assurance that risk management provides in respect of the AGS and when reviewing the risk based internal audit plan. The guidance describes governance of risk as the arrangements for leadership, integration of risk management arrangements, ownership and accountability. The role of the audit committee in relation to risk management covers three major areas:

- Assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks.
- Keeping up to date with the risk profile and the effectiveness of risk management actions.
- Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.

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

### Self-evaluation, examples, areas of strength and weakness

In accordance with the CIPFA guidance, specific actions undertaken by the Committee during 2019/20 included:

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

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

significant risks facing the Commissioner and Constabulary and the mitigations in accordance with the methodology within the strategy. This ensures the Committee has an effective understanding of the significant risks facing both organisations and can hold risk managers to account.

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

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

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

## Assurance Frameworks and Assurance Planning

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

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

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

### Self-evaluation, examples, areas of strength and weakness

The Joint Audit Committee operates with an assurance-based work programme aligned to its terms of reference and that, in line with the guidance, forms an appropriate balance between cost and risk. The assurance framework that was in place for 2019/20 is set out at appendix B and includes assurances from management, Chief Officers, internal and external audit and external inspectorates. During 2019/20 and in recognition of CIPFA's updated guidance for Audit Committees, members have:

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

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

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

## Value for Money and Best Value

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

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

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

### Self-evaluation, examples, areas of strength and weakness

*The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2017/18 was positive.*

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

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

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

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2018/19, received by the Committee in the External Auditor's July 2019 Audit Findings Report was positive.

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

Following a review by the Committee during 2013/14 that identified limited 'other' sources of assurance with regard to value for money and securing best value, the Committee now routinely receives a number of reports from the OPCC and Constabulary with a specific focus on value for money. This has included an analysis of HMICFRS value for money profiles for the Constabulary (the OPCC no longer falls under the remit of HMICFRS), and the outcome of the HMICFRS PEEL review of efficiency, effectiveness and legitimacy. As part of the review of the arrangements for value for money, members also sought assurances regarding the approach to the management of reserves, the reserves strategy was included as part of the member development session on the budget, medium term financial strategy and change programme provided in March 2019.

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

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



## Countering Fraud and Corruption

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

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

*The Commissioner and Chief Constable have responsibilities for the effective stewardship of public money and for safeguarding against losses due to fraud and corruption.*

### Self-evaluation, examples, areas of strength and weakness

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

During 2019/20 members reviewed and provided constructive feedback on the overall arrangements for anti-fraud and corruption. As a result of feedback provided by members changes and improvements have been made to support the clarity of key documents. As part of the cyclical review of governance arrangements for anti-fraud are reviewed on a bi-ennial basis.

In May 2019 members received a report from the Chief Executive monitoring the anti-fraud and corruption arrangements within the OPCC. The report sets out the activity that takes place during the year in line with the strategy and policy and to ensure anti-fraud arrangements are well embedded. The report covered the 2018/19 financial year and members will receive in June 2020 a report covering the 2019/20 financial year (the May 2020 meeting was delayed to June as a result of the coronavirus pandemic and the resultant impact on financial reporting timescales).

In July 2019, as part of the arrangements for the financial statements, members received copies of the Commissioner and Chief Constable's letter of management assurance. These are prepared by the Joint Chief Finance Officer and include a full fraud risk assessment. Within the assessment members are briefed on any actual or suspect fraud that has taken place during the year and any changes to the control environment as a consequence of that fraud.

Members further support their understanding of the control environment through receipt of audit reports. During 2019/20 members received a variety of audit reports with judgements of substantial (1), reasonable (12) and partial (1) assurance. The audit reports in relation to major financial systems in respect of debtors provided reasonable assurance. Members receive the full report on all audits supporting a wider understanding of internal controls that can be gained from summary reports.

During 2019/20 the Committee has operated as a Standards Committee for the Commissioner. This has included monitoring the effectiveness of the Commissioner's Code of Conduct and PCC/Officer Protocol, supporting the approach to ethical standards. In 2015/16 the Commissioner and Constabulary established an independent Ethics and Integrity Panel to facilitate a more in-depth scrutiny of arrangements for ethics and integrity including Constabulary conduct matters and the handling of complaints. The fifth annual report of the Ethics and Integrity Panel was provided to members of the Joint Audit Committee in May 2019.

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

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

## External Audit & Inspection

CIPFA guidance states that the Audit Committees have a role to play in relation to the appointment of external auditors.

In England organisations have the option to appoint auditors themselves via means of an auditor panel or through Public Sector Audit Appointments (PSAA) which has been established by the Local Government Association and specified as an “appointing person”. The Commissioner and Chief Constable have appointed the external auditor via the PSAA route. The audit committee’s role is in providing assurance that the external audit team maintains independence and objectivity. The audit committee has a vital role to play in guarding against threats to independence.

CIPFA guidance states that Audit Committees have a role to play in receiving and considering the work of the external auditor.

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

### Self-evaluation, examples, areas of strength and weakness

The Joint Audit Committee receive all reports of the External Auditors and conduct an annual private meeting with the External Auditors. During 2019/20 the External Auditors have attended all of the 5 Committee meetings. The Committee’s terms of reference are fully compliant with the CIPFA guidance and provide for an annual private meeting with the External Auditors. The Committee receives inspection reports from other agencies where these are relevant to the Committee’s functions. Recommendations arising from audit and inspection are monitored for implementation by the Committee.

Membership of the Joint Audit Committee includes the skills and experience of a former district auditor and former S151 officers, and also a qualified lawyer. All members have significant experience of committees fulfilling audit and governance functions. This ensures that the Committee have the skills and experience to assess the work of the external auditors and will have clear expectations regarding the requirements in respect of seniority, quality and experience of audit staff. During 2019/20 members have:

- Undertaken robust scrutiny of the external audit plan, including questioning the robustness of work that will be carried out in respect of the value for money conclusion and the assurance it can provide.
- Received the External Auditors Annual Fee letter.
- Received the External Auditors Audit Findings report covering the financial statements, matters of governance and the value for money conclusion in respect of the 2018/19 financial year.
- Scrutinised published HMICFRS reports covering value for money (HMICFRS annual profiles). Members have also received as part of the corporate update from the Deputy Chief Constable updates covering the full HMICFRS inspection programme for the Constabulary and issues that need to be brought the attention of members.
- In 2014/15 Members agreed a change to their terms of reference to incorporate responsibility as an audit panel, to oversee the appointment of external auditors for the Commissioner, at the time the relevant provisions of the 2014 Local Audit and Accountability Act come into effect.

### Conclusion<sup>3</sup> : Assessment Grade 5

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

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<sup>3</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

## Financial Reporting

*For policing bodies the draft financial statements must be signed off by 31 May, as the 30 working day period for the exercise of public rights must include the first 10 days in June.*

*The latest date for publication of the audited statements is 31 July.*

The guidance from CIFPA recommends that it is good practice for the accounts and the AGS to be reviewed by the audit committee prior to the commencement of the external audit.

Audit committees may undertake a review of the statements and satisfy themselves that appropriate steps have been taken to meet statutory and recommended professional practices. This is recommended to include reviewing the narrative report to ensure consistency with the statements and the financial challenges and risks facing the organisation in the future. The guidance also notes that the Committee should give consideration to the accessibility, readability and understandability of the statements to the lay person e.g. use of plain English and key messages. The Committee should review the financial statements prior to approval, although best practice is to review the accounts prior to the commencement of the audit.

### Self-evaluation, examples, areas of strength and weakness

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

The financial statements are supported by a report from the Joint Chief Finance Officer that consolidates for members all key areas of assurance on which they can place reliance in respect of the statements and details significant areas of risk and the basis of material judgments. This dialogue assists in explaining a number of complex transactions within the 2018/19 statements arising from changes in legislation that have impacted on how the Chief Constables financial position is presented. During 2019/20 the draft unaudited accounts for 2018/19 were again, for the second time, reported to the Committee in May 2019, prior to publication on the website, in order to provide members with an early opportunity to review and scrutinise the accounts. The subsequent audited accounts were presented in July alongside the External Auditors Audit Findings report.

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

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

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

The Committee is now fully compliant with the CIPFA guidance and best practice standards in relation to its contribution to financial reporting. This is as a result of the change, introduced in 2017/18 for the 2016/17 financial statements, and repeated annually since then whereby the committee received the draft Statement of Accounts at the May meeting, prior to audit and publication on the website.

## Partnership Governance and Collaboration Agreements

Organisations commonly have a wide range of partnership and collaborative arrangements including strategic relationships with other public sector organisations, shared service arrangements, commercial relationships and a range of service delivery arrangements. CIFPA guidance recognises that ensuring the adequacy of governance and risk management over such arrangements can be complicated, but it is important as accountability for performance and stewardship of public funds remains with the organisation.

The audit committee's role should be to consider the assurance available on whether the partnership or collaboration arrangements are satisfactorily established and are operating effectively. The committee should satisfy itself that the principles of good governance underpin the partnership arrangements. For example, the audit committee should seek assurance that the organisation has appropriate arrangements to identify and manage risks, ensure good governance and obtain assurance on compliance. The committee may also want to know what arrangements have been put in place to maintain accountability to stakeholders and ensure transparency of decision making and standards or probity are maintained.

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

The arrangements in respect of governance for partnerships are set out in the appropriate governance documents that are presented to the Committee for cyclical review as part of their review of governance. During 2019/20 members reviewed and contributed to the further development of the Role of the Joint CFO, the Joint Procurement Regulations, the OPCC scheme of delegation/consent and arrangements for anti-fraud and corruption.

The overall arrangements for partnerships are set out within the Commissioner and Chief Constable's Code of Corporate Governance which was received by members in May 2019 alongside the AGS, setting out how those arrangements have been complied with.

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

In respect of partnership governance the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

## Governance and Ethical Values

Public sector entities are accountable not only for how much they spend but also the ways they use resources with which they are entrusted.

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

With its core role of supporting good governance, support for the ethical framework of the organisation is also important for the audit committee. In addition, public sector organisations have an overarching mission to serve the public interest in adhering to the requirements of legislation and government policies. This makes it essential that the entire entity can demonstrate the integrity of all its actions and has mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels. As part of its review of governance arrangements, the audit committee should be satisfied that there are adequate arrangements to achieve this. All organisations should have regard to the Seven Principles of Public Life, known as the Nolan Principles. Within policing, this is further enforced by the College of Policing's Code of Ethics.

As part of the annual governance review, the audit committee should consider how effectively the seven principles and code of ethics are supported.

The arrangements for ethics and integrity are covered within the AGS. In addition, the audit committee review on a cyclical basis the arrangements for anti-fraud and corruption which include sections in relation to abuse of authority for sexual gain and arrangements in place for whistle-blowing.

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

In respect of governance and ethical values the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.



# Section Two: Possible Wider Functions of an Audit Committee

## Ethical Values and Treasury Management

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

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

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

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

### Self-evaluation, examples, areas of strength and weakness

Evaluation of the role of the Committee in respect of ethical values is covered in the section on good governance & countering fraud and corruption. In respect of treasury management the Committee received and reviewed at its March 2019 meeting the treasury management strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices that would apply to the 2019/20 financial year.

During 2019/20 members have also received and reviewed the arrangements for Treasury Management proposed for 2020/21. This included a robust scrutiny of the strategy, where members have been keen to ensure an appropriate balance between risk and return in respect of the range of permissible investment counterparties and increased risk in the more traditional banking investments.

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

## Conclusion<sup>4</sup> : Assessment Grade 5

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

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<sup>4</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.  
Corporate Support / Financial Services / MB

# Section Three: Independence and Accountability

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

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

- The Committee acts as the principal non-executive advisory function supporting those charged with governance<sup>5</sup> and is independent of executive and operational responsibilities. The Committee has access to and is accountable to the Commissioner, the Chief Constable and the respective Chief Officers of both entities, meets at least 5 times a year and operates with a set of Committee standing orders to regulate business including matters received in public and those to be considered in private.
- The Committee meets privately and independently with both the external auditors and the internal auditors (separately) as part of its annual agenda.
- The Chief Officers<sup>6</sup> or appropriate senior substitutes of the Commissioner and Chief Constable attend all meetings of the Committee. Internal audit and external audit are in attendance in addition to other officers as appropriate to the agenda. The Committee is able to call on other officers as required. The Committee is well attended, attendance for 2019/20 is set out at Appendix C.
- This report constitutes the Annual Report on the assessment of the Committee's performance and is reported to the Public Accountability Conference and the Police and Crime Panel.
- The arrangements for the Committee comply with the guidance set out within the Home Office Financial Management Code of Practice. The Code states that the Commissioner and Chief Constable should establish an independent Audit Committee. It is recommended that this is a joint committee and that the Commissioner and Chief Constable should have regard to the CIPFA Guidance on Audit Committees.
- The Committee maintains its independence by ensuring a focus through the work programme on oversight of governance, risk, control and the audit process. It has no delegated decision

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<sup>5</sup> The Commissioner and the Chief Constable

<sup>6</sup> Joint Chief Finance Officer, Chief Executive, Deputy Chief Constable  
Corporate Support / Financial Services / MB

making or approval powers from the Commissioner or Chief Constable.

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

## Conclusion<sup>7</sup> : Assessment Grade 5

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

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<sup>7</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the

effectiveness checklist but has been graded on a similar basis.

# Section Four: Membership and Effectiveness

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

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

These are defined as:

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

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

## Self-evaluation, examples, areas of strength and weakness

Membership, composition and operation of the Joint Audit Committee comply with the CIPFA guidance. The Committee comprises four independent members, appointed through public advert and was for a tenure of 4 years, with a potential to extend to a maximum of 8 years in compliance with the practices recommended by Standards for England. During 2019/20 discussions have taken place regarding extending the tenure period to a maximum of two five year terms. A separate paper is included on the Joint Audit Committee agenda to formalise this and outline the interim arrangements. Independence and objectivity, including political independence is secured through restrictions on membership. Specifically membership excludes:

- Serving elected members/officers of a Council/Local Authority represented on the Cumbria Police and Crime Panel and/or similar Cumbria public sector bodies

- Former elected members/officers of the above Council/bodies (time restricted to 3 years)
- Serving Police Officers and Police staff and former Police Officers/staff (time restricted to 3 years)
- Individuals active in local or national politics
- Individuals who have significant business or personal dealings with the Constabulary/OPCC
- Individuals who have close relationships with any of the above including immediate family members

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

The requisite skills and experience of members are secured through the recruitment process based on a role profile. The profiles distinguish between the experience and skills expected of the Committee Chair and those expected of Committee members. The role profile is supported by a person specification that sets out essential and desirable skills, experience and ability across a range of governance, risk, finance and audit requirements. The person specification requirements are set out below. The role profiles for committee members, which were updated in November 2018 are set out at appendix E.

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

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

Members are recruited independently of the Commissioner and Chief Constable but are subject to their approval. During 2019/20 there have been no changes to the committee membership. During 2019/20 there have been discussions and agreement regarding extending the committee tenure from four years to five years with an overall maximum period of 10 years. A separate paper is included on the committee agenda to formalise this.

The work programme for members has again for 2019/20 included formalised development seminars prior to Committee meetings, these sessions support members with a more in-depth understanding of areas within the remit of the Committee's terms of reference. During 2019/20 a development session on treasury management with the Commissioner's external advisors was held. A further development session on the Constabulary Strengths Based Conversations (SBCs) procedure was delayed due to staff availability and a further session on the budget and MTFP was cancelled in March as a result of the Coronavirus outbreak. Over the course of the year each committee member has attended a meeting of the Police and Crime Panel as an observer. Throughout 2019/20, the meeting agenda has continued to include a corporate update from both the Constabulary and the OPCC, this update is usually provided by the Deputy Chief Constable/Joint Chief Finance Officer and Chief Executive and provides a flavour of the key issues facing the Constabulary/OPCC at the time.

#### **Conclusion<sup>8</sup> : Assessment Grade 5**

The Committee is compliant with the CIPFA guidance in respect of effective membership. This is based on the arrangements for the composition, recruitment and operation of the Committee that ensures independence and a specialist mix of skills and experience that make the Committee members effective in their roles. Effectiveness of members scrutiny function has been enhanced during 2019/20 through the continuation of a more structured approach to member development and the regular inclusion of a corporate update on the agenda for all meetings. In addition, copies of all HMICFRS inspection reports are now routinely provided to members and the opportunity to discuss these reports and receive an update regarding report recommendations is included on the agenda for meetings.

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<sup>8</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

## Joint Audit Committee 2019/20 Activities

Thursday 23 May 19	Thursday 25 July 19	Thursday 19 September 19	Wednesday 20 November 19	Wednesday 18 March 20
<b>PRIVATE INTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the <b>Internal</b> Auditors. (IA)	<b>PRIVATE EXTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the <b>external</b> auditors. (GT)	<b>PRIVATE DEVELOPMENT SESSION:</b> 1) Strengths Based Conversations.	<b>PRIVATE DEVELOPMENT SESSION:</b> 1) Treasury Advisor, to provide an update on Treasury Management developments (DCFO). 2) <b>Apprenticeship</b> Manager to provide an update on Apprenticeship Schemes.	<b>PRIVATE DEVELOPMENT SESSION:</b> Medium Term Financial Forecast, capital strategy, capital programme, change programme & value for money (Joint CFO)
<b>Regular Reports</b>				
<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC & CE)	<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC & CE)	<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC & CE)	<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC & CE)	<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC & CE)
<b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report (DCFO)	N/A	<b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity - Quarter 1 (DCFO)	<b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity - Quarter 2 (DCFO)	<b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity - Quarter 3 (DCFO)
N/A	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)
<b>INTERNAL AUDIT REPORT(S):</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	<b>INTERNAL AUDIT REPORT(S):</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	<b>INTERNAL AUDIT REPORT(S):</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	<b>INTERNAL AUDIT REPORT(S):</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	<b>INTERNAL AUDIT REPORT(S):</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)
N/A	<b>STRATEGIC RISK REGISTER:</b> To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC)	<b>STRATEGIC RISK REGISTER:</b> To consider the OPCC strategic risk register as part of the Risk Management Strategy. (CE or GM)	<b>STRATEGIC RISK REGISTER:</b> To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC)	<b>STRATEGIC RISK REGISTER:</b> To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC)
N/A	<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO)	<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO)	<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO)	<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO)



## Joint Audit Committee 2019/20 Activities

Thursday 23 May 19	Thursday 25 July 19	Thursday 19 September 19	Wednesday 20 November 19	Wednesday 18 March 20
<b>Cyclical/Annual Reports</b>				
<b>EXTERNAL AUDIT FEES:</b> To receive from the external auditors the proposal in respect of audit fees. (GT)	<b>AUDIT FINDINGS REPORT:</b> To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. (GT)	<b>ANNUAL AUDIT LETTER:</b> To receive from the External Auditors the Annual Audit Letter and reports (GT).	<b>ANNUAL REVIEW OF GOVERNANCE:</b> To review the OPCC and Constabulary arrangements for governance; cyclical review over a three years. (Relevant Chief Officers)	<b>CAPITAL STRATEGY and TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES:</b> To review the annual Capital Strategy and Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices. (DCFO)
<b>RISK MANAGEMENT MONITORING:</b> To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management. (CE or GM)	<b>ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS:</b> To receive a report from the Joint CFO in respect of the PCC's and CC's framework of assurance. (CFO)	<b>APPRENTICESHIP GOVERNANCE:</b> To receive the Annual Self-Assessment report and accompanying Quality Improvement Plan. (Apprenticeship Manager)	<b>ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE:</b> To receive an update on progress against the development and improvement plan within the annual governance statement (CFO)	<b>RISK MANAGEMENT STRATEGY:</b> To provide the tri-ennial review of the COPCC (CE/GM) and Constabulary (DCC) Risk Management Strategies. (next due 2020)
<b>ANTI-FRAUD AND CORRUPTION ACTIVITIES:</b> To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. (CE/GM)	<b>ANNUAL STATEMENT OF ACCOUNTS:</b> To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (DCFO)		<b>PROCUREMENT ANNUAL REPORT:</b> To receive an annual Procurement Report and Dashboard (HoP)	<b>ANNUAL WORK PROGRAMME: ASSURANCE FORMAT:</b> To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference. (DCFO)
<b>ETHICS AND INTEGRITY GOVERNANCE:</b> To receive an annual report from the chair of the Ethics and Integrity Panel.	<b>PCC ANNUAL REPORT</b> To receive a copy of the PCCs annual report. (CE)			<b>EXTERNAL AUDIT PLAN:</b> To receive from the external auditors the Joint Annual External Audit Plan. (GT)
<b>INTERNAL AUDIT –ANNUAL REPORT:</b> To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion.(IA)				<b>EXTERNAL AUDIT UPDATE REPORT:</b> To receive from the external auditors an update report in respect of progress on the external audit plan. (GT)
<b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To receive a report from the Joint Chief Finance Officer in respect of the effectiveness of internal audit. (DCFO)				<b>PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER:</b> To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions. To receive a copy of the internal audit charter from the Internal Auditors.(IA)

## Joint Audit Committee 2019/20 Activities

Thursday 23 May 19	Thursday 25 July 19	Thursday 19 September 19	Wednesday 20 November 19	Wednesday 18 March 20
<b>Cyclical/Annual Reports (continued)</b>				
<b>JOINT AUDIT COMMITTEE - REVIEW OF EFFECTIVENESS:</b> To receive a report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance. (DCFO)	<b>JOINT AUDIT COMMITTEE - ANNUAL REPORT:</b> To receive an annual report of the Committee. Once approved this annual report will be presented to the Police and Crime Panel by the chair of JASC. (DCFO)			<b>QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME:</b> To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement. (IA)
<b>ANNUAL GOVERNANCE STATEMENT</b> <ul style="list-style-type: none"> <li>▪ Effectiveness of Governance Arrangements: To receive a report from the Joint CFO on the effectiveness of the PCC's and CC's arrangements for Governance.</li> <li>▪ Code of Corporate Governance: To consider the PCC/CC Code of Corporate Governance</li> <li>▪ Annual Governance Statement: To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting</li> </ul>				<b>VALUE FOR MONEY:</b> To receive an annual report on Value for Money within the OPCC and Constabulary. (DCI)
<b>ANNUAL STATEMENT OF ACCOUNTS:</b> To receive the un-audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (DCFO)				<b>INTERNAL AUDIT:</b> External Quality Assessment (5 yearly, next one due 2023)
<b>Ad Hoc Reports</b>				
<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference

## Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Governance, Risk and Control</b>		
2.1) Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.  Note - Underlined governance documents are scheduled for review in 2019.	May (Ethics and Integrity Annual Report)	<b>ETHICS AND INTEGRITY GOVERNANCE:</b> To receive an annual report from the Chair of the Ethics and Integrity Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for ethics and integrity.
	November: (All governance reviews excluding ethics and integrity)	<b>ANNUAL REVIEW OF GOVERNANCE:</b> To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years covering: <ul style="list-style-type: none"> <li>▪ <u>Role of the Chief Finance Officer: annual review (2019)</u></li> <li>▪ Financial Regulations &amp; Financial Rules: bi-ennial review (2020)</li> <li>▪ Grant Regulations: tri-annual review (2019)</li> <li>▪ <u>Scheme of Delegation/Consent: annual review (2019)</u></li> <li>▪ <u>Joint Procurement Regulations: bi-ennial review (2019)</u></li> <li>▪ Risk Management Strategy: tri-ennial review (2020)</li> <li>▪ Joint Audit Committee Terms of Reference &amp; Role Profiles: tri-ennial review (2021)</li> <li>▪ <u>Arrangements for Anti-Fraud and Corruption /whistleblowing: bi-ennial review (2019)</u></li> </ul>
2.2) Review the Annual Governance Statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement	May	<b>ANNUAL GOVERNANCE STATEMENT</b>
	July (updated governance statement prior to approval and publication)	<ul style="list-style-type: none"> <li>▪ <b>Effectiveness of Governance Arrangements:</b> To receive a report from the Joint CFO on the effectiveness of the PCC's and Chief Constable's arrangements for Governance.</li> <li>▪ <b>Codes of Corporate Governance:</b> To consider the PCC/CC Codes of Corporate Governance</li> <li>▪ <b>Annual Governance Statements:</b> To consider the PCC/CC Annual Governance Statements for the financial year and to the date of this meeting</li> </ul>
	November	<b>ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE:</b> To receive an update on progress against the development and improvement plan within the annual governance statement.

## Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Governance, Risk and Control</b>		
2.3) Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements	Every meeting excluding May	<b>INTERNAL AUDIT REPORT:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee <i>(NB audit work in compliance with PSIAS will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes'. Specific audit recommendations will be categorised within audit reports under this heading.)</i>
	March	To receive an annual report on Value for Money within both the Office of the Police and Crime Commissioner and the Constabulary.
	July	<b>AUDIT FINDINGS REPORT:</b> To receive from the external auditors the Annual Audit Findings Report incorporating the External Auditor's Value for Money Conclusion.
2.4) Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Constabulary	March	<b>ANNUAL WORK PROGRAMME: ASSURANCE FORMAT:</b> To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference.
	July	<b>FRAMEWORK OF ASSURANCE: STATEMENT OF ACCOUNTS:</b> To receive a report from the Joint CFO in respect of the PCC's and CC's framework of assurance.
2.5) Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them	March	<b>RISK MANAGEMENT STRATEGY:</b> To provide the cyclical (3yr) review of the OPCC and Constabulary Risk Management Strategies. (NB. Next due in March 2020)
	May	<b>RISK MANAGEMENT MONITORING:</b> To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management.
	Every meeting excluding May	<b>STRATEGIC RISK REGISTER:</b> To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy.
2.6) Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	Every meeting excluding May	<b>INTERNAL AUDIT REPORT:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
		<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations.

## Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Governance, Risk and Control (Continued)</b>		
2.7) Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources	November – cyclically when updated	<b>ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION:</b> To receive the OPCC and Constabulary strategy, policy and fraud response plan.
	May	<b>ANTI-FRAUD AND CORRUPTION ACTIVITIES:</b> To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption.
2.8) To review the governance and assurance arrangements for significant partnerships or collaborations.	Ad-hoc	To receive reports on proposed governance arrangements when significant new partnerships or collaborations are entered into.
<b>Terms of Reference: Internal Audit</b>		
3.1) Annually review the internal audit charter and resources	March	<b>INTERNAL AUDIT CHARTER:</b> To receive a copy of the internal audit charter from the Internal Auditors.
3.2) Review the internal audit plan and any proposed revisions to the internal audit plan	March/Ad-hoc	<b>PROPOSED INTERNAL AUDIT PLAN:</b> To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions.
3.3) Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence	March	<b>QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME:</b> To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement.
	May	<b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To receive a report from the Joint Chief Finance Officer in respect of the effectiveness of internal audit.
	Quarterly	<b>INTERNAL AUDIT PERFORMANCE:</b> To receive from the Internal Auditors quarterly reports on the performance of the service against a framework of performance indicators <i>(provided within the internal audit progress reports and annual report.)</i>
	May	<b>PRIVATE INTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the Internal Auditors
3.4) Consider the Head of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements	May	<b>INTERNAL AUDIT –ANNUAL REPORT:</b> To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN.
	Every meeting excluding May	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.

## Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Internal Audit (Continued)</b>		
3.5) To consider the Head of Internal Audit's statement of the level of conformance with the Public Sector Audit Standards (PSIAS) and Local Government Application Note (LGAN) and the result of the Quality Assurance and Improvement Programme (QAIP) that support that statement - these will indicate the reliability of the conclusions of internal audit.	March	<b>QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME:</b> To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement.
	May	<b>INTERNAL AUDIT –ANNUAL REPORT:</b> To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN.
3.6) Consider summaries of internal audit reports and such detailed reports as the Committee may request from the Police and Crime Commissioner and the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions	Every meeting	<b>INTERNAL AUDIT REPORTS:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
3.7) Consider a report on the effectiveness of internal audit to support the Annual Governance Statement	May	<b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To consider a report of the Joint Chief Finance Officer reviewing the effectiveness of Internal Audit.
3.8) To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To make recommendations on safeguards to limit such impairments and periodically review their operation.	May	<b>INTERNAL AUDIT –ANNUAL REPORT:</b> To receive the Head of Internal Audit's Annual Report including relevant disclosures regarding impairments to independence or objectivity arising from additional roles or responsibilities outside internal auditing of the Head of Internal Audit.

## Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: External Audit/External Inspection</b>		
4.1) Advise on the selection of external auditors.	Ad-hoc	To receive a report on the proposed selection process for the appointment of new external auditors.
4.2) Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised either by Public Sector Audit Appointments (PSAA) or the auditor panel as appropriate.	July	<b>AUDIT FINDINGS REPORT:</b> To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. This also includes a statement with regard to Independence.
4.3) Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money	March	<b>EXTERNAL AUDIT PLAN:</b> To receive from the external auditors the Annual External Audit Plan
	May	<b>EXTERNAL AUDIT FEES:</b> To receive from the external auditors the proposal in respect of audit fees.
4.4) Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance	November/Ad-hoc	<b>ANNUAL AUDIT LETTER:</b> To receive from the External Auditors the Annual Audit Letter and reports
	March	<b>EXTERNAL AUDIT PLAN UPDATE:</b> To receive from the external auditors an update report in respect of progress on the external audit plan
4.5) Consider specific reports as agreed with the external auditors/specific inspection reports e.g. HMICFRS, relevant to the Committee's terms of reference	Every meeting excluding May	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, HMICFRS/INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference
4.6) Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies and relevant bodies	July	<b>PRIVATE EXTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the external auditors

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Financial Reporting</b>		
5.1) Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable	July	<b>ASSURANCE FRAMEWORK: STATEMENT OF ACCOUNTS:</b> To receive a report from the joint CFO in respect of the PCC’s framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC’s framework of assurance.
	July	<b>ANNUAL STATEMENT OF ACCOUNTS:</b> To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts
5.2) Consider the external auditor’s report to those charged with governance on issues arising from the audit of the financial statements	July and September (final report)	<b>AUDIT FINDINGS REPORT:</b> To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor’s Value for Money Conclusion.
<b>Terms of Reference: Accountability Arrangements</b>		
6.1) On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
6.2) Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.



Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Accountability Arrangements</b>		
6.3) Review its performance against its terms of reference, objectives and compliance with CIPFA best practice on the role of the Audit Committee. Report the results of this review to the Commissioner and the Chief Constable by means of an Annual Report including where appropriate an action plan detailing future planned improvements.	May	<b>JAC Review of Effectiveness:</b> To receive a report reviewing the effectiveness of the committee against the CIPFA framework as a contribution to the overall effectiveness of arrangements for governance
	July	<b>JAC Annual Report:</b> To receive the annual report of the committee (following the review of effectiveness undertaken in May). Following approval, the Annual Report will be presented to the Police and Crime Panel meeting in October by the chair of JAC.
6.4) Publish an annual report on the work of the committee.	July	<b>JAC Annual Report:</b> To receive the annual report of the committee (following the review of effectiveness undertaken in May). Following approval, the Annual Report will be presented to the Police and Crime Panel meeting in October by the chair of JAC.
6.5) Seek feedback from the Commissioner and Chief Constable on the performance of the audit committee and include this within the annual report of the committee.	July	<b>JAC Annual Report:</b> To receive the annual report of the committee (following the review of effectiveness undertaken in May). Following approval, the Annual Report will be presented to the Police and Crime Panel meeting in October by the chair of JAC.
6.6) To provide scrutiny of the Commissioners treasury management policy and processes in compliance with the CIPFA Code of Practice for Treasury Management, advising on risk and controls where appropriate.	March	<b>TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES:</b> To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices.
6.7) To provide external scrutiny of the Constabulary's training arrangements as an employer provider for the PCSO apprenticeship scheme.	March	<b>Apprenticeship Governance:</b> To receive the annual Self-Assessment Report and accompanying Quality Improvement Plan.
	September	<b>Apprenticeship Governance:</b> To receive the mid year update on the Quality Improvement Plan.

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Treasury Management</b>		
7.1) Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory	March	<b>TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES:</b> To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices.
7.3) Review the Treasury risk profile and adequacy of treasury risk management processes		
7.2) Receive regular reports on activities, issues and trends to support the Committee’s understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity	Every meeting excluding July	<b>TREASURY MANAGEMENT ANNUAL REPORT/ACTIVITIES:</b> To receive for information the treasury management annual report and an update on Treasury Management Activity.
	November	<b>TREASURY MANAGEMENT ADVISORS:</b> To receive briefings/training from the Commissioner’s Treasury Management advisors.
7.4) Review assurances on Treasury Management (for example, an internal audit report, external or other reports).	Every meeting excluding May (where applicable)	<b>INTERNAL AUDIT REPORTS:</b> To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee
<b>Terms of Reference: Apprenticeship Scheme</b>		
8.1) To provide external scrutiny, challenge and recommendations with regard to apprenticeships delivered by the Constabulary as an employer provider to meet the requirements of the Education Skills Funding Agency (ESFA) and Ofsted.	March	<b>Apprenticeship Governance:</b> To receive the annual Self-Assessment Report and accompanying Quality Improvement Plan.
	September	<b>Apprenticeship Governance:</b> To receive the mid year update on the Quality Improvement Plan.
8.2) receive regular reports in relation to the annual self-assessment report and quality improvement plan.		

## Governance Documents Review Schedule

Documents	Review Cycle	Lead Officer	November 2016	November 2017	March 2018	March 2019	March 2020	March 2021	March 2022
OPCC Risk Management Strategy	tr-ennial (from 2017 onwards)	Governance Manager Joanne Head	✓	✓	✗	✗	✓	✗	✗
Constabulary Risk Management Strategy	tr-ennial (from 2017 onwards)	Director of Corporate Improvement Jane Sauntson	✓	✓	✗	✗	✓	✗	✗
			November 2016	November 2017	November 2018	November 2019	November 2020	November 2021	November 2022
Role of the Joint Chief Finance Officer	annual	Deputy CFO Michelle Bellis	✓	✓	✓	✓	✓	✓	✓
Joint Procurement Regulations	bi-ennial	Head of Procurement Barry Leighton	✗	✓	✗	✓	✗	✓	✗
Scheme of Delegation/Consent	annual	Chief Executive/Communications & Engagement Executive, Gillian Shearer and/or Governance Manager, Joanne Head	✓	✓	✓	✓	✓	✓	✓
OPCC Arrangements for Anti-fraud & Corruption/Whistleblowing	bi-ennial	Chief Executive/Communications & Engagement Executive, Gillian Shearer and/or Governance Manager, Joanne Head	✗	✓	✗	✓	✗	✓	✗
Constabulary Arrangements for Anti-fraud & Corruption/Whistleblowing	bi-ennial	Head of People, Supt. Sarah Jackson and/or Head of Professional Standards	-	✓	✗	✓	✗	✓	✗
Financial Regulations & Financial Rules	bi-ennial	Deputy CFO Michelle Bellis	✓	✗	✓	✗	✓	✗	✓
Joint Audit Committee Terms of Reference and Role Profiles	tri-ennial	Deputy CFO Michelle Bellis	-	-	✓	✗	✗	✓	✗
Grant Regulations	tri-ennial	Chief Executive/Head of Partnerships and Commissioning, Vivian Stafford	✓	✗	✗	✓	✗	✗	✓

## Attendance Listing for Joint Audit Committee Meetings 2019/20

	23 May 2019	25 July 2019	19 September 2019	20 November 2019	18 March 2020
<b>Independent Members</b>					
Mrs Fiona Daley (Chair)	✓	✓	✓	✓	✓
Mr Jack Jones	✓	✓	✓	✓	✓
Mrs Fiona Moore	✓	✓	✓	✓	✓
Mr Malcolm Iredale	✓	✓		✓	✓
<b>Commissioner's Officers</b>					
Police & Crime Commissioner for Cumbria (Peter McCall)		✓			
Chief Executive (Vivian Stafford)				✓	✓
Chief Executive (Gillian Shearer)	✓	✓	✓		
<b>Constabulary Officers</b>					
Chief Constable (Michelle Skeer)					
Deputy Chief Constable (Mark Webster)	✓		✓	✓	✓
Assistant Chief Constable (Andrew Slattery)		✓			
Joint Chief Finance Officer (Roger Marshall)	✓	✓	✓	✓	✓
Constabulary Director of Corporate Support (Stephen Kirkpatrick)				✓	
Constabulary Director of Corporate Improvement (Jane Sauntson)					✓
Deputy Chief Finance Officer (Michelle Bellis)	✓	✓	✓	✓	✓
Financial Services Manager (Keeley Hayton)		✓			
Financial Services Trainee (Inge Redpath)	✓	✓	✓	✓	✓
Head of Commercial (Barry Leighton)				✓	
Apprenticeship Manager (Elaine Flowers)			✓		
Detective Chief Inspector, Crime Command (David Stalker)				✓	
<b>Internal Audit</b>					
Head of Internal Audit, Shared Internal Audit Services, Cumbria County Council (Richard McGahon)	✓	✓	✓	✓	✓
Audit Manager, Management Audit Unit, Cumbria County Council (Emma Toyne)	✓	✓	✓	✓	✓
<b>External Audit</b>					
Senior Manager, Grant Thornton LLP (Robin Baker)	✓	✓	✓		✓
Auditor Manager, Grant Thornton LLP (Gareth Winstanley)				✓	
Auditor Manager, Grant Thornton LLP (Hannah Foster)				✓	

## Joint Audit Committee - Role Profile

### Job Title: Committee Chair

#### 1. Job purpose / key responsibilities - Chair

- 1.1. The Chair of the committee is responsible for providing leadership to the committee in effectively discharging its duties and responsibilities as set out in the committee terms of reference.
- 1.2. Ensuring that the committee achieves its purpose of providing an independent assurance function for the governance, internal control, risk and financial and non-financial performance of the Constabulary and OPCC.
- 1.3. The Chair must create and manage effective working relationships among the committee, the Commissioner, the Chief Constable, Section 151 officer (Joint Chief Finance Officer) and both internal and external auditors.
- 1.4. Meet separately with the Section 151 officer and External Auditor to discuss risk compliance and governance issues arising as a result of external or internal audit activity.
- 1.5. Act as the committee's spokesperson using his or her best efforts to see that the committee receives all material to be discussed at the meeting at least one week before the meeting to ensure sufficient time to review information.

#### 2. Conduct of Committee Meetings

- 2.1. Act as the chair of each committee meeting ensuring the appropriate conduct of business in accordance with the committee terms of reference.
- 2.2. Conduct the business of each committee meeting in a manner which will result in all matters on the agenda being dealt with effectively and appropriately.
- 2.3. Propose the termination of discussion on any matter when he or she is of the opinion that the matter has been thoroughly canvassed and discussed and that no new points of view or information are being presented.

- 2.4. Attempt to achieve resolution of all issues discussed at the meeting in respect of which a decision is required and members express conflicting positions, views, or advice, but such attempt should in no way inhibit a member from maintaining a different position, view, or advice.
- 2.5. Ensure that all members who wish to address a matter at a meeting are afforded a reasonable opportunity to do so.
- 2.6. In any case where a member of the committee has an interest or potential conflict in respect of a matter to be discussed at a meeting, arrange for that member to excuse himself/herself from all or a portion of the committee discussion.

### 3. Committee Culture

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

### 4. Miscellaneous Matters

- 4.1. Assist the committee and management to understand and respect the responsibilities of each.
- 4.2. Whenever necessary or desirable, to facilitate the effective performance of the committee's duties, attend other meetings and committees including those to facilitate governance of the internal audit shared service.

## Joint Audit Committee - Role Profile

### Job Title: Committee Members

#### 1. Job purpose / key responsibilities – Committee Member

- 1.1. To contribute to the effective discharge of the duties and responsibilities of the committee as set out in the committee terms of reference.
- 1.2. To maintain effective working relationships with committee members, the Police and Crime Commissioner, the Chief Constable, Section 151 officer (Joint Chief Finance Officer) and both internal and external auditors.
- 1.3. To be diligent in preparing for committee meetings and making an effective contribution to those meetings to provide independent assurance of the governance, internal control and finance, risk and performance management arrangements of the OPCC and Constabulary.

#### 2. Conduct of Committee Meetings

- 2.1. Contribute to the business of each committee meeting in a manner which supports all matters on the agenda being dealt with effectively and appropriately.
- 2.2. Address the committee on all matters where an opinion or decision is required and in such a manner that does not inhibit other members of the committee wishing to express a different opinion.
- 2.3. Advise the committee Chair where an interest or potential conflict of interest may exist in respect of a matter to be discussed at a meeting and act on the advice of the Chair.

#### 3. Committee Culture

- 3.1. As a member of the committee, contribute to a culture that supports:
  - i) Each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
  - ii) The highest level of integrity accountability and honesty in the actions of the committee and of the Commissioner, Chief Constable and the other officers of the OPCC/Constabulary;
  - iii) Respect and dignity among the members, officers and the external and internal auditor;

iv) The candid and timely sharing of information among the members of the committee, management and the external auditor;

v) Acceptance by all members of the committee of the right of every member to hold and express a dissenting opinion; and

vi) A commitment to best governance practices.

#### 4. Miscellaneous Matters

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



## CIPFA Self-assessment of Good Practice

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

value for money or best value	✓		
counter-fraud and corruption	✓		
Supporting the ethical framework	✓		
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓		
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓		
Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		
<b>Membership and support</b>			
Has an effective audit committee structure and composition of the committee been selected? This should include:	✓		
separation from the executive	✓		
an appropriate mix of knowledge and skills among the membership	✓		
a size of committee this is not unwieldy	✓		
where independent members are used, that they have been appointed using an appropriate process	✓		
Does the chair of the committee have appropriate knowledge and skills?	✓		
Are arrangements in place to support the committee with briefings and training?	✓		
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓		

Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief finance officer?	✓		
Is adequate secretariat and administrative support to the committee provided?	✓		
<b>Effectiveness of the committee</b>			
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓		
Are meetings effective with a good level of discussion and engagement from all the members?	✓		
Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓		
Does the committee make recommendations for the improvement of governance, risk and control and are those acted on?	✓		
Has the committee evaluated whether and how it is adding value to the organisation?	✓		
Does the committee have an action plan to improve any areas of weakness?	✓		
Does the committee publish an annual report to account for its performance and explain its work?	✓		



Cumbria Office of the  
Police and Crime Commissioner

Joint Audit Committee 24 June 2020: Agenda Item 17

## Review of Joint Audit Committee Tenure

### 1. Introduction and Background

- 1.1. Over recent months there have been a number of discussions at collaborative board and with members regarding the tenure period for Joint Audit Committee (JAC) members. This paper sets out the proposed change to JAC tenure periods and resultant transitional arrangements.
- 1.2. The paper also includes for approval, the revised Terms of Reference and Standing Orders for the committee which have been updated to reference the committee tenure period.

### 2. Review of Joint Audit Committee Tenure

- 2.1. The Joint Audit Committee was established in December 2012 following the introduction of Police and Crime Commissioners. In October 2019, a briefing paper was prepared and considered by JAC members and the Collaborative Board. The paper outlined options with regards to changing the tenure for members of the Joint Audit Committee (JAC). As a result of the feedback received from JAC members, external audit, internal audit, surveying other police bodies and senior officers a final proposal has been developed and is set out in this paper.

- 2.2. The current JAC tenure as set out in the candidate application pack since the inception of the committee is as follows:

*Tenure*

*“Committee members will be recruited for tenure of 4 years, with a maximum of 8 years’ service subject to re-application after four years.”*

- 2.3. The proposal is now to increase that tenure period to a maximum of two terms of five years (ten years in total). The Chief Constable and the PCC have agreed this proposed amendment to the JAC tenure period.
- 2.4. The current arrangements for moving into the second term will continue whereby, when a member approaches the end of their initial term, a desk top exercise (known as Committee Member Assessment) will be conducted by the Deputy CFO to document the individual’s contribution to the committee as compared with the person specification. A recommendation will then be made by the Deputy CFO to the Chief Constable and the Commissioner for them to decide if the offer of a second five year period should be made.
- 2.5. CIPFA Guidance on Audit Committee’s is included in the publication “Audit Committees practical Guidance for Local Authorities and Police (2018 Edition). This document states that “members’ appointments should be for a fixed term and should be formally approved by the PCC and Chief Constable. Provision should be made for the early termination and extension to avoid lack of clarity in the future”.
- 2.6. During the current financial year (2020/21) two of the current four members will reach the end of their second four year term of office, whilst another will reach the end of their first four year period of office. The transitional arrangements proposed for members is set out in the table below:

Member	Original Start Date	Initial 4 Year Period Ends	Second & Final 4 Year Period Ends	Transition Plan
Fiona Daley (Chair)	06/12/2012	05/12/2016	05/12/2020	Offer to extend to a final end date of 05/12/2022
Jack Jones	08/12/2012	07/12/2016	07/12/2020	Offer to extend to a final end date of 07/12/2022
Fiona Moore	01/04/2015	31/03/2019	31/03/2023	Offer to extend to a final end date of 31/03/2025
Malcolm Iredale	01/09/2016	31/08/2020	N/A	Extend initial term to 31/08/2021 and then conduct the Committee Member Assessment (desk top exercise) to offer to extend to 31/08/2026

2.7. With regards to the chair of the committee, it is proposed that Fiona Daley continues as chair for the remaining period of her tenure. Following this, in autumn 2022, applications will be invited for the role of chair alongside that of committee members. Existing committee members at that time would also be invited to express an interest in the role of chair of the committee.

2.8. The above transitional arrangements will enable existing committee members the potential to serve a total of 10 years on the committee. The arrangements will also remove the need to conduct a recruitment exercise in the current year when working arrangements as a result of the worldwide corona virus pandemic would make this more challenging. Members have been individually consulted with regards to their own transitional arrangements.

### 3. Recommendations

#### 3.1. Members are asked to:

- ◆ Formally approve the increase in the JAC tenure period from two four year periods to two five year periods (10 year maximum).
- ◆ Formally approve the transition arrangements as set out in paragraph 2.6 above.
- ◆ Approve the revised Terms of Reference for the committee, attached at Appendix A.
- ◆ Approve the updated Standing Orders for the Committee, attached at Appendix B.

Michelle Bellis

Deputy Chief Finance Officer

04 June 2020



## Joint Audit Committee - Terms of Reference

### 1. Statement of Purpose

- 1.1. The Committee is composed of four members that meet five times throughout the year in line with the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA). The Joint Audit Committee is a key component of the Police and Crime Commissioner (the Commissioner) and Chief Constable's arrangements for corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 1.2. Joint Audit Committee members and chair are recruited through a recruitment process and are able to serve two 5 year terms of office (10 year maximum).
- 1.3. The purpose of the Joint Audit Committee is to provide independent advice and recommendation to the Commissioner and Chief Constable on the adequacy of the governance and risk management frameworks, the internal control environment and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place. To this end the committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of the Commissioner's and Chief Constable's governance, risk management and control frameworks, its financial reporting and annual governance processes, and the arrangements for both internal audit and external audit.
- 1.4. These terms of reference will summarise the core functions of the committee in relation to the Office of the Police and Crime Commissioner (OPCC) and the Constabulary and describe the protocols in place to enable it to operate independently, robustly and effectively.



## **2. Governance, risk and control**

The committee will provide advice and recommendations to the Commissioner or Chief Constable in relation to the following areas:

- 2.1. Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 2.2. Review the annual governance statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
- 2.3. Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 2.4. Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Constabulary.
- 2.5. Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Commissioner and the Chief Constable in addressing risk-related issues reported to them.
- 2.6. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 2.7. Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources.
- 2.8. To review the governance and assurance arrangements for significant partnerships or collaborations.

## **3. Internal Audit**

The committee will provide advice and recommendations to the Commissioner or Chief Constable in relation to the following areas:

- 3.1. Annually review the internal audit charter and resources.
- 3.2. Review the internal audit plan and any proposed revisions to the internal audit plan.
- 3.3. Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence.
- 3.4. Consider the Head of Internal Audit's annual report and opinion, and a regular summary of the

progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements.

- 3.5. To consider the Head of Internal Audit's statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) and the results of the Quality Assurance & Improvement Programme (QAIP) that support the statement – these will indicate the reliability of the conclusions of internal audit.
- 3.6. Consider summaries of internal audit reports and such detailed reports as the committee may request from the Commissioner or Chief Constable, including issued raised or recommendations made by the internal audit service, management response and progress with agreed actions.
- 3.7. Consider a report on the effectiveness of internal audit to support the Annual Governance Statement.
- 3.8. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To make recommendations on safeguards to limit such impairments and periodically review their operation.

#### **4. External Audit/External Inspection**

The committee will provide advice and recommendations to the Commissioner or Chief Constable in relation to the following areas:

- 4.1. Advise on the selection and appointment of external auditors.
- 4.2. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by either Public Sector Audit Appointments (PSAA) or the auditor panel as appropriate.
- 4.3. Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.
- 4.4. Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance.
- 4.5. Consider specific reports as agreed with the external auditors/specific inspection reports e.g. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), relevant to the Committee's terms of reference.
- 4.6. Advise and recommend on the effectiveness of relationships between external and internal audit and

other inspection agencies or relevant bodies.

## **5. Financial Reporting**

The committee will provide advice and recommendations to the Commissioner or Chief Constable in relation to the following areas:

- 5.1. Review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable.
- 5.2. Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

## **6. Accountability Arrangements**

The committee will do the following:

- 6.1. On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.
- 6.2. Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- 6.3. Review the performance of the Committee against its terms of reference, objectives and compliance with CIPFA best practice on the role of the Audit Committee. Report the results of this review to the Commissioner and the Chief Constable by means of an Annual Report including where appropriate an action plan detailing future planned improvements.
- 6.4. Publish an annual report on the work of the committee.
- 6.5. Seek feedback from the Commissioner and Chief Constable on the performance of the audit committee and include this within the annual report of the committee.
- 6.6. To provide scrutiny of the Commissioner's treasury management policy and processes in compliance with the CIPFA Code of Practice for Treasury Management, advising on risk and controls where appropriate.

- 6.7. To provide external scrutiny of the Constabulary's training arrangements as an employer provider for the PCSO Apprenticeship Scheme.

## **7. Treasury Management**

- 7.1. Review the treasury management policy and procedures to be satisfied that controls are satisfactory.
- 7.2. Receive regular reports on activities, issues and trends to support the Committee's understanding of treasury management activities; the committee is not responsible for the regular monitoring of activity.
- 7.3. Review the treasury risk profile and adequacy of treasury risk management processes.
- 7.4. Review assurances on treasury management (for example, an internal audit report, external or other reports).

## **8. Apprenticeship Scheme**

- 8.1. To provide external scrutiny, challenge and recommendations with regard to apprenticeships delivered by the Constabulary as an employer provider to meet the requirements of the Education Skills Funding Agency (ESFA) and Ofsted.
- 8.2. Receive regular reports in relation to the annual self-assessment report and quality improvement plan.



# STANDING ORDERS FOR THE REGULATION OF THE BUSINESS OF THE JOINT AUDIT COMMITTEE

## STANDING ORDER 1

### Meetings of the Committee

- (1) Committee meetings will be held five times a year – May, July, September, November and March - in line with CIPFA guidance. These dates may be varied at the discretion of the Committee Chair. Additional meetings may be convened when necessary. Additional meetings may be convened by the Committee Chair, any two Committee Members or the Chief Executive.
- (2) In these Standing Orders, “*Ordinary Meeting*” means a Meeting described in paragraph (1) above other than a meeting convened by the Chair or by Members of the Committee. The term “*year*” means the period from 1st April in one calendar year to 31st March in the next following year.
- (3) Unless the Committee otherwise determines, all meetings of the Committee shall be held at 10.30am on a weekday.

## STANDING ORDER 2

### Chair

- (1) The Chair of the Committee will be appointed jointly by the Police and Crime Commissioner and the Chief Constable. The Chair’s term of office will be as determined on appointment.
- (2) In the absence of the Chair the Members of the Committee present shall appoint one of their number to preside over the meeting. If the Chair of a Committee arrives at a Meeting of the Committee after the start time for which the Meeting has been convened, they cannot preside over the Meeting until after the matter under discussion has been concluded.

- (3) Any power or duty of the Chair in relation to the conduct of a Meeting may be exercised by the person presiding at the Meeting.

## STANDING ORDER 3

### Quorum

The quorum for any meeting of the Committee shall be three Members. If, during any Meeting, the Chair, after counting the number of Members present, declares that there is not a quorum present, the Meeting shall stand adjourned. The consideration of any business not transacted shall be adjourned to a time fixed by the Chair at the time the Meeting is adjourned or, if they do not fix a time, to the next Ordinary Meeting of the Committee.

## STANDING ORDER 4

### Minutes of the Committee

- (1) Minutes of a previous Meeting shall be submitted for approval as a correct record at the next Meeting of the Committee. When the Minutes have been approved as a correct record they shall be signed by the Chair.
- (2) No Motion or discussion shall take place upon the Minutes, except upon their accuracy.
- (3) No Motion to rescind any resolution of the Committee passed within the preceding six months, and no Motion or Amendment to the same effect as one which has been rejected, shall be proposed, unless 5 days prior notice thereof is given to the Chair and the Notice bears the names of at least half of the Members of the Committee. When any such Motion or Amendment has been disposed of by the Committee, it shall not be open to any Member to propose a similar Motion within a further period of six months.

## STANDING ORDER 5

### Motions and Amendments

- (1) A Motion or Amendment shall not be discussed unless it has been proposed and seconded, and it shall, if required by the Chair, be put into writing and handed to the Chair before it is further discussed or put to the Meeting.
- (2) A Member may not propose or second a Motion or Amendment on which they are disqualified from voting.
- (3) An Amendment shall be relevant to the Motion, and shall be either:
  - (a) to leave out words;
  - (b) to leave out words and insert or add others;
  - (c) to insert or add words;

but such omission, insertion, or addition of words shall not be only to have the effect of negating, or, in the opinion of the Chair, significantly altering the intent of, the Motion.

- (4) If an Amendment is lost, other Amendments may be moved on the original Motion. If an Amendment be carried, the Motion as amended shall take the place of the original Motion, and shall become the Motion upon which any further Amendment may be moved.
- (5) The proposer of a Motion may, with the concurrence of the seconder and the consent of the Committee, alter the Motion, if the alteration is such that it could properly be affected by an Amendment of the Motion. A proposer of an Amendment may, with the like concurrence and consent, alter the Amendment, if the Amendment as altered could properly have been moved in that form as an Amendment. The altered Motion or Amendment shall, if required by the Chair, be reduced into writing and handed to them before the consent of the Committee to the alteration is sought.
- (6) The proposer of a Motion or of an Amendment may, with the concurrence of the seconder and the consent of the Committee, withdraw the Motion or Amendment which has been proposed, and no Member shall speak upon it after the proposer has thus asked permission for its withdrawal, unless such permission shall have been refused.
- (7) The giving or refusal of the consent of the Committee to the alteration or withdrawal of a Motion or Amendment shall be signified without discussion.
- (8) If any question arises at a Meeting of the Committee as to the appointment, promotion, dismissal, salary, superannuation, conditions of service, or the conduct of any Police Officer, or any person employed by the OPCC or Chief Constable, such question shall not be the subject of discussion until the Committee has decided whether or not the power of exclusion of the public under the Local Government Act 1972 shall be exercised.

## STANDING ORDER 6

### Conduct of Members

- (1) A Member shall direct their speech to the question under discussion, or to a personal explanation, or to a Point of Order, and shall not impute motives or use offensive expressions to or about any other Member or officer of the OPCC or Constabulary.
- (2) If any Member, in the opinion of the Chair, commits misconduct by persistently disregarding the ruling of the Chair, or by behaving irregularly, improperly, or offensively; or by wilfully obstructing the business of the Committee, or by tedious repetition or unbecoming language in their speech; the Chair or any other Member may move "*That the Member named be not further heard*", and such Motion, if seconded, shall be put and determined without discussion.
- (3) If the Member named continues such misconduct after a Motion under the last previous paragraph has been carried, the Chair shall either: -
  - (a) Move "*That the Member named do leave the Meeting*" (in which case the Motion shall be put and determined without seconding or discussion); or

- (b) Adjourn the Meeting of the Committee for such period as the Chair in their discretion shall consider expedient.

## STANDING ORDER 7

### Points of Order and Explanations

- (1) A Member may interrupt on a Point of Order or in personal explanation, and shall be entitled to be heard immediately. A Point of Order shall relate only to an alleged breach of a Standing Order or statutory provision, and the Member shall specify the Standing Order or statutory provision and the way in which it is considered it has been broken. A personal explanation shall be confined to some material part of a former speech by the Member, which may appear to have been misunderstood in the present debate.
- (2) The ruling of the Chair on a Point of Order, or on the admissibility of a personal explanation, shall not be open to discussion.

## STANDING ORDER 8

### Next Business etc.

- (1) A Member who seeks to avoid a decision being taken on a matter under discussion may, at the conclusion of a speech of another Member, unless the Chair considers that the matter has been insufficiently discussed, move that "*The Committee proceeds to the next business*" or, if there is no other business to be transacted, that "*the Authority adjourns*". Any such Motion must be seconded. Neither the mover nor the seconder of the Motion may speak to it.
- (2) On the seconding of the Motion, the Chair shall first give the mover of the original Motion an opportunity to speak on it, and then put to the vote the Motion to proceed to the next business or to adjourn the Authority.
- (3) If that Motion is carried, the original Motion shall be considered as withdrawn.

## STANDING ORDER 9

### Adjournment of Debate

- (1) A Member who seeks to interrupt a debate so that it may be continued at a later hour or on another occasion may, at the conclusion of the speech of another Member, move that the debate be adjourned to that hour or occasion.
- (2) If the Member does not specify an hour or occasion, the Motion shall be deemed to intend that the debate shall be resumed at the next Ordinary Meeting of the Committee.



- (3) The proposer of such a Motion may speak thereon, but the seconding of the Motion shall be formal and without comment, and there shall be no debate on the Motion, except that the mover of the original Motion may speak on it.
- (4) On the resumption after adjournment of an interrupted debate, the Committee shall proceed to the further consideration of the adjourned business as though the Meeting had been continuous for the purposes of these Standing Orders.

## STANDING ORDER 10

### Closure

- (1) A Member may, at the conclusion of the speech of another Member, move that "*The proposition under discussion be not put*" (which is in these Standing Orders referred to as "*the closure*").
- (2) The proposal and seconding of the closure shall be formal and without comment, and there shall be no debate on it. The closure shall be put immediately to the vote unless it appears to the Chair that the proposition to which it is sought to apply the closure has not been sufficiently discussed.
- (3) If the closure is carried, the Motion or Amendment which is the subject of the interrupted debate shall be put without further discussion, subject to the mover of the original Motion first having a right of reply.

## STANDING ORDER 11

### Voting

- (1) Every Member of the Committee is entitled to one vote only, on any single proposition before a meeting.
- (2) In the event of equal numbers of votes for and against, the Chair of the meeting will have a second or 'casting' vote. There will be no restriction on how the Chair chooses to exercise a casting vote.
- (3) Every proposition shall, unless otherwise required by these Standing Orders or Statute, be determined by show of hands or, at the discretion of the Chair, by voices.
- (4) Unless these Standing Orders provide otherwise, the matter will be decided by a simple majority of those members present and voting in the room at the time when the question or proposition is put from the Chair.
- (5) Where, immediately after a vote is taken, any Member so requires, there shall be recorded in the Minutes of the Meeting whether that person voted for or against the proposition, or abstained from voting.

## STANDING ORDER 12

### Recording of Meetings

- (1) The filming, photographing, or audio recording of the proceedings at any Meetings by accredited media shall be permitted with the consent of the Chair.
- (2) If any other person makes, or attempts to make, any such recording (without such consent being given) they shall, if a Member, be deemed guilty of misconduct, and the Chair shall exercise the powers under Standing Order 6 or, if not a Member, the Chair may adjourn the Meeting for such a period as they, in their absolute discretion, consider expedient.

## STANDING ORDER 13

### General Disturbance

- (1) If a member of the public interrupts the proceedings at any Meeting, the Chair shall issue a warning. If the interruption is continued, the Chair shall order the removal of the member of the public in question from the room. In case of general disturbance in any part of the room open to the public, the Chair shall order that part to be cleared.
- (2) If, in the opinion of the Chair, misconduct or obstructions renders the due and orderly dispatch of business impossible, the Chair, in addition to any other power vested in them, may, without debate, suspend the Meeting for a period not exceeding 30 minutes.

## STANDING ORDER 14

### Members' Interests

- (1) If any Member of the Committee has a personal interest in any matter to be considered at a meeting of the Committee, the Member must disclose the existence and extent of the interest at the beginning of the meeting or at the commencement of that consideration, but, subject to (2) below, may remain and participate in the debate and voting.
- (2) If any Member has a personal interest which amounts to a prejudicial interest, as defined in the OPCC's Code of Conduct, that Member must not improperly seek to influence a decision about the matter, and must withdraw from the room in which the meeting is being held, for so long as the matter is being considered.

## STANDING ORDER 15

### Canvassing of and Recommendations by Members

- (1) A Member of the Committee shall not solicit for any person any appointment under the OPCC, as a Police Officer or as a member of staff within the Constabulary.

## STANDING ORDER 16

### Relatives of Members

- (1) A candidate for any appointment within the OPCC or Constabulary who knows of a relationship to any Member of the Committee shall disclose that relationship on the application form. A candidate who fails to disclose such a relationship shall be liable to be disqualified for the appointment, and, if appointed, shall be liable to dismissal without notice.
- (2) The purport of this Standing Order shall be included in any form of application.
- (3) For the purpose of this Standing Order persons shall be deemed to be related if they are husband and wife, or partner, or if either of them or the spouse of either of them is the son or daughter or grandson or granddaughter or brother or sister or nephew or niece of the other, or of the spouse of the other.

## STANDING ORDER 17

### Record of Attendances

Every Member attending a Meeting of the Committee shall sign the attendance sheet provided for that purpose. If the attendance sheet is left unsigned the Member will be deemed not to have attended the meeting.

## STANDING ORDER 18

### Proceedings of the Committee

- (1) All documents marked as “*Confidential*”, “*Exempt*”, or “*Not for Publication*”, shall be treated as confidential until they become public in the ordinary course of the Committee’s business.

## STANDING ORDER 19

### Removal of Committee Members

A Member may remove a member from office by notice in writing if:

- (a) the Member has been absent from three consecutive formal meetings of the Committee without the prior consent of the Committee;
- (b) the Member has been convicted of a criminal offence;
- (c) the Committee is satisfied that the Member is incapacitated by physical or mental illness;
- (d) the Committee is satisfied that the Member has not committed sufficient time to take a proactive role in the work of the Committee;

- (e) the Member has failed to meet any requirement of the post that was set out on their appointment; or
- (f) the Committee is satisfied that the Member is otherwise unable or unfit to discharge his functions as a member.

Such notice in writing will not be issued other than by prior formal resolution of the Committee.

## STANDING ORDER 20

### Suspension of Standing Orders

- (1) Subject to paragraph (2) of this Standing Order, any of the preceding Standing Orders may be suspended so far as regards any business at the Meeting where its suspension is moved.
- (2) A Motion to suspend any of the preceding Standing Orders shall not be moved unless the Meeting is quorate.

## STANDING ORDER 21

### Interpretation of Standing Orders

The ruling of the Chair as to the construction or application of any of these Standing Orders, or as to any proceedings of the Committee, shall not be challenged at any Meeting of the Committee.



Peter McCall

# Treasury Management Activities 2019/20 Quarter 4 (January to March 2020) and Annual Report 2019/20

Public Accountability Conference 20 May 2020 and JAC Meeting 24 June 2020

## 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 January to March 2020, 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

2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December, which settled the Brexit issue. The whole world has changed as a result of the coronavirus outbreak. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter one of 2020/21. Although the UK left the EU on 31 January 2020, we still have much uncertainty as to whether a comprehensive trade deal will be achieved by the end of 2020. It is also unclear as to whether the coronavirus outbreak may yet impact on the deadline of agreeing a deal by then.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to sit on its hands and do nothing until March 2020; at this point it became clear that the coronavirus outbreak posed a huge threat to the economy of the

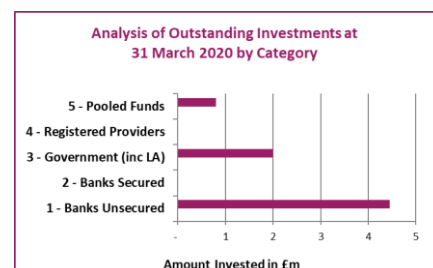
UK. Two emergency cuts in Bank Rate from 0.75%, therefore, occurred in March, first to 0.25% and then to 0.10%.

## 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 31 March 2020 the total value of investments was **£7.245m** and all were within TMSS limits.

The chart below shows the outstanding investments at 31 March by category.



A full list of the investments that make up the balance of £7.245m is provided at **Appendix A**.

**Investment Activity:** During quarter 4 a total of 4 investments with a combined value of £8.0m were made within TM categories 1-3 (banks unsecured, banks secured and Government). In addition to these there were regular smaller investments in category 5 (money market pooled funds).

**Non-specified investments:** The TMSS sets a limit for investments with a duration of greater than 364 days at the time the investment is made (known as non-specified investments), this limit is £5m. At 31 March the Commissioner had no investments meeting this description.

**Investment Income:** The base budget for investment interest receivable in 2019/20 was set at £165k but included an element (£45k) of interest that would be earned by investing in a property fund in 2019/20. Following uncertainty around the Brexit negotiations it was decided to delay any such investment. The actual income achieved against this target was £143k, which provides a shortfall of £22k. This reflects an end of year improvement from previous reports which forecast actual interest would be in the region of £130k.

The average return on investment during quarter 4 was 0.73%. 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 for the period of the investment.

The table below illustrates the rate achieved on the three maturing investments of over three months duration in quarter 4 compared with the average base rate for the duration of the investment. The average base rate calculation include the two rate drops in March 2020 – From 0.75% to 0.25% on 11.03.2020 and then to 0.1% 19.03.2020.

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Treasury bills	1.4	6	0.70%	0.69%
Lloyds	2.0	6	1.00%	0.75%
Nationwide	2	6	0.81%	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 January to March are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	88	3,946	59,806
Days Overdrawn	3	(1,020)	(1,020)

The bank account had only one large un-invested balance during quarter 4. This was for an amount of £59k and occurred on 19<sup>th</sup> February and

was in relation to seized cash of £59k being banked by central services. As is common practice transactions of this nature made during the day are not invested as they are subject to checking by the bank and may be reversed. The largest/only overdrawn balance occurred on 06<sup>th</sup> March (£1,020 - and carried over the weekend) and was as a result of a previously banked cheque being returned as the signature did not match the account mandate. A replacement cheque has now been received. The estimated interest incurred as a result of the unauthorised overdraft usage would be zero as the Commissioners accounts are pooled together.

## 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 have all being complied with.

## Annual Report on Treasury Management Operations 2019/20

**Treasury Strategy:** In February 2019 the Commissioner approved the 2019/20 Treasury Management Strategy Statement (TMSS). The TMSS incorporated the investment and borrowing strategies for the 2019/20 financial year. The investment strategy approved for 2019/20 was largely the same as had been adopted for the previous year. The limits for each category of investment were based on the relative security of each class of financial institution and a percentage of the estimated balances, which would be available for investment during the year.

In relation to borrowing, the Commissioner has an underlying need to borrow funds to finance the capital programme, which is measured by the Capital Financing requirement (CFR).

The CFR at the start of 2019/20 amounted to £19.35m (including

£4.75m relating to the PFI agreement for West Cumbria TPA HQ in Workington) leaving a £14.60m exposure to external borrowing at some time in the future, which is presently being covered by the use of internal funds (reserves).

The closing CFR for 2019/20 is anticipated to be £22.31m, of which £4.58m relates to the PFI thereby leaving a £17.73m exposure to the requirement to undertake external borrowing at some point.

During 2019/20 the Commissioner has maintained this strategy of using cash balances, arising primarily from reserves, to meet the cash flow commitments and was not therefore compelled to borrow.

Although long term borrowing rates remained relatively low during 2019/20, a conscious decision was made to defer long term financing decisions as the short term cost of

carrying debt (i.e. the differential between the borrowing rate estimated at 2.64% and the rate of 1.0% available as when such funding was invested), as this would have had an adverse effect on the revenue budget for the year and the immediate outlook period.

During 2018/19 the contract for the provision of treasury management advice services was re-tendered with the result that with effect from 1 April 2019 a new advisor (Link Asset Services Ltd) was appointed. Link Assets Services Ltd have continued to provide the advisory service during 2019/20.

The Commissioner, in consultation with the treasury advisors continues to look for the most opportune time to undertake any longer term borrowing to fund the capital financing requirement.

**Key Statistics**

**Principal:**

Number of investments placed during 2019/20 was **197** (218 in 2018/19).

Value of investments placed during 2019/20 was **£131.362m** (£135.565m in 2018/19).

Of these investments made, 63 were to external counterparties and as such will have attracted a £10 transfer fee per transaction. The transfer to the NatWest Liquidity Select account for overnight money is classed as an inter-account transfer' as the NatWest holds the Commissioner's main bank account. This type of transfer is free although we do pay a small fee to access the internet banking site.

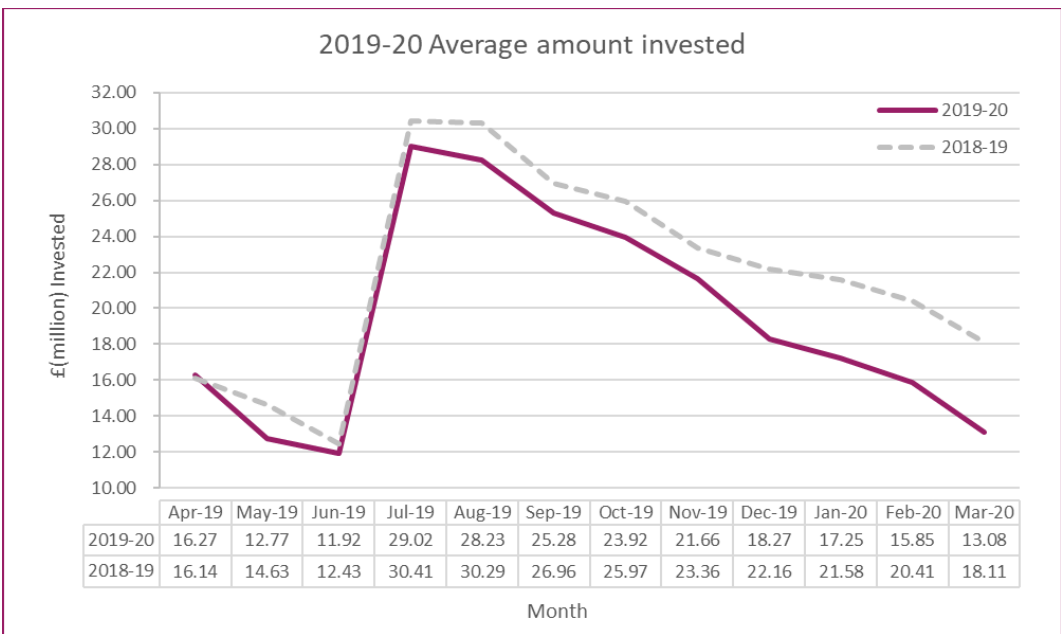
The **average** daily investment balance during 2019/20 was **£19.50m** (£21.90m in 2018/19).

The **highest** daily investment balance in 2019/20 was **£33.97m** (£35.11m in 2018/19)

The **lowest** daily investment balance in 2019/20 was **£7.24m** (£9.23m in 2018/19).

A detailed breakdown of the closing balance invested as at 31 March 2020 is provided at **Appendix A**.

The level of cash reserves available to invest has followed the same pattern as seen in previous years. Following the introduction of the Home Office Police Pensions Grant in 2007/08, there has been an annual spike in investments in July, when the majority of the grant is received, followed by a gradual decline in balances as pension payments are made throughout the remainder of the year.

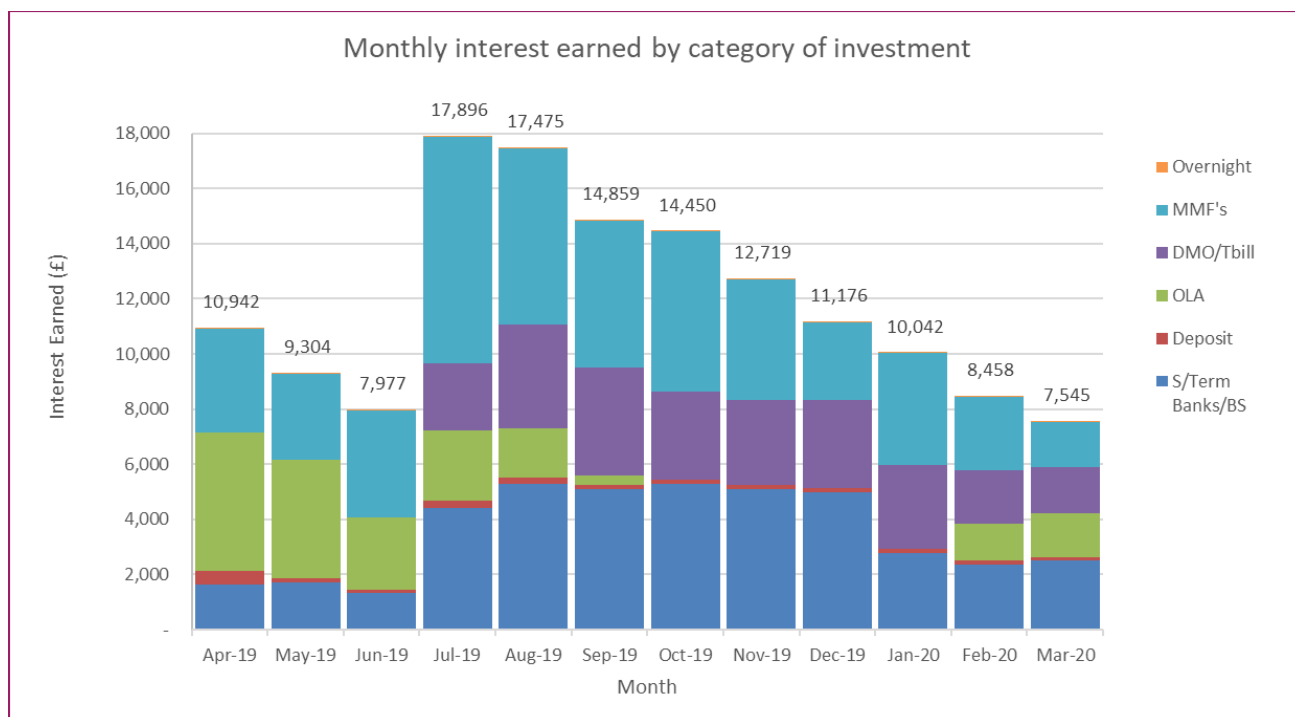


This chart illustrates the monthly average amounts invested during 2019/20 (with monthly comparatives for 2018/19).



Interest:

A total of £143k was earned in 2019/20 (£146k in 2018/19) from the Commissioner’s treasury management activities and can be broken down as follows:



The average return on investments for 2019/20 was 0.73% (0.67% in 2018/19).

The base rate started the year at 0.75% but was reduced by 0.50% to 0.25% on the 11<sup>th</sup> March 2020. It was then reduced by 0.15% to 0.1% on 19<sup>th</sup> March 2020 - this gives an average bank base rate of 0.72% for the year.

The table above shows the outturn on investment interest as £143k for 2019/20 which is £22k below the base budget of £165k. The base budget was increased by £45k in line with the plans to invest long term in a property funds. These funds yield higher returns as well as the potential for capital growth. They are backed, as the name suggests, by property. Uncertainty around the Brexit negotiations and the effect that this would have on property prices have resulted in this investment being delayed. With the global pandemic now also taking its toll on the UK economy it is unlikely that this investment will take place in the near future.

The base budget for 2020/21 is £96k and was set while the interest rate was predicted to remain at 0.75% until 2020/21 quarter 4 where it was expected to rise to 1.0%. The cash flow forecast has been remodelled to take account of the recent sudden rate cuts and the revised forecast for investment income in 2020/21 is £25k.

### Treasury Operations:

As discussed above the aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner’s funds. Actual un-invested balances for 2019/20 for the Commissioner’s main bank account are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	359	4,039	99,280
Days Overdrawn	7	(942)	(2,745)

The largest credit balance occurred during quarter two, the largest overdrawn balance occurred during the third quarter.

The largest un-invested balance occurred on the 13th August (£99k) whereby a customer paid a large

invoice. 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 largest overdrawn balance occurred on the 22 of October (£3k) and was as a result of two cheques clearing. The banking industry have been encouraged to implement a faster clearing process for cheques, rather than the customary three days. On occasion, where a recipient banks at the same bank as

the Police and Crime Commissioners main fund account, a cheque may clear on the same day as it is presented, as in this case.

Both of these instances have previously been reported in the relevant quarterly activity report to the Commissioner and Members.

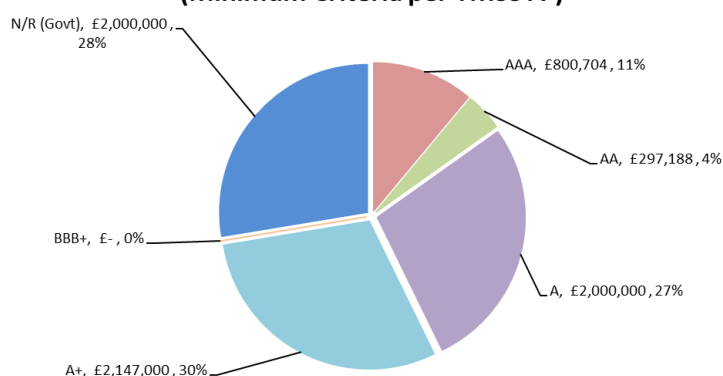
### Compliance with Prudential Indicators

All treasury related Prudential Indicators for 2019/20, which were set in February 2019 as part of the annual Statement of Treasury Management Strategy, have been complied with. Further details can be found at **Appendix B**.

## Appendix A Investment Balance at 31 March 2020

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%	297,188	297,188
NatWest (Liquidity Select Acc)	A+	31/03/2020	01/04/2020	O/N	0.02%	147,000	147,000
Lloyds	A+	06/01/2020	06/04/2020	6	0.75%	2,000,000	2,000,000
Nationwide	A	08/01/2020	08/04/2020	8	73.00%	2,000,000	2,000,000
						<b>4,444,188</b>	<b>4,444,188</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>							
Thurrock Council	N/R (Govt)	03/02/2020	03/08/2020	125	0.95%	2,000,000	2,000,000
						<b>2,000,000</b>	<b>2,000,000</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>							
Fidelity	AAA	Various	On demand	O/N		704	704
BlackRock	AAA	Various	On demand	O/N		0	0
Aberdeen Standard	AAA	Various	On demand	O/N		800,000	800,000
						<b>800,704</b>	<b>800,704</b>
<b>Total</b>						<b>7,244,892</b>	<b>7,244,892</b>










**Analysis of Outstanding Investments by Credit Rating of Counterparty at 31 March 2020 (Minimum Criteria per TMSS A-)**



Note – The credit ratings in the table & chart relate to the standing as at 31 March 2020, these ratings are constantly subject to change.

## Appendix B

### Prudential Indicators 2019/20

Prudential and Treasury Indicators				
Treasury Management Indicators			Result	RAG
<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		
Prudential indicators				
<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 2019/20</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		

# Cumbria Office of the Police and Crime Commissioner and The Chief Constable for Cumbria Constabulary

## Effectiveness of Governance Arrangements 2019/20

Report of the Chief Executive and Joint Chief Finance Officer

### 1. Introduction and background

- 1.1 As it was in 2018/19, this report has been prepared as a joint report to cover both entities with details appropriate to each organisation as required.
- 1.2 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2015 Accounts and Audit Regulations place a requirement on those bodies to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS). The Commissioner and Chief Constable are required to consider the findings of that review, approve the respective AGS and publish (which must include publication on the Commissioner's and Constabulary's respective websites) the Statements alongside the Statement of Accounts. The AGS are prepared in accordance with the CIPFA/SOLACE Good Governance framework that defines 'proper practices' for discharging accountability for the proper conduct of public business through the publication of an Annual Governance Statement that makes those practices open and explicit.
- 1.3 The Police and Crime Commissioner approves a Code of Corporate Governance, 'The Code', setting out his corporate governance framework. The Code is subject to review and updated annually alongside the process to review the arrangements for governance and prepare an Annual Governance Statement. The 2019/20 Code was subject to review by the Joint Audit Committee prior to approval by the Commissioner. It is the compliance with this Code by the Commissioner, together with an assessment of its effectiveness, which is reflected in the 2019/20 Annual Governance Statement.
- 1.4 The Chief Constable approves a Code of Corporate Governance, 'The Code', setting out her corporate governance framework. The Code is subject to review and updated annually alongside the process to review

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the arrangements for governance and prepare an Annual Governance Statement. The 2019/20 Code was subject to review by the Joint Audit Committee prior to approval by the Chief Constable. It is the compliance with this Code by the Chief Constable, together with an assessment of its effectiveness, which is reflected in the 2019/20 Annual Governance Statement.

## 2. Governance Framework & Effectiveness

- 2.1 The annual review of the arrangements for governance and their effectiveness support the production of the respective Annual Governance Statements for both the Police and Crime Commissioner and the Chief Constable. The review provides assurance on governance arrangements and the controls in place to achieve the organisational objectives. The review has been prepared by the Commissioner's Chief Executive, the Joint Chief Finance Officer and Constabulary Senior Officers in accordance with the CIPFA delivering good governance in local government guidance note for Police 2016. The guidance supports the application of the CIPFA/SOLACE Good Governance Framework to Policing, recognising the specific structure and governance responsibilities arising from the 2011 Police Reform and Social Responsibility Act.
- 2.2 Within the OPCC, the approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles as a benchmark of good practice as a when designing and monitoring governance. Those core principles and the arrangements that support them are set out in the 2019/20 Code of Corporate Governance approved by the Commissioner following review by the Joint Audit Committee in May 2019. The development of the Annual Government Statement is an integral part of the review, setting out how the Code has been complied with over the course of the year. Where the review has identified areas where developments are planned or improvements can be made, the AGS sets out an action plan to deliver those changes. The statement also highlights areas where further assurance is gained, such as the work of internal audit and the reports of the external auditors. The Commissioner's Annual Governance Statement setting out the review of governance arrangements for 2019/20 and to the date of this meeting, is presented to the Joint Audit Committee for review, prior to being received by the Commissioner for final endorsement and publication alongside the Statement of Accounts.
- 2.3 Within the Constabulary, the approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles. These have been used as a review checklist. The first stage of the process has been to ensure that the Chief Constable's Code of Corporate Governance adequately reflects all the requirements of the framework. The second stage of the process has been to ensure that the Governance Statement has evidence of the arrangements and practices in place to comply with the framework. Where the review has identified areas where developments are planned or it is identified that improvements can be made, the intended actions are outlined in the 'Areas for Further Development and Improvement' for each core principle. The statement also highlights areas

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where further assurance is gained, such as the work of internal audit, the reports of the external auditors and the results of inspections carried out by Her Majesty's Inspector of Constabularies, Fire and Rescue Services (HMICFRS). The Chief Constable's Governance Statement setting out the review of governance arrangements for 2019/20 and to the date of this meeting is presented to the Joint Audit Committee for review, prior to being received by the Chief Officer Group for final endorsement and publication alongside the Statement of Accounts.

2.4 Whilst the review of arrangements described above has been specific to the production of the Annual Governance Statements, this process is supported by wider reviews of the arrangements for governance that take place during the financial year. This includes cyclical review and updates to core elements of the governance framework. During 2019/20 this has included a review and update of the Joint Procurement Regulations, and a review of the arrangements for anti-fraud, corruption and whistleblowing in both organisations. In addition, the Public Sector Internal Audit Standards and guidance from CIPFA in respect of Audit Committees forms the basis of further reviews of the overall arrangements for audit, with action plans being put in place where potential for improvement and development have been identified. This is supplemented by specific assessments on compliance by the Joint Chief Finance Officer and Head of Internal Audit with the requirements of the CIPFA statement for these roles. The governance review is also supported by an annually developed comprehensive audit plan from internal and external audit and an opinion from the Head of Internal Audit on the arrangements for internal control and risk. Management assurances are obtained for all financial systems on an annual basis. These requirements, whilst challenging, have enabled an approach that has sought to ensure all arrangements take account of best practice, codes and guidance.

### 3. The Effectiveness of Internal Audit

3.1 Due to delays arising from the current Covid-19 crisis a separate report reviewing the effectiveness of the arrangements for Audit, which would, in normal circumstances, be presented to the Commissioner at this meeting, has been delayed. This report will include a review of the effectiveness of the internal audit function and the effectiveness of the Joint Audit Committee and is intended to demonstrate the effectiveness of the arrangements for Audit against independent and objective criteria as a contribution to good governance. The report will be presented to the Commissioner prior to release of the accounts for publication and, in doing so, will conclude the process of providing the necessary assurances that the governance arrangements set out in the respective Codes of Corporate Governance are working as intended and are effective.

### 4. The Code of Corporate Governance 2020/21

4.1 On an annual basis the respective Codes of Corporate Governance are reviewed and updated, setting out the framework for governance within the OPCC and Constabulary. The 2020/21 Codes of Corporate

Governance applies the standards set out in the Delivering Good Governance in Local Government Framework published by CIPFA in 2016, with particular reference to the guidance notes for policing bodies, which recognise the governance implications of the structural differences between policing and other areas of local government. The CIPFA good governance framework is the best practice standard for Public Sector governance. The 2016 governance framework is based on seven principles, as set out in the respective codes and has a much broader focus on delivering value for money, including outcomes and demonstrating effective performance, often working in partnership to achieve this in comparison with the previous code.

## 5. Recommendations

5.1 Members of the Joint Audit Committee are asked to:

- (i) Review the respective Codes of Corporate Governance 2020/21
- (ii) Review the respective Annual Governance Statements 2019/20
- (iii) Make any recommendations with regard to the respective Codes, Statements and arrangements for governance for consideration by the Commissioner and Chief Constable prior to publication alongside the financial statements

5.2 The Commissioner and Chief Constable are asked to:

- (i) Where applicable, consider the recommendations of the Joint Audit Committee, determining any actions and/or amendments to the respective Codes of Corporate Governance 2020/21 and Annual Governance Statements 2019/20.
- (ii) Approve for signature, where applicable with amendments, the respective Annual Governance Statements for 2019/20 and to the date of this meeting, which will then accompany the respective Statements of Account for 2019/20.

**Gillian Shearer**

**Roger Marshall**

**Chief Executive**

**Joint Chief Finance Officer**

**Human Rights Implications:** None Identified

**Race Equality / Diversity Implications:** None Identified

**Personnel Implications:** None Identified



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**Financial Implications:** None Identified

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

**Contact points for additional information:**

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## Foreword

Welcome and thank you for taking the time to read the Police and Crime Commissioner for Cumbria's Code of Corporate Governance. I am pleased to introduce this Code, which sets out the Commissioner's commitment to continue to uphold the highest possible standards of good governance. This document clearly demonstrates the Commissioner's and the senior management team drive to ensure that this is in place. Good governance is about how the Commissioner will ensure that he is doing the right things, in the right way, for the communities he serves, in a timely, inclusive, open, honest and accountable way.

The Code provides clarity about how the Commissioner and Chief Constable will govern their organisations both jointly and separately, in accordance with their statutory responsibilities. It will do this by highlighting the key enablers for ensuring good governance. The Code sets out how the organisations will govern, using the seven good governance principles as the structure for setting out the statutory framework and local arrangements.

Robust governance enables the Commissioner to pursue his vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

**Gill Shearer**  
**Chief Executive and Monitoring Officer**  
**Office of the Police and Crime Commissioner**

## Introduction

The Police Reform and Social Responsibility Act 2011 (PR&SRA) established Police and Crime Commissioners as elected officials with statutory functions and responsibilities for Policing and Crime within their area. Those responsibilities include: setting the strategic direction and objectives for policing and crime and disorder reduction in their area; maintaining the police force; and holding the Chief Constable to account. Police and Crime Commissioners also have wider responsibility for community safety, enhancing criminal justice and supporting victims.

The statutory and regulatory framework setting out the responsibilities, powers and duties of Police and Crime Commissioners is continually developing. The PR&SRA is supported by the Policing Protocol Order 2011, the Home Office Strategic Policing Requirement 2015 and the Home Office Financial Management Code of Practice 2018. The Anti-Social Behaviour, Crime and Policing Act 2014 has developed and conferred further powers in respect of the wider responsibilities of Police and Crime Commissioners. These powers have been extended through the Policing and Crime Act 2017.

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring that business is conducted in accordance with this statutory and regulatory framework and in accordance with proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In fulfilling this overall responsibility, the Commissioner is responsible for putting in place proper arrangements for governance, including risk management and the arrangements for ensuring the delivery of the functions and duties of his office.

In doing this, the Commissioner approves and adopts annually this Code of Corporate Governance, 'The Code'. The Code gives clarity to the way the Commissioner governs and sets out the frameworks that are in place to support the overall arrangements for the Cumbria Office of the Police and Crime Commissioner (COPCC). The Code is based on the core principles of governance set out within the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016. The Code is appended with a schematic that sets out diagrammatically all the key elements of the governance framework.

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

## The Code of Corporate Governance

This code of corporate governance sets out how the Police and Crime Commissioner will govern. It is based on the seven good governance core principles highlighted by the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, and supported by the Nolan Principles of Public Life. This Code uses those principles of governance as the structure for setting out the statutory framework and local arrangements that are in place to achieve them.

The seven good governance principles are:

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

### NOLAN PRINCIPLES OF PUBLIC LIFE

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

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

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

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

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

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

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

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

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

### **Business Code of Conduct:** Staff shall:

*Maintain the highest possible standards of probity in all commercial relationships;*

*Reject business practice which might reasonably be deemed improper and never use authority for personal gain;*

*Enhance the proficiency and stature of the organisation by acquiring and maintaining technical knowledge and the highest standards of behaviour;*

*Ensure the highest possible standards of professional competence, including technical and commercial knowledge;*

*Optimise the use of resources to provide the maximum benefit to the organisation.*

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

## Ethics and Integrity

The arrangements for governance within the Office of the Police and Crime Commissioner are based on a culture of ethics, integrity and acting in the public interest. This is demonstrated and communicated through a number of policies and codes that set out the standards of conduct and personal behaviour expected in the Commissioner's office. Specifically:

- A Code of Conduct commits to the Nolan Principles of Public Life. The Code sets out

commitments with regard to how people will be treated, the use of resources, disclosure and conflicts of interest, disclosure of information and transparency.

- A Code of Ethics developed by the Association of Police and Crime Commissioners (APCC) has also been adopted by the Commissioner. It sets out how the Commissioner has agreed to abide by the seven standards of conduct recognised as the Nolan Principles. This Ethical Framework allows

transparency in all areas of work of the Police and Crime Commissioner. These principles encompass the Commissioner's work locally and whilst representing Cumbria in national forums. The principles are listed in the Code of Ethics with examples of how these are achieved.

- The Commissioner's arrangements for anti-fraud and corruption make clear the duty everyone has with regard to their own conduct and those of others. The arrangements incorporate an anti-fraud and corruption policy and plan covering the culture expected within the organisation and provide contact information for confidential reporting (whistleblowing).

- Anti-fraud and corruption procedures cover arrangements for integrity in respect of gifts and hospitality, completion of a register of interests, supplier contact and declarations of related party transactions. These ensure staff avoid being engaged in any activity where an actual or perceived conflict may exist and that there is transparency in respect of any personal or business relationships. Staff are reminded on a monthly basis of the need to make declarations.

- The Office of Cumbria Police & Crime Commissioner is responsible for investigating complaints about the Chief Constable, any appointed Deputy Commissioner, the Office of Cumbria Police & Crime Commissioner's own staff and Independent Custody Visitors. A formal process exists for dealing with complaints. The arrangements are clearly set out, including the role of the Police and Crime Panel, on the 'contact us' section within the Commissioner's website. The protocol for managing complaints is set out in the Commissioner's Complaints Policy and reinforces

the commitment to upholding the highest ethical standards.

- Complaints against the Police & Crime Commissioner are referred by the Commissioner's Monitoring Officer to Cumbria County Council's Monitoring Officer on behalf of the Police and Crime Panel who investigates the complaints and then seeks to either resolve them locally with the complainant, or refers to the Independent Police Complaints Commission.

- A Business Code of Conduct supports the Procurement Regulations, re-enforcing the integrity requirements within the anti-fraud and corruption policy in the context of procurement activity.

- Financial Regulations make arrangements for the proper administration of financial affairs. They also seek to reinforce the standards of conduct in public life, particularly the need for openness, accountability and integrity.

- Grant regulations are based on a framework that provides minimum standards and terms and conditions for the grant award process that seek to ensure grants are awarded within the public interest.

- The Commissioner and all staff are required to sign up to an anti-discrimination code that sets out values and standards with regard to the prevention of any kind of discrimination.

All policies and codes are reviewed on a cyclical basis to ensure they are operating effectively. Independent external assurance is provided through the work of an Ethics and Integrity Panel and Joint Audit Committee. The purpose of the Ethics and Integrity Panel is to promote and influence professional ethics in all aspects of

policing and within both organisations. It provides scrutiny and review in respect of the arrangements for codes of conduct, integrity and complaints. It also provides assurance to the public that any issues or concerns are highlighted and monitored.

The Joint Audit Committee provides scrutiny and review in respect of the Commissioner's arrangements for anti-fraud and corruption and financial, procurement and grant regulations. Agendas and papers are available to the public on the Commissioner's website to aid transparency.

The leadership values for the organisation have been developed by our staff to support good governance and advocate high standards of integrity and ethical behaviour. They are set out in our Corporate Plan. All staff within the OPCC have been appointed following open and transparent appointment processes. Following appointment staff commit to the various codes of conduct and ethical standards that are in place for the OPCC. All staff also undertake a structured induction process arranged by the Governance Manager.

## Respecting the Rule of Law

The Chief Executive is the Commissioner's Monitoring Officer with responsibility for ensuring that the Commissioner and staff of the Office of the Police and Crime Commissioner do not contravene any rule of law or engage in any activity that constitutes maladministration or injustice. The responsibilities of the Chief Executive are codified within legislation, within the Commissioner's scheme of delegation and within the documents comprising the Commissioner's wider governance framework. The Chief Executive is responsible to the Commissioner for ensuring that agreed procedures are followed and that all applicable

### **Our Values**

*We are a single team with a culture of trust and confidence*

*We develop the capacity and capability of our office to be effective and recognise high performance*

*We have empowered staff who are high performing, professional and have high levels of satisfaction in their roles*

*We embrace and deliver change, achieve national recognition for what we do and are exemplars of best practice*

*We hold ourselves to account for what we deliver, measuring our outcomes, customer satisfaction and value for money, striving for continuous improvement*

*We promote our values and demonstrate the values of good governance through upholding high standards of conduct and behaviour*

statutes and regulations are complied with. The Chief Executive is supported by an internal legal team and will instruct external legal advisers where there are significant legal complexities or legal risk. The office structure includes a post of a deputy Monitoring Officer to ensure continuity in the delivery of this role in the absence of the Chief Executive.



## Principle B: Ensuring openness and comprehensive stakeholder engagement

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

### Openness

The Commissioner operates in accordance with the Elected Local Policing Bodies (Specified Information) Orders 2011, 2012 & 2013 and the guidance provided by the Information Commissioner. This is demonstrated, documented and communicated through an information publication scheme that ensures the openness of all key information to the public and wider stakeholders. This includes information in respect of the Commissioner, his staff, income and expenditure, property, decisions, policies and the independent custody visiting scheme. The Commissioner's Monitoring Officer has overall responsibility for ensuring compliance with the Orders and Scheme.

To ensure transparency of decision making, all decisions are recorded and published on the Commissioner's website for public scrutiny. The Police and Crime Panel may call in any decisions for further public scrutiny.

The Commissioner adopts rigorous standards in his decision-making and all decisions are taken solely in the public interest. This is achieved by adherence to a decision-making policy that sets out the parameters and the application of a set of principles that guide decision making. The approach within the policy adheres to the Good Governance Standard for Public Services and the Good Administrative Practice 2.

Reports for decision are based on a template that ensures the consequences of any recommendations are clearly explained and that there is clear

#### ***Decision Making Policy: Principles of Decision Making***

*Decision-making will be well informed*

*The decision-making process will be open and transparent*

*To have 'due regard' within the decision making process*

*Be rigorous and transparent about how the decisions are taken*

*All decisions of significant public interest will be recorded and published.*

*The PCC will uphold the highest standards of integrity and honesty when taking decisions, as set out in the Nolan Principles.*

reasoning and evidence for decisions. This includes relevant financial, legal, human resources, equality, procurement, IT and risk management advice.

### Engaging Comprehensively with Institutional Stakeholders

The Police and Crime Plan recognises the importance of stakeholder engagement and collaborative working in developing and delivering priorities for the future direction of policing, crime

reduction, and supporting victims. The process for development of the Plan includes consultation with the Police and Crime Panel, wider partners and the Constabulary. Consultation processes support the development of objectives and outcomes prior to the formal approval and publication of the Plan on the Commissioner's website.

The Plan recognises that in preventing crime and supporting victims a commitment to collaborative working is needed from a range of organisations involved in policing, community safety and criminal justice. The Plan commits to utilising the existing partnership structures across the County to do this wherever possible. This enables the Commissioner and partners to build commitment to shared priorities and to exercise oversight of the delivery of shared outcomes.

As part of these arrangements the Commissioner has signed up to the Cumbria Compact, an agreement and set of principles that govern effective relationships between public and third sector organisations.

Grant agreements govern the funding arrangements with partners and the third sector and set out the purpose, objectives and shared outcomes which that funding is planned to deliver.

Joint boards, collaborative procurement and third sector partnerships are central to the Commissioning Strategy that seeks to efficiently and effectively deliver the Police and Crime Plan. The underlying Commissioning Plan uses commissioning approaches and a grant framework that enable partners to determine interventions that will be appropriate and effective in delivering outcomes.

## Engaging Stakeholders Effectively including Citizens and Service Users

A Public Engagement Strategy sets out how the Commissioner will make arrangements for obtaining the views of the community on policing and for obtaining the views of victims of crime. The strategy aims to ensure clear channels of communication are in place with all sections of the community and other stakeholders. As part of the Public Engagement Strategy, the Commissioner undertakes formal consultation with the public, partners and other stakeholders in respect of the Police and Crime Plan and the budget.

The OPCC is instrumental in giving the people of Cumbria the ability to communicate with the Commissioner and plays a key role in ensuring public opinion can influence the Commissioner's decision making. The Office ensures a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria. The office plays a critical role in ensuring that two-way communication with communities take place and that the Commissioner is publically available to speak to communities and individuals.

The OPCC has responsibility for keeping people informed, ensuring that activities and decisions are transparent and that effective, transparent and accessible arrangements are in place for providing feedback. This includes the statutory requirement of producing and publishing an Annual Report setting out what has been achieved in a 12-month period.

The OPCC also supports the Commissioner around public affairs, if necessary, highlighting the impacts on policing and people in Cumbria.

A complaints process and quality of service procedure provides clarity over the arrangements to respond to the breadth of concerns raised by local people. If trends are identified these are used to improve customer service from the Constabulary and influence the decisions of the Police and Crime Commissioner.

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

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

*The Commissioner's Police and Crime Plan can be found on our website at [www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk)*

### Defining Outcomes

The Police Reform and Social Responsibility Act (PRSR) 2011 and the Policing Protocol Order set out the purpose of the Police and Crime Commissioner, conferring statutory duties and responsibilities. These include the requirement to issue a Police and Crime Plan. The Plan sets out the vision and strategic direction for policing and reducing crime for the local area. It outlines police and crime objectives, priorities and outcomes for policing and victims that the Commissioner will focus on in carrying out his purpose.

Key performance indicators are set to support the objectives within the Police and Crime Plan. This is supported by a comprehensive performance management framework, which is embedded within a robust accountability and governance structure. The performance framework and HMICFRS inspection and value for money reports support the Commissioner in holding the Chief Constable to account for the performance of the force and its efficiency and effectiveness. User

Satisfaction Performance measures are included in the Performance Management Framework.

The Police and Crime Plan is developed alongside a Medium Term Financial Strategy that ensures funding is aligned to the resources needed to deliver priorities and outcomes. The forecast supports the Commissioner in setting a robust budget and in his purpose of maintaining the force for the Cumbria police area.

A Commissioning Strategy and framework supports the delivery of the Commissioner's wider duties and responsibilities and the objectives and outcomes within the Police and Crime Plan. The strategy sets out how the Commissioner will work with partners, including community and voluntary sector groups, to deliver activity and interventions that will support victims, improve community safety, reduce crime and enhance criminal justice. The strategy is underpinned by a commissioned services budget and programme.

## Sustainable economic, social and environmental benefits

A process is in place to support policy and strategy development. Oversight of the central policy record, including compliance with procedure and equality impact assessments, is managed by the Executive Team. This ensures that the sustainability of policies and strategies and the wider benefits and interrelationships across the business are fully understood.

When developing strategies, policies or business plans the Office of the Police and Crime Commissioner will undertake an impact assessment on such documents prior to their development. The outcomes of these assessments will inform development work and be taken into consideration when policies and strategies are approved. In this way, our policies and strategies provide a framework to support decision making.

The process for making decisions, particularly those that involve expenditure, includes an assessment of the longer term impact of proposals to ensure sustainability. Decisions on human resource planning, the most significant factor influencing the delivery of sustainable economic, social and environmental benefits, take account of the longer term financial outlook alongside projections of future turnover. This enables workforce planning and recruitment in a way that supports the economic management of training and supervision requirements and maximizes the benefits to the business.

All decision reports include a section which allows the author to identify any equality issues. These will be taken into account by the Commissioner when considering the decision.

To manage risk and ensure transparency of interests in decision making, the Commissioner and officers are required to make declarations where there are or may be perceived to be conflicts of interest. The role of the Monitoring Officer and the Commissioner's Oath of Office further supports decisions being made in the wider interest of the people of Cumbria, rather than representing any particular political interests.

The Police and Crime Plan and the policy and strategy documents that support it are developed to cover a four-year rolling timeframe and take into account feedback from public consultation and engagement.

All of these documents and the outcomes from consultation are published and are publicly available on the Commissioner's website. Information is published in a variety of mediums. The OPCC website has the functionality to assist in the access to information held. The COPCC would look to assist with translation of information or send information to a third party who can assist them. The COPCC website has the ability to translate into the main languages.



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

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

### Determining Interventions

The Commissioner sets the strategic direction for Policing and wider interventions within the Police and Crime Plan. The Plan is reviewed annually to ensure decision making on activity and outcomes remains robust. The Commissioner's decision making policy adopts a set of principles to ensure all decision making is well informed, that options are rigorously considered and information is provided on potential risks.

The Constabulary is the primary provider of policing services and the recipient of the substantial proportion of funding from the Commissioner to deliver the Police and Crime Plan. Achieving best value through the delivery of an effective policing strategy is a condition of the arrangements for funding between the Commissioner and the Constabulary. Decisions are made annually on the level of resources and how they should be directed as part of the Commissioner's budget setting process.

The performance, outcomes and costs of the Constabulary are monitored through a framework that includes external comparators (HMICFRS Value for Money Profiles), Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection reports and an annual Value for Money Conclusion from the External Auditors. Recommendations from PEEL inspections are used to review decisions in year on resources and determine whether intervention are needed to respond to inspection findings.

Grant and Procurement Regulations set out a framework for commissioning and procurement activity that supports the achievement of best value and practical interventions to support Police and Crime Plan outcomes within wider commissioned services. A review of value for money arrangements is reported annually to the Joint Audit Committee, focused on the Constabulary's activities. This provides external oversight of staffing and wider financial resources committed to fulfilling legal and regulatory requirements of the service.

### **Medium Term Financial Strategy Objectives**

*To deliver a robust and balanced medium term financial plan and annual budget supported by an in-year reporting framework that monitors its delivery.*

*To ensure arrangements for funding between the Commissioner and Constabulary deliver value for money and support the priorities of the Police and Crime Plan*

*To ensure capital expenditure plans are robustly scrutinised, fully funded for a minimum of four years and are supported by capital strategies that meet the needs of the business*

*To maintain a risk assessed level of reserves to meet unplanned expenditure and to provide revenue budget smoothing for intermittent costs.*

*To ensure treasury management activities provide for the security of the Commissioner's funds whilst meeting the cash management needs of the Commissioner and Constabulary*

*To provide a framework for financial governance that ensures the proper administration of the Commissioner's financial affairs*

## **Planning Interventions**

A Commissioning Strategy and joint Procurement Regulations set out how services will be planned, procured and delivered. The Safer Cumbria Partnership provides a flexible and supportive mechanism through which services can be developed and delivered with shared risk. Grant and contract management arrangements are in place to monitor and review service quality.

The Medium Term Financial Strategy sets out the financial plans for revenue and capital expenditure. An annual funding arrangement for the Chief Constable codifies the amounts and conditions of funding based on a financial proposal from the Constabulary. It sets out how the budget will be monitored including financial information and reporting requirements. Financial reporting provides a control to assess the extent to which planning assumptions for the budget have been matched by actual activity and expenditure in year. Further controls over the management of income and expenditure are detailed in the Commissioner's financial regulations. Key financial performance indicators for example prudential indicators, are set as part of the budget process, and monitored on a quarterly basis to ensure they are being met.

The Medium Term Financial Strategy sets out revenue forecasts of income and expenditure and the key financial assumptions and policies on which the forecasts are based. This supports a strategic approach to operational planning, savings requirements and decision making in support of the objectives within the Police and Crime Plan. It also ensures that the financial liabilities, risks and the level of provision and reserves within the budget are fully understood. The budget includes a 10 year capital programme aligned to plans for ICT, the estate and fleet, ensuring resources are balanced in the medium and longer term to meet the requirements of the business.

Financial, operational and commissioning plans are developed taking into account the feedback from the public and wider stakeholders. The Engagement Strategy sets out how the Commissioner will engage with a wide range of people and partners encompassing and including diversity within the



County. The Commissioner in his role of consulting with the public uses the guiding principles of we asked, you said, we did as many engagement activities personally involve the Commissioner. To formally support the role of two-way engagement a six-monthly paper is presented to the Commissioner outlining trends from the various forms of engagement and this information is used as an integral part in the process of any key decisions. Further communication tools are used to ensure target audiences are kept up to date of developments and key decisions for the Commissioner.

## Optimising Achievement of Intended Outcomes

The Medium Term Financial Forecast integrates the budget and funding arrangements for the Constabulary with the Commissioner's directly managed budgets. The totality of estimated funding forms the basis for considerations regarding the trade-off between resources for commissioning and resources for policing to optimise outcomes within the Police and Crime Plan. Strategic priorities within the Plan support decision making on the respective policing and commissioning strategies. This determines for example, the number of police officers, the balance between people resources verses equipment and the balance between supporting victim's verses crime prevention activity.

The budget process is based on a proposal from the Constabulary. It takes a zero-based approach, working closely with the business to forecast operational requirements over 4 years for revenue expenditure and 10 years for capital expenditure. This includes a series of 'star chambers' providing

Chief Officers with the forum through which budget holders can be challenged. Through the budget process targets and plans are developed for savings and consideration is given to growth bids to resource new and changing requirements.

The Medium Term Financial Strategy includes information on national financial settlements for policing and what is known about settlements in future years. It also sets out the key financial risks that could impact on funding and expenditure nationally and locally. Sensitivity analysis provides information on the potential impact of changes to assumptions. Collectively this supports decisions on resources, services, performance and outcomes and ensures the business has a robust understanding of risks to the affordability of future plans. The Strategy incorporates information on plans for savings and the impact of funding changes for the number of police officers, PCSO's and police staff. This supports an on-going dialogue and monitoring between the Commissioner and Constabulary in respect of the necessary business change and its impact on outcomes and performance.

Through our Commissioning Strategy we engage and consult with the wider community on support and service provision gaps, this ensures that commissioning objectives and outcomes align with the needs of the local community as well as creating an opportunity for providers to innovate. Commissioning to local based providers ensures the economic, social and environmental well-being of the wider Community. Awarding of Contracts or Grant Agreements are based on the social outcomes and measures which meet local priorities and needs as opposed to financial gains and benefits.



## Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Police and Crime Commissioners need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. Commissioners must ensure that they have both the capacity to fulfil their mandate and to make certain that there are policies in place to guarantee that management has the operational capacity for the entity as a whole. Both the individuals involved and the environment in which Commissioners operate will change over time, and there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of their communities

### Developing the entity's capacity

Legislation provides that the Commissioner must appoint a Chief Executive and a Chief Finance Officer (statutory officers). The Chief Executive is the Commissioner's Head of Staff with responsibility for overall management of the Commissioner's office. The Chief Finance Officer (CFO) operates on a shared basis acting as CFO for both the Commissioner and the Chief Constable. Both the Chief Executive and Chief Finance Officer have statutory responsibilities with regards to determining the requirements in respect of staffing resources.

The Chief Executive is a member of the Association of Police and Crime Chief Executives (APACCE) and operates within the APACCE statement on the role of the Chief Executive and Monitoring Officers for Police and Crime Commissioners. The Chief Executive's job profile is based on the APACCE model to ensure the right skills, experience and qualifications for the role. The role of Chief

Executive is undertaken on a six-month rotating basis with the Deputy Chief Executive.

The role and functions of the Chief Finance Officer to support the Commissioner's mandate is set out within the Home Office Financial Management Code of Practice and by the Chartered Institute of Public Finance and Accountancy (CIPFA), the CIPFA statement. The job profile for this role is based on the CIPFA Statement. Compliance with the statement is self-assessed on an annual basis and reviewed by the Joint Audit and Standards Committee. Professional body subscriptions ensure the Chief Finance Officer has access to up to date Codes of Practice, guidance and professional standards

The structure and arrangements for staffing ensures the Chief Executive has management of overall staffing as Head of Paid Service with responsibility for effective succession planning and resilience on matters of business within a small team.

A framework for the development and review of the corporate plan and underlying business plans ensures action plans and performance targets are delivered to support continuous improvement. The

The costs of the Constabulary are benchmarked annually with reports presented for scrutiny to the Joint Audit Committee. Comparisons to most similar group policing areas are used to inform the budget savings programme and reduce costs.

Procurement regulations are developed jointly with the Constabulary and supported by a procurement strategy. The regulations incorporate procurement policy and procedures that aim to support the understanding and skills of all staff engaged in the procurement process. The procurement strategy sets out how the function will develop to deliver best value from procurement activity. The procurement regulations are supported by a set of grant regulations governing commissioning activity through a grant based process.

## Developing the entity's leadership

The key functions and roles of the Commissioner, the Chief Executive/Monitoring Office and Chief Finance Officer are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011 (PPO). These functions and roles define the responsibilities for leadership and are codified in the Commissioner's Scheme of Delegation and wider documents within the Corporate Governance Framework.

The Chief Executive is the Commissioner's lead advisor. Key responsibilities include working with the Commissioner to enable delivery against his vision, strategy and identified priorities and facilitating the accurate and appropriate scrutiny of

### *Key functions and role of the Commissioner*

*Sets strategic direction & objectives of the force, issues the Police and Crime Plan (the Plan) & an annual report*

*Holds the Chief Constable to account for the exercise of his/her functions and force performance; Monitors complaints.*

*Receives all funding, decides the budget & precept; allocates funding to maintain an efficient and effective police force*

*Provides the link between the police and communities; publishes information on Commissioner and force performance*

*Responsible for the delivery of community safety, crime reduction, the enhancement of criminal justice and victim support*

the Constabulary's activities. The Chief Executive is also the Commissioner's statutory Monitoring Officer, providing support to ensure the Commissioner's functions are carried out and has specific legal, financial and governance duties in addition to those which derive from statutory responsibilities. The Chief Executive operates in accordance with professional standards and the legislative and fiduciary responsibilities of the statutory office.

The Chief Finance Officer is the lead financial advisor to the Commissioner and has statutory responsibility to ensure that the financial affairs of the Commissioner are properly administered. The CFO provides all financial advice, provides a statutory report on the robustness of the budget and ensures systems of internal financial control are effective.

The Commissioner's Scheme of Delegation is part of a wider governance framework that further details specific decision making and wider responsibilities of key officers in relation to areas of governance and ensure all staff have a shared understanding of

the roles, responsibilities and decision making authority within the Commissioner's Office. All governance documents are regularly reviewed and updated as roles develop to respond to changing legislation, regulations and other new requirements.

A member/officer protocol further sets out the roles of political office holders (the Commissioner/Deputy Commissioner) and non-political office holders (staff employees) to provide clarification on respective responsibilities and expectations around how relationships are anticipated to work. This is supported by arrangements for the declaration of interests to ensure the Commissioner, members and staff are free from relationships that would materially interfere with decisions making and their roles.

Members of the Joint Audit Committee are recruited for their specific skills and experience to fulfil the role of the Committee. Role profiles include a person specification that requires applicants to demonstrate a sound understanding and relevant professional experience. The Committee has clear terms of reference and membership that is consistent with the requirements of the Home Office Financial Management Code of Practice, and CIPFA guidance. Development sessions, access to relevant publications and CIPFA/Grant Thornton external workshops support members continued development.

The Cumbria ICV Scheme comprises of four panels of volunteer Custody Visitors. Every new volunteer is required to undertake a half-day basic induction course, followed by an accompanied night observation visit; thereafter, new visitors are trained "on the job" by attending visits in the

company of a more experienced colleague for the first six months. On-going ICV training is provided at the regular panel meetings and annual local and regional conferences.

In 2016 the OPCC became a member of the Independent Custody Visitors Association (ICVA) to which it pays an annual subscription. ICVA is a Home Office funded organisation set up to promote and support the effective provision of custody visiting nationally. ICVA works closely with government and criminal justice organisations providing advice on best practice for independent custody visiting schemes nationally; training; and publicity to Police and Crime Commissioner and custody visitors.

The Police and Crime Commissioner subscribes as a member of the Association of Police and Crime Commissioners (APCC). The APCC delivers daily written briefings received by the Commissioner and office staff, covering press and parliamentary reporting on those areas within the Commissioner's responsibilities to ensure the Office is kept updated on current developments.

The APCC and APACCE deliver national events to ensure Commissioners and their Chief Executives remain informed and have the opportunity to discuss significant issues and develop collective approaches. There are also bi-monthly regional meetings of Chief Executives and quarterly regional meetings of Commissioners and Chief Executives. The Chief Executive/Monitoring Officer leads for the Commissioner on ensuring that appropriate policies and procedures are adopted and followed to ensure the COPCC complies with relevant statutes and regulations and has the capacity to deliver across these requirements.

The CFO subscribes to the Police and Crime Commissioners' Treasurers' Society (PaCCTS), supporting continuous development and ensuring the CFO maintains a breadth of understanding on policing finance. Further capacity and expertise is commissioned to support specialist services for treasury management, taxation and insurance brokerage.

Arrangements for staff appraisal provide the opportunity to discuss and review individual performance and training and development needs.

## Developing the capability of individuals within the entity

The Commissioner has adopted a number of joint personnel policies with the Constabulary in addition to operating within a suite of COPCC specific policies that provide a framework for all issues related to employee management, terms and conditions. This includes policies on how staff and staff associations will be engaged in any change processes. There is a general principle for on-going consultation and engagement during any areas of business change, creating an environment where staff can perform well and where ideas and suggestions are welcomed.

Personnel policies aim to promote a motivated and competent workforce whilst supporting the health

and well-being of staff. They include arrangements for work-life balance through a scheme of flexible working and facilitate access to wider benefits e.g. special leave at times of specific personal need.

Business is carried out supported by policies and procedures that support the full range of human resource management responsibilities and all policies are subject to cyclical review in accordance with the Commissioner's policy framework. This supports continuous improvement, ensuring updated guidance is available for staff on how to carry out their roles and the wider responsibilities they should take into account.

All officers have clearly defined role descriptions and reporting lines based on the roles and the functions for which they are accountable, to ensure service delivery responsibilities are clear and can be monitored. Individual capabilities, performance and development requirements are assessed annually through a review process to agree the support, training and development staff need to carry out their duties and responsibilities.

Professional staff undertake continued professional development in line with the requirements of their professional bodies. The budget setting process provides for training and development budgets to support mandatory and discretionary training and development requirements.

## Principle F: Managing risks and performance through robust internal control and strong public financial management

Police and Crime Commissioners need to ensure that the entities and governance structures that they oversee have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management, business continuity and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

### Managing risk

The Commissioner's Risk Management Strategy sets out the overall arrangements for managing risk including the arrangements for holding to account the Chief Constable in respect of those risks that fall within his functions. The Strategy establishes how risk is embedded throughout the various elements of corporate governance of the COPCC, whether operating solely or jointly with the Constabulary. The Strategy incorporates a clear framework of objectives, designates roles and responsibilities for risk management and provides a mechanism for evaluating and scoring risks, and supporting decision making in respect of mitigating action.

The strategy and risk registers are regularly reviewed to ensure a clear alignment between risk management activity and the organisation's objectives. Reporting formats ensure arrangements are dynamic and support the early identification of strategic and operational risks. Identified risks are logged on a risk register with clear ownership and are reviewed cyclically based on a score that

denotes the severity and impact of the risk should it occur. Every project run by the COPCC has a separate risk register. All decision and report forms include a section for the author to complete in which to identify any risks or potential risks. To ensure effective ownership and monitoring of risks, the Office of the Police and Crime Commissioner provides risk management training to all staff.

The arrangements for risk management are subject to on-going monitoring and review to ensure their continued effectiveness. This comprises review by internal audit and review by the Joint Audit Committee. The strategic risk register is presented to the Committee quarterly. The Committee also receives the Risk Management Strategy on a quarterly basis and a report from the Chief Executive annually reporting on the effectiveness of arrangements for managing risk.

## Managing performance

The Commissioner holds Public Accountability Conferences, which facilitates the arrangements for monitoring service delivery and holding the Chief Constable to account. This is supported by regular one to one briefings between the Commissioner and Chief Constable and an office level Collaborative Board. Senior Officers within the OPCC attend strategic Constabulary meetings to provide challenge and oversight of the arrangements that support decision making, delivery of key areas of business and the allocation of resources.

The Police and Crime Panel is the statutory body that provides the public accountability checks and balances in relation to the performance of the Commissioner and scrutiny of any decision made. The Panel receives cyclical information and reports on service delivery plans and progress towards outcomes. The Panel is consulted on the development of the Police and Crime Plan and budget, with a power of veto over the Commissioner's precept. The panel receives an Annual Report setting out what has been achieved in respect of delivery of the Police and Crime Plan objectives, and a financial outturn report comparing actual expenditure against the budget and including summary financial statements.

## Robust internal control

The Commissioner is responsible for reviewing the effectiveness of his governance framework including the system of internal control. This work is informed by the work of Chief Officers and Senior Managers who undertake an overarching review of key controls and governance arrangements in support of the key principles in this Code.

### *Police and Crime Panel Functions*

*The functions of the Police and Crime Panel include reviewing the draft police and crime plan, public scrutiny of the annual report and the power of veto over the level of the Commissioner's proposed precept*

Senior Managers with responsibility for financial systems provide annual management assurances using a CIPFA internal control framework as part of this process. This is further supported by an annual fraud risk assessment completed by the Chief Finance Officer and reviewed by the external auditors. Arrangements for anti-fraud and corruption are subject to cyclical internal audit review.

An independent internal audit service is commissioned through shared service arrangements with the county council. Internal audit develops and delivers a risk based annual audit plan of work that reviews internal controls. This supports an annual opinion from the Chief Internal Auditor on the overall adequacy and effectiveness of the framework of governance, risk management and control.

An independent Joint Audit Committee assures cyclical internal reviews of key governance documents (e.g. financial regulations, arrangements for anti-fraud and corruption and the risk management strategy) at its November meeting and receives annual reports reviewing the effectiveness of arrangements for risk, governance and internal control in May and July. The Joint Audit Committee receive a copy of all internal and external audit reports, can table reports for discussion and monitor the implementation of audit recommendations. The Committee undertakes an annual self-assessment to ensure

on-going compliance with the CIPFA framework for Police Audit Committees.

## Managing Data

The Office of the Police and Crime Commissioner operates within the parameters of legislation, such as the Data Protection Act. It ensures that all data, including personal data, is appropriately stored and shared where necessary. Data is held in accordance with the COPCC Retention Schedule, removed or destroyed appropriately and access to information is restricted where appropriate to relevant members of staff. Data will not be held for longer than is necessary. Appropriate security measures are taken for both electronic and physical data. All staff are aware of their responsibilities when handling and storing both electronic and physical data and the need to comply with General Data Protection Regulations. The OPCC has a Joint Data Protection Officer with Cumbria Constabulary who provides expert advice and support.

## Strong public financial management

Arrangements for financial management support for the Commissioner in achieving outcomes and delivering strong operational and financial performance by ensuring that resources are used in accordance with approved plans for service delivery and investment. The arrangements for financial management are codified within a suite of financial governance documents and comply with the relevant CIPFA Codes of Practice and guidance. Financial management controls ensure expenditure is only committed in accordance with the approved

budget and the purpose for which approvals have been given. Financial monitoring supports the early identification of variances between actual expenditure and income, supporting timely decision making on remedial action.

A funding arrangement between the Commissioner and Constabulary sets out the consents and arrangements for financial management between the Commissioner and Chief Constable. This ensures funding within the Constabulary is directed toward the achievement of the Policing Strategy and priority outcomes within the Police and Crime Plan.

Financial regulations set out the role and responsibilities of Chief Officers and senior staff for financial management and governance. They include financial management standards to be adhered to by all staff across the organisation and the wider framework of controls including the arrangements for the statement of accounts.

Financial risks and mitigations are set out within the Medium Term Financial Strategy and are managed within the Commissioner's overall framework for managing risk. The Joint Chief Finance Officer takes ownership of all financial risks and reports to the Joint Audit and Standards Committee on the management of strategic financial risks. Arrangements for financial management are cyclically reviewed by the internal auditors for assurance and form part of the arrangements reviewed by the external auditors in forming their conclusions on the financial statements and value for money.

## Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

### Implementing good practice in transparency

The Commissioner's annual report is the primary communication through which the public can access and understand the performance and activities of the Commissioner and his Office. Design work for the report is commissioned from external media and communication professionals which alongside the written style aims to support transparency and public accessibility of the report.

All public documents are published on the COPCC website and are available in accessible formats. Further options can be offered on request. The intention is to ensure that all documents are written in such a way as to make them accessible to readers that may not have a detailed knowledge of the subject matter, though with some complex issues this is not always possible. The publication of key documents, such as the Police and Crime Plan, is supported by a media release to raise awareness of the document and its purpose.

Arrangements for financial reporting aim to ensure the accessibility of financial information for readers and users of financial reports. On complex matters of communication, for example consultation on budget, precept and services, professional support

has been procured to ensure a robust public understanding of complex issues.

### Implementing good practices in reporting

The Office publishes an annual report, scrutinised by the Police and Crime Panel, to communicate the Commissioner's activities, achievements and performance and that of the Chief Constable and the force. The annual report presents the performance outcomes achieved against an agreed framework of targets and measures.

The Commissioner is subject to the Accounts and Audit (England) Regulations 2015 and prepares a set of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting. Compliance with the Code of Practice ensures the comparability of financial information within the statements with other similar entities and their publication in accordance with statutory timeframes. The financial statements include a comprehensive income and expenditure statement, which is aligned to in year financial reporting and monitoring. A narrative statement by the Chief Finance Officer sets out the overall financial and business performance for the year within an accessible summary statement. The



financial statements include the external auditors report setting out the overall opinion and conclusions on value for money.

The Commissioner's overall arrangements for governance are reviewed annually against this Code of Corporate Governance with a report made on how it has been complied with. This 'Annual Governance Statement (AGS)' is subject to review by the Joint Audit and Standards Committee. The AGS includes an action plan setting out the work that will be undertaken over the following year to support continuous improvement in line with the principles of this Code and the CIPFA good governance framework.

The Commissioner and the Joint Audit Committee receive annually a report reviewing the governance arrangements for internal audit against the requirements of the Public Sector Internal Audit Standard (PSIAS).

## Assurance and effective accountability

Grant Thornton UK LLP are the external auditors appointed to both the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary, to report key matters arising from audits of the Commissioner and Chief Constable's financial statements. The external auditors also reach a formal conclusion on whether the Commissioner and Chief and Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. The audit findings report is published in the financial statements and presented to the Commissioner and Joint Audit Committee for

review. The Joint Audit Committee monitors the implementation of recommendations arising from the audit and have the expertise to challenge the external audit approach, supporting assurance of its effectiveness.

Further accountability is provided through the arrangements for internal audit. Internal audit is delivered through a shared service and in accordance with an Internal Audit Charter that ensures compliance with the PSIAS. An annual review of the effectiveness of the internal audit service, including the arrangements for the Joint Audit Committee, is undertaken annually by the Joint Chief Finance Officer against CIPFA best practice standards. The report is published on the Commissioner's website to support assurances on internal control.

The arrangements for accountability further incorporate challenge, reviews and inspections from HMICFRS. Whilst these are primarily aimed at Constabulary performance, elements of specific reviews include jointly delivered activities and specifically commissioned reports that cover governance across both organisations. Recommendations are reported to and monitored by the Commissioner and Joint Audit Committee.

The Ethics and Integrity Panel also monitors and reports on some specific areas of activity, such as complaint handling and ethical issues. The Panel has carried out a series of thematic inspections into specific areas of Constabulary activity. The Panel are able to look objectively at these areas and provide valuable independent scrutiny and feedback to the Constabulary on their findings.

The arrangements in this document set out our framework for governance in accordance with CIPFA's Good Governance Principles and guidance. Annex A to this Code sets out our governance schematic, summarising the arrangements we have in place internally and sources of external guidance and support. Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.



We welcome your views on the Commissioner's Code of Corporate Governance. You can do this by using the contact information below:

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# The Chief Constable for Cumbria Constabulary

Code of Corporate Governance 2020/21

## Introduction

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

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

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

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

## The Code of Corporate Governance

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

Those principles are:

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

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

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

### Ethics and Integrity

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

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

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

The Constabulary has an Anti-fraud and Corruption Policy and Procedures, which set out clear definitions of fraud and corruption. The policy embodies the values of the Code of Ethics based on the 7 Nolan Principles for Public Life and makes clear the duty of everyone with regard to their own

actions and conduct and those of others to protect the organisation against fraudulent and corrupt acts. The procedure includes guidance for integrity in respect of gifts and hospitality, completion of a register of interests and declarations of related party transactions. These ensure that staff avoid being engaged in any activity where an actual or perceived conflict may exist and that there is transparency in respect of any personal or business relationships.

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

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

The Joint Financial Regulations set out the internal framework and procedures for financial regulation and administration. They set out the arrangements for the proper administration of financial affairs ensuring these are conducted properly and in compliance with all necessary requirements. They also seek to re-enforce the standards of conduct in public life, particularly the need for openness, accountability and integrity. The Financial Regulations also re-enforce the anti-fraud and corruption policy, covering the culture expected within the organisation, responsibilities and measures in place to prevent fraud and corruption and how it will be detected and investigated.

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

The Constabulary maintains arrangements for confidential reporting (whistleblowing) and guidance for managers with regard to how any reporting will be responded to. These are contained in the Anti- Fraud and Corruption Policy and Procedures and the Professional Standards Confidential Reporting Policy and Procedure. The confidential reporting policies and procedures are supported by a regularly publicised internal and external confidential phone line and e-mail reporting system on which individuals can leave

anonymous information. The Constabulary also subscribes to and publicises 'Public Concern at Work' (PCaW), an independent authority on public interest whistleblowing to allow employees the facility to report externally to the Constabulary if required.

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

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

### Respecting the Rule of Law

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

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

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

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

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

The Professional Standards function also oversees all complaints, ensuring compliance with Police Reform Act 2002 and the Police (Complaints and Misconduct) Regulations. These complaints are reported to and audited periodically by the Office

of the Police and Crime Commissioner. The Chief Constable also has a procedure in place to receive and investigate complaints made to it about the conduct of Association of Chief Police Officers (with the exception of the Chief Constable who is accountable to the Commissioner) under the relevant conduct regulations.



## B. Ensuring openness and comprehensive stakeholder engagement.

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

### Openness

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

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

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

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

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

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

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

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

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

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

### Engaging Effectively with Institutional Stakeholders

The Police and Crime Plan sets out a Pan-Cumbrian vision. The vision recognises that, in preventing crime, commitment is needed from a range of

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

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

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

### Engaging stakeholders effectively, including citizens and service users

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

The Constabulary engages with local communities through the work of its Neighbourhood Policing Teams through the Local Focus Hubs and operating Engagement Plans, which use a range of methods that are specific to urban and rural community needs. The plans ensure that community priorities,

concerns and areas for improvement are identified and dealt with.

The Constabulary has a marketing and communications strategy aimed at establishing clear channels of communication and engagement with all sections of the community. This includes alternatives to traditional communication methods including the force website to provide key information to the public and undertake surveys. Social media and pro-active media coverage of events are used to provide accurate messages and re-assurance and, to receive direct community feedback to the Neighbourhood Policing Teams.

The Strategic Independent Advisory Group (IAG) meets regularly to discuss emerging issues of strategy and policy both nationally and locally and to support, scrutinise and challenge the Constabulary on how it conducts its policing activity.

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

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

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

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

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

### Defining Outcomes

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

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

The Constabulary has developed a Plan on a Page, which highlights its seven operational priorities for

the forthcoming year in delivering the over-arching objective of 'Keeping Cumbria Safe'. The plan also outlines key support activities, its policing style and leadership standards. The presentation of the Plan on a Page provides a concise and easily understood overview designed to focus officers and staff on the Chief Constable's mission.

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

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

### Sustainable economic, social and environmental benefits

A wide range of information and stakeholder opinions taken into consideration in developing the Chief Constable's policing vision. This ensures that balanced and comprehensive consideration is given to all aspects of the potential impact of policing policy decisions on the local community.

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

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

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

Themes include :-

- Well-being
- Workforce Planning
- Learning & Development
- Resourcing, succession and talent management
- Reward & recognition
- Performance management
- Supporting change & engagement
- Equality & diversity
- Health & Safety.

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

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

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

### Planning Interventions

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

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

- The Force Management Statement, which determines resources required to meet current and future demand based on an extensive analysis of operational demand
- The views of the public and other stakeholders.

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

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

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

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

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

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

### Determining Interventions

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

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

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

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

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

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

forces across the country. It provides a logical, evidence based approach to making policing decisions and is used by all police officers in their daily work. Further guidance and support to operational decision making is provided through operational policies and standard operating procedures.

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

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

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

medium and longer term resource allocation processes principally through the Change Programme and more immediate interventions in response to inspection findings.

### Optimising achievement of intended outcomes

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

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

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



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

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

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

## Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it.

Constabularies need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. Chief Constables must ensure that they have both the capacity to fulfil their mandate and to make certain that there are policies in place to guarantee that management has the operational capacity for the entity as a whole. Because both individuals and the environment in which Chief Constables operate will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of their communities.

### Developing the Entity's capacity

The Constabulary has developed and agreed a Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews, which aim to secure maximum value from the resources available to it. The strategy utilises HMICFRS Value for Money profiles and Police Objective Analysis data, to benchmark resources allocations across all functions in relation to other forces. The conclusions of this work are reported to the Chief Officer Group and the Joint Audit Committee and are used as a basis for identifying areas with the potential to deliver savings through the Change Programme.

The Force Management Statement is reviewed annually and establishes the resources required across all functions based on current demand and identified future demand trends. The process is the

cornerstone of the annual resource allocation process and identifies the numbers and type of resource required for the short and medium term. The results inform workforce and training planning.

The Constabulary's services are subject to independent review by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and by internal audit, which is provided by the Cumbria Shared Internal Audit Service. A Business Improvement Unit has been established re-enforces the work of external inspectorates through a programme of self-assessments and internal inspections, which ensure that both internally identified service improvements and recommendations from external reviews are acted upon.

The Constabulary is open to the idea of collaboration with other forces and organisations as a means of delivering more efficient services.

Collaborative opportunities which deliver benefits to Cumbria are actively pursued.

The Chief Constable's Chief Finance Officer (CFO) is shared with the Police and Crime Commissioner and is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA). The CFO operates within the guidance set out in the CIPFA Statement on the Role of the Chief Finance Officer of the Constabulary.

Procurement regulations are developed jointly with the Commissioner and supported by a procurement strategy. The regulations incorporate procurement policy and procedures that aim to ensure best value in the use of public money. The regulations also promote an open and transparent approach to procurement and the highest standards of integrity and ethical behaviour for all those involved.

## Developing the Entity's Leadership

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRSA) and the Policing Protocol Order 2011 (PPO). The PRSA and the PPO also set out the function and roles of statutory officers.

The Constabulary's uniformed Statutory Officers are required to complete the Association of Chief Police Officers Strategic Command Course before they are permitted to undertake Chief Officer roles on a permanent basis. This course is designed to ensure that senior officers are equipped with the requisite leadership skills and competencies to undertake senior officer roles.

Other senior officers and staff posts have clear and accurate job descriptions and are recruited to on the basis of relevant knowledge, experience and qualifications.

The Constabulary fully utilises the College of Policing leadership programmes to develop its senior officers and staff. The Constabulary ensures that senior uniformed officers and detectives maintain their national accreditation to provide operational command for major and critical incidents and serious investigations.

The Chief Constable is statutorily required to appoint a Chief Finance Officer (CFO). The CFO's responsibilities and job profile are based on the Home Office Financial Management Code of Practice and the CIPFA Statement on the Role of the CFO. The CFO is the financial advisor to the Chief Constable and has statutory responsibility to ensure that the financial affairs of the Chief Constable are properly administered, having regard to their probity, legality and appropriate standards. The CFO provides all financial advice and ensures systems of internal financial control are effective. The CFO is shared with the Commissioner.

The Chief Constable is supported by the Director of Legal Services, who is a qualified solicitor, member of the Law Society and member of the Solicitor's Regulatory Authority. The Director of Legal Services has responsibility for advising the Chief Constable on legal matters. The Director of Legal Services is able to scrutinise the legal implications of all strategic decisions.

Members of the Joint Audit Committee and Ethics and Integrity Panel are recruited for the specific

skills and experience requirements to fulfil their respective roles. These bodies have clear terms of reference and membership which are consistent with best practice. Members are supported in their professional development through provision of seminars prior to meetings, access to relevant publications and external training.

The Constabulary has a leadership development programme which aims to ensure that managers at all levels within the organisation are equipped with the knowledge and skills required to lead. This leadership and skills programme provides bespoke training for aspiring Sergeants and Inspectors to give them the best platform to perform those critical roles. Police staff supervisors are also able to access elements of this training. A series of development workshops are also delivered for experienced supervisors to help deliver CPD and key training.

A toolkit of development options exists such as mentoring and 360 degree feedback to support current and aspiring leaders.

### Developing the Capability of Individuals within the entity.

The Constabulary has a range of human resources policies which provide a framework to ensure that officers and staff are treated in a fair and transparent way in accordance with employment legislation. A Workforce Group meets on a weekly basis to consider staffing changes. Part of the terms of reference of this group is to ensure that promotions and appointments processes are equitable.

All personnel policies are reviewed on a periodic basis to ensure that they remain fit for purpose and support officers and staff in working effectively.

The Constabulary has a well-defined organisational structure with clear reporting lines. All officers and staff within the Constabulary have job profiles, which define their roles and include the policing professional framework.

There are national pay scales for police officers and police staff. Terms and conditions of employment are approved nationally for Police Officers, via Police Regulations and locally for police staff, in conjunction with employee representatives. The Constabulary operates an approved job evaluation scheme.

All Constabulary posts are recruited to on the basis of accurate role profiles. The profiles specify appropriate essential and desirable skills, experience and qualifications to ensure that employees are able to deliver their responsibilities effectively. Membership of relevant professional bodies ensure access to up to date Codes of Practice, guidance and professional standards in all areas of business.

The Constabulary is committed to the principles of 'equal opportunities' in relation to the recruitment of officers and staff, accordingly promotion and appointments are undertaken in an open and transparent way in accordance with HR policies.

Staff Associations are represented at the Constabulary's main governance boards, which ensures that they are part of the decision making

processes. The Constabulary and Commissioner have adopted joint personnel policies to provide a framework for all issues related to employee management and terms and conditions. This includes policies on how staff and staff associations will be engaged in any change process. Trade unions and staff associations are consulted during any reviews of personnel policies. There is a general principle of on-going consultation and engagement during any business change, which encourages employees to contribute ideas and suggestions to improve performance.

The Constabulary is committed to ensuring that the capacity and capability of its officers and staff are developed to enable them to operate effectively through the People Strategy.

Police Officer and Police Community Support Officer recruits are provided with rigorous initial training on operational policing and the values and standards of conduct expected of them.

The Constabulary's Strength Based Conversations processes for officer and staff enable training and development requirements to be identified and managed, which are aligned to the role or agreed objectives and actions.

The Constabulary has an approved training plan, which is updated on a regular basis and aims to address the development needs of officers and staff. The training programme also seeks to provide refresher courses, which ensure that specialist skills

are maintained in accordance with current national standards.

Areas of corporate training and development need are addressed by a range of training solutions including e-learning, classroom and assessed qualifications, which can be accessed by all officers and staff.

A Performance Development & Review (PDR) process has been introduced for all staff within Cumbria Constabulary. The PDR is based around strengths based conversations and a national competency and values framework linking the current 15 week review process already in place with national PDR requirements.

The Constabulary recognises the importance of supporting the health and well-being of employees in contributing to an effective workforce. As part of the People Strategy all HR policies take account of employee welfare for example provision, where possible for flexible working for staff and officers. The Health and Safety department provide on-going monitoring and advice in relation to safety within the workplace. The Constabulary maintains an occupational health function, which provides advice and support to managers and staff in relation to specific psychological and physiotherapy issues.

## Principle F: Managing risks and performance through robust internal control and strong public financial management.

Chief Constables need to ensure that the entities and governance structures that they oversee have implemented—and can sustain—an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

### Managing risk

The Constabulary's risk management policy sets out the overall arrangements for managing risk within the Constabulary and is based on good practice identified by the Institute of Risk Management. The policy incorporates a clear framework of objectives, designated roles and responsibilities for risk management and provides a mechanism for evaluating and scoring risks to support decision making in respect of mitigating action. Identified risks are logged on a risk register with clear ownership and reviewed regularly as a standing item at strategic and management meetings. Individual project boards, departments and commands each maintain risk registers, which are updated on a quarterly basis and integrated with the corporate risk management process. Specific risks can be escalated to a strategic risk register for consideration by the Chief Officer Group.

Arrangements for risk management are subject to review by the Joint Audit Committee. The

Constabulary's Strategic Risk Register is presented to the Committee at each quarterly meeting.

The Constabulary maintains comprehensive business continuity plans for all service areas, which aim to ensure that critical activities are maintained in a range of adverse scenarios.

### Managing performance

Clear lines of accountability and processes are in place within the Constabulary to monitor and manage delivery of operational and business objectives including:-

- A board structure linked to the delivery of strategic priorities with clear terms of reference / areas of responsibility.
- Chief Officer's holding managers to account for delivery of the work programme in a Management Boards.
- Performance management figures which are published on a dashboard available to all Constabulary officers and staff and the Commissioner, which are updated daily. These

figures are subject to statistical analysis to identify areas where significant change is occurring.

- Regular meetings between chief officers and their senior management to discuss progress on the work programme.
- A bi-monthly report to Chief Officers on progress on the work programme.
- A Daily Operational Review Meeting which ensures that a tactical level operational resources are continuously prioritised and directed towards meeting force objectives.
- Six monthly performance reports which are presented to the Chief Officer Group and the Commissioner's Public Accountability Conference.
- Thematic performance reports which are presented to the Chief Officer Group, Collaborative Board and the Commissioner's Public Accountability Conference and published on the Commissioner's website.
- An individual Officer Performance Dashboard has been developed and implemented. This enables sergeants to quickly view their officers' workload and form the basis of regular one to one performance meetings, improving supervision and productivity.
- Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) also continuously monitors Constabulary performance against other forces and carries out an annual overarching Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection of the Constabulary together with thematic inspections agreed with the Home Secretary. Action plans are developed in

response to inspections and are subject to regular review.

- User Satisfaction Performance measures are included in the Performance Management Framework. The Constabulary also pursues strategies to engage effectively with service users including crime surveys and community meetings, with the aim of better meeting the needs of users. A procedure for complaints enables the public to raise concerns about services.
- The Constabulary has developed a Business Improvement Unit and Strategy with the aim of providing assurance that operational systems and processes are operating effectively to deliver a high quality policing service.
- A Cumbria Constabulary Improvement Plan (CCIP) which collates all improvement actions from internal and external sources. The plan is managed by the Business Improvement Unit, which requests and coordinates progress updates from action owners and reports results to senior management.
- A funding arrangement is in place between the Police and Crime Commissioner and the Constabulary, which clearly defines the purpose of the funding and sets out information and monitoring requirements to ensure funding is targeted on activities that support the priorities and outcomes within the Police and Crime Plan.

Reports are produced on a standard template with the aim of providing appropriate information to decision makers including evaluation of options, consideration of risks and consultation from

specialist support functions to ensure that the full implications of decisions are understood.

The Police and Crime Plan recognises the importance of partnership working between the Chief Constable and the Commissioner to develop the future direction of policing policy and strategy that takes account of public priorities. A Collaborative Board structure comprising the Deputy Chief Constable, Assistant Chief Constable, Directors, the Commissioner's Chief Executive and Deputy Chief Executive and the Joint Chief Finance Officer supports joint working and facilitates the arrangements for accountability and performance monitoring. The board provides a mechanism through which the Chief Constable provides briefings on matters or investigations over which the PCC may need to provide public assurance.

The Constabulary's Change Programme is critical to the delivery of an effective policing service at a time of scarce resource. All changes proposals are developed in accordance with principles set out in the Constabulary Change Management policy, which includes comprehensive consultation with all stakeholders and scrutiny through the Vision 2025 thematic boards. All changes are subject to post implementation review.

### Robust internal control

The Chief Constable is responsible for reviewing her governance framework and including the system of internal control. This work is informed by the work of Chief Officers and senior managers who undertake an over-arching review of key controls and governance arrangements in support of the key principles in this code.

The Constabulary's arrangements for risk management, internal control and anti-fraud and corruption are reviewed on a cyclical basis through the wider arrangements for assurance of the governance framework.

Senior managers with responsibility for financial systems provide annual management assurances using a CIPFA internal control framework as part of this process. An annual fraud risk assessment is undertaken as part of the accounts closure process by the Chief Finance Officer and reviewed by external auditors.

A joint internal audit service is commissioned in conjunction with the Commissioner, which is provided by the Cumbria Shared Internal Audit Service. This provides assurance in relation to the Constabulary's internal control environment, arrangements for risk management and governance. The internal audit plan is developed on a risk basis following consultation with stakeholders and covers all areas of operation. The Head of Internal Audit provides an annual overall opinion of the adequacy and effectiveness robustness of the internal control framework.

A Joint Audit Committee operates in line with Chartered Institute of Public Finance and Accountancy Code of Practice and the Home Office Financial Management Code of Practice. In line with the Home Office Code, the Committee fulfils the functions of an Audit Committee for both the Commissioner and the Chief Constable. As part its terms of reference the committee reviews

- The Constabulary's key governance documents on a cyclical basis.



- The Constabulary's risk management arrangements.
- Annual reviews of the effectiveness of arrangements for risk, governance and internal control.
- internal and external audit reports and updates on progress in implementing audit recommendations.

The committee undertakes an annual self-assessment to ensure on-going compliance with the CIPFA framework for Police Audit Committees.

### Managing Data

The Constabulary has adopted an Information Management Strategy which has the principal objectives of ensuring that information is managed

- within a framework for identifying, considering and owning information and information risk.
- consistently across the organisation.
- to support policing objectives by providing reliable information at the point of need.
- in compliance with relevant legislation concerning the handling and use of data. For example General Data Protection Regulations. In particular data will only be collected or held for either 'lawful policing purposes' as defined by the Management of Police Information (MOPI) Code of Practice (2005) or to support administrative functions.
- Providing guidance to personnel on the correct use of data, sharing it lawfully and protecting it from compromise.

The Constabulary maintains appropriate physical and digital safeguards to protect data from unauthorised access and misuse. An Information Security Board meets regularly to respond to emerging issues and threats in relation to the management and sharing of data.

The accuracy of police data is critical to the achievement of policing objectives and maintaining public confidence. To ensure that data is managed in an accurate and timely manner, the Constabulary maintains a number of specialist units including :-

- a Crime and Incident Registrar supported by a team whose role is to ensure that crimes are recorded in compliance with National Crime Reporting Standards and, incidents in compliance with National Standards of Incident Recording.
- officers and a criminal justice unit whose role is to support the criminal justice process and to ensure the timely and effective progression of criminal cases through the criminal justice system meeting the evidential requirements of both magistrates and crown courts.
- an Information Management Services team who ensure that performance data is collated and reported on a consistent basis.
- a Central Services Department which manages transactional data on behalf of a number of support functions.

### Strong public financial management

Arrangements for financial management support the Chief Constable in achieving objectives and de-

delivering strong operational and financial performance. The arrangements for financial management are codified within a suite of financial governance documents, which comply with CIPFA Codes of Practice and ensure that all officers and staff are aware of their responsibilities in this regard.

The governance documents include a funding arrangement between the Commissioner and Constabulary, which sets out the financial consents and responsibilities for financial management between the Commissioner and Chief Constable. This ensures that funding provided to the Chief Constable is directed towards the policing strategy and priorities set out in the Police and Crime Plan.

The Constabulary's budget and medium term financial position provide a framework for all Constabulary decisions. The Joint Chief Finance Officer is a member of the Chief Officer Group ensuring that the financial position and risks are clearly understood and support the operational decision making process.

The Constabulary and Commissioner have a shared finance team which provides a full spectrum of financial management services to both organisations including budget planning, budget monitoring, preparation of the statutory financial

statements and treasury management. There is financial representation at all decision making and project boards and report templates incorporate the financial implications of proposals.

The management of all Constabulary budgets (including capital projects) are assigned to named budget-holders, who are required to formally accept their responsibilities including any arrangements for sub-delegation. These responsibilities require regular monitoring and reporting of financial information, enabling early identification of variances. Each budget-holder receives support from a designated member of the financial services team.

The financial services team works closely with both operational and support functions to ensure that business planning and financial planning processes, such as workforce planning and the preparation of strategies are fully integrated.

All financial systems and process are subject to risk based cyclical review by internal audit to provide assurance that financial controls are operating effectively, which also forms part of the arrangements reviewed by external audit in forming their conclusions on the financial statements and value for money.

## Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

### Implementing good practice in transparency

In all communications to the public the Constabulary seeks to ensure that the content and reporting style are as clear and easily understandable as possible. A number of different forms of media are often utilised to maximise public engagement.

The Constabulary's website, Facebook and Twitter accounts aim to provide key information to the public in a readily accessible format.

The Constabulary is committed to open and transparent governance and complies with the Freedom of Information Act 2000. A dedicated function within the Constabulary's Professional Standards Department aims to ensure that requests for information under the Act are responded to promptly, proportionately and accurately.

The Constabulary complies with the Government's transparency agenda in respect of publishing details of all expenditure over £500.

### Implementing good practices in reporting

The principal means by which the Chief Constable formally reports to the public is through the Commissioner's Annual Report, which incorporates activities, performance and achievements of the Constabulary. The annual report presents outcomes achieved against an agreed framework of targets and measures.

The Constabulary publishes an Annual Governance Statement (AGS) alongside its Statement of Accounts. This document outlines the measures in place to ensure compliance with its Code of Corporate Governance. The AGS also incorporates an action plan of work which will be undertaken in the following financial year to enhance its governance arrangements. The AGS is subject to scrutiny by the Joint Audit Committee prior to publication.

The Constabulary is subject to the Accounts and Audit (England) Regulations 2015 and prepares a set of single entity accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and are subject to external audit.

The Constabulary's financial statements include a narrative statement, which provides an overview of financial and organisational performance in a concise and easily understandable format.

### Assurance and effective accountability

Grant Thornton UK LLP are the external auditors appointed to both the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary to report key matters arising from the audits of the Commissioner and Chief Constable's financial statements. The external auditors also reach a formal conclusion on whether the Commissioner and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. The audit findings report is published in the financial statements and presented to the Chief Officer Group, Commissioner's Public Accountability Conference and Joint Audit Committee for review. The Joint Audit Committee monitors the implementation of recommendations arising from the audit.

The Constabulary has joint arrangements for internal audit in place in conjunction with the Commissioner. This service is provided by the Cumbria Shared Internal Audit Service. Central to this function is an annual risk based audit plan,

which complies with the Public Sector Internal Audit Standard. The Chief Internal Auditor reports to the Joint Audit Committee on its findings, including recommendations for improvements. The Committee monitors the implementation of audit recommendations. Internal Audit makes an annual assessment and reports on the overall internal control environment and arrangements for risk management.

The Constabulary is subject to review by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), who produced themed reviews and an annual overall assessment of Police Efficiency, Effectiveness and Legitimacy (PEEL). HMICFRS reports are reviewed by the Joint Audit Committee. Action plans are developed to respond to HMICFRS recommendations. Where appropriate the Constabulary engages peer reviews of specific activities or functions to provide additional assurance. The Constabulary's Business Improvement Unit monitors the implementation of recommendations, which are also reported to the Commissioner's Public Accountability Conference and the Joint Audit Committee.

The Ethics and Integrity Panel also monitors and reports on specific areas of activity, such as complaints handling and ethical issues.



Police and Crime Commissioner for  
Cumbria

Annual Governance Statement  
2019/20

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring business is carried out in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

To meet this overall responsibility, the Commissioner has put in place proper arrangements for overseeing what we do. This is what we mean by governance. These arrangements are intended to make sure that we do the right things, in the right way and are fair, open, honest and accountable.

Our arrangements for governance are set out within a Code of Corporate Governance ('The Code'). The Code explains the way the Commissioner governs and the frameworks that are in place to support the overall arrangements for fulfilling his functions. The Code of Corporate Governance is published alongside the Annual Governance Statement on the Commissioner's website at [www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk)

This Annual Governance Statement (AGS) describes how the Commissioner has followed The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit Regulations 2015. The regulations say that we must prepare and publish an Annual Governance Statement (AGS) to accompany the Commissioner's statement of accounts.

REVIEW OF EFFECTIVENESS

The key systems and processes that comprise the Commissioner's governance arrangements for 2019/20 have been guided by the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework applicable to the 2019/20 financial year. This is the standard against which all local government bodies, including police, should assess themselves.

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of his governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers who have

responsibility for the development and maintenance of the governance environment. The review process comprises:

- A cyclical detailed review of the key documents within the Commissioner's governance framework.
- A review of the governance arrangements in place to support each core principle, culminating in an updated Code of Corporate governance.
- A review of what has happened during the past year to evidence how the governance framework has been complied with.
- A review of the effectiveness of the arrangements for Internal Audit. The review is supported by consideration of the opinion of the Chief Internal Auditor, as set out in his annual report.
- A review of the effectiveness of the Joint Audit Committee against CIPFA guidance on Audit Committees for Police.

The following Annual Governance Statement, demonstrates how the Commissioner has complied with the governance framework set out within the Code, to

meet of each of the seven governance principles. The Annual Governance Statement is published alongside the Statement of Accounts and also incorporates an action plan of planned future improvements for governance arrangements.

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

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

##### Ethics and Integrity

The Commissioner has in place arrangements for antifraud and corruption, which have been reviewed in 2019/20 by the Governance Manager, the conclusions of which were reported to the Joint Audit Committee in November 2019. The review concluded that arrangements are effective. Whilst fraud risk remains low

within the OPCC office, matters of integrity are re-enforced including enhanced arrangements in respect of recording gifts and hospitality and/or supplier contact. The anti-fraud and corruption arrangements also highlight mechanisms for confidential reporting and whistleblowing.

The process of commissioning services and award of grants present a potentially high risk with regard to integrity. Grant Regulations are in place to ensure that grant awards are made in a fair, transparent and consistent manner and that appropriate conditions are attached to safeguard public money. [The grant regulations will be reviewed in 2020.](#)

A fraud risk assessment undertaken by the Joint Chief Finance Officer in compliance with International Financial Reporting Standards did not reveal serious concerns.

In respect of the arrangements for standards, ethics and integrity, no complaints have been received against the Commissioner or members of his office in relation to matters of integrity.

During 2019/20 the Ethics and Integrity Panel have carried out dip sample processes and thematic inspections for a number of different areas of business including, adherence with the Code of Ethics and Code of Conduct, public complaints, police misconduct and staff misconduct cases, all of which were found to support high standards of ethics and integrity. This enabled the Police and Crime Commissioner to fulfil his statutory duty to have oversight of the Constabulary's complaints and misconduct processes.

The scope of the Panel's work has developed during 2019/20 through the completion of six thematic inspections, in relation to Mental Health Detention, the use of Use of Force, the use of Spit Guards, the use of Stop and Stop/Search, the use of Body Worn Video and the Constabulary's Communications Centre. The findings of the Panel's work, including recommendations, have been reported to the Commissioner's Public Accountability Conference to improve transparency and support public scrutiny.

The Joint Audit Committee received the 2019/20 annual report of the Ethics & Integrity Panel in June 2019 to support assurances in respect of arrangements for standards and ethical governance.

On 1 February 2020 new legislation giving Commissioner's explicit responsibility for the performance of the local complaints system and hearing complaint appeals came into force. New processes have been implemented. The OPCC has appointed an independent third-party to undertake the appeal reviews. Whilst, at the early stages this is working well.

#### Respecting the rule of law

Officers within the OPCC receive updates on changes in legislation through their professional bodies, APACCE, PACTS, the APCC and from the government. The Commissioner provides funding to the Constabulary's Legal Services Department, who deliver support to the OPCC on legal matters.

During the year formal reviews has been undertaken of the role of the Commissioner's Chief Finance Officer and the Head of Internal Audit (HIA) and the Joint Audit Committee against the respective CIPFA statements, which concluded there was full compliance.

## Principle B: Ensuring openness and Comprehensive stakeholder engagement

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Openness

Openness is a key element of the role of the Commissioner and is not just about publishing information but listening and influencing as well. The Commissioner operates in accordance with the Elected Local Policing Bodies (Specified Information) Orders of 2011, 2012, 2013 and the guidance provided by the Information Commissioner. This is demonstrated, documented and communicated through an information publication scheme that ensures the openness of all key information to the public. Examples of information that is published includes agendas and reports of public meetings, guidance on the Commissioner's funds, freedom of information requests, financial information and details of key decisions.

The Commissioner is highly committed to be the voice of the people of Cumbria. This is demonstrated through a wide range of engagement opportunities for the public to make contact, so their views are heard and responded to.

The Commissioner has moved towards events where people are present rather than people coming specifically to see him. This involves working with community groups and events such as community lunches. The events are often held jointly with the force with issues identified and solutions discussed at the same time. During 2019/20 the Chief Constable has also joined some surgeries and supported community walk around opportunities.

To promote openness and transparency, all Public Accountability Conferences have been advertised to allow members of the press and public to attend, and all minutes arising from these meetings are published subsequently. An Annual Report, outlining the work of the Commissioner, is published.

During 2019/20 a review of the Communications and Engagement Strategies took place. In general terms the engagement over the last four years had been comprehensive and had been flexible to develop to meet

the changing needs of how people like to communicate and especially the impact of social media. Work has started on the new strategy but this has been postponed until later in 2020/21 as the new document was to be aligned with the new term in office of the new elected PCC.

### Engaging Comprehensively with Institutional Stakeholders

The Commissioner is actively engaged with a wide range of bodies to encourage a multi-agency approach to matters within his remit including:

- Chairing the Safer Cumbria Delivery Board, which is both the county-wide Community Safety Partnership and Criminal Justice Board for Cumbria.
- Membership of the Cumbria Leaders' Board.
- Chairing the Blue Light Collaboration Executive Leaders Board.

During 2019/20 the Commissioner has led a range of partnership working initiatives to deliver the Commissioning Strategy and ensure arrangements are in place for victims support services. This has included:

- Carrying out a Quality Assessment Framework Audit with criminal justice partners to monitor compliance with the Victims Code in Cumbria and drive improvements in specific areas through this process.
- Working with Cumbria County Council and other statutory partners through Safer Cumbria, embedded a new integrated victims service, combining emotional and practical support for those affected by all types of crime with specialist domestic and sexual abuse services, to improve ease of access to the right support service.
- Continuing to work in collaboration with Get Safe Online and through local Community Safety Partnership to deliver a range of community events and workshops to prevent local people and businesses becoming victims of online crime.
- Funded Community Safety Partnerships to continue to work with communities and partners on issues impacting on their specific areas of Cumbria, including alcohol-related violence and antisocial behaviour.



- Funded Cumbria Youth Offending Service to engage two Parenting Support and Family Group Conference Co-ordinators.

### Engaging Stakeholders Effectively including Citizens and Service Users

The Policing Protocol Order highlights the accountability of the Police and Crime Commissioner to local people. This responsibility is delivered through the OPCC to ensure a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria to influence decisions.

The Commissioner is directly involved in all of the engagement activities and encourages the Commissioner's ethos of 'we, not they' to emphasise that communities, stakeholders and partners need to all work together to help deliver the Police and Crime Plan, to make Cumbria even safer.

During 2019/20 engagement included:

- Public surgeries/drop-ins at various locations - with a focus on going to where people are such as supermarkets and lunch groups.
- Numerous speaking engagements covering a broad range of topics from modern day slavery, to the work of a PCC and crime in the county.
- Meetings with a diverse range of community groups.
- Media engagements.
- Public consultation on setting the council tax precept and wider consultation especially at public events identifying policing priorities.
- The Commissioner's website.
- Social media: Twitter, Facebook and YouTube.
- Video blogs.
- Campaigns focusing on safer driving, phase 2 of CCTV and rural crime.
- Attendance at a variety of public events such as; force open days, emergency services days, agricultural shows, multi-cultural events, community events.

- The Commissioner held in January 2020 his highly successful Community Awards which show cased the tremendous work that takes place in our communities to support our communities.
- The Commissioner visits many of the projects that are supported by the Community and Property Funds supporting local community groups and often diversion activities for young people.

The Commissioner's calendar of events was due to reduce in March 2020 as a result of the pending PCC Elections. As a result of the COVID-19 pandemic the PCC Elections have been postponed until May 2021. However, due to the Government restrictions the Commissioner has not been undertaking direct public engagement events but has undertaken a greater social media presence. Whilst, at the early planning stages work is being undertaken to facilitate online surgeries and other Commissioner activities.

The Commissioner launched public consultation on the proposal to increase the policing part of the council tax precept for 2020/21. More than 68% of the respondents (over 1,473) agreed with raising the council tax, which for a Band D property would represent an increase of £8.41 or 3.47%. The Commissioner also undertook a survey in

autumn 2019 to determine the priorities of the public in relation to police and crime matters and the results have influenced the Commissioner's decision of which campaigns to focus on.

The OPCC logs all quality of service issues that are raised with the Commissioner, which are tracked and escalated with the Chief Constable where appropriate. This feedback is also used by the Constabulary to assess what lessons can be learned from examples of poor or unsatisfactory service, to make improvements. As a result of public feedback improvements have been made to the waiting times when people call 101 and improve the service to the public across a broad range of issues primarily for anti-social behaviour.

In summary, the engagement with all stakeholders allows the Commissioner to develop a vision for policing services, which in turn influences decisions and is incorporated within the Police and Crime Plan.

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

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Defining Outcomes

The Police Reform and Social Responsibility Act (PR&SRA) requires the Commissioner to produce a Police and Crime Plan setting the vision and strategic direction for policing, crime reduction and community safety. A new Police and Crime Plan was launched in November 2016, following the appointment of a new Police and Crime Commissioner for Cumbria.

The Police and Crime Plan 2016-2020 contains the police and crime objectives which all contribute toward achieving the PCC's overall aim 'to make Cumbria an even safer place'. Each objective is supported by actions that the Constabulary and/or partners will undertake to contribute to successful outcomes. These objectives and actions are underpinned by a comprehensive

Accountability Framework used to assess how well the objectives are being achieved.

The priorities within the plan are:

- 1 Your Priorities For Cumbria
- 2 A Visible and Effective Police Presence
- 3 Tackle Crime and Anti-Social Behaviour
- 4 Ensure Offenders Face A Consequence For Their Crime
- 5 Always Put Victims First
- 6 Focus our Police on Online and Sexual Crime
- 7 Spend your Money Wisely
- 8 Supporting Young People

An action plan setting out how the objectives of the Police and Crime Plan has been developed within the OPCC. This is reviewed annually to ensure it reflects key activity and takes into consideration any emerging issues.

The PCC also regularly reviews progress against his police and crime objectives. Where grants have been awarded, the awards are made against agreed timescales and milestones for delivery and include success criteria or performance measures.

During 2019/20 a programme of work has been developed with the Police and Crime Panel to facilitate effective scrutiny of delivery of the plan's objectives. Thematic reports are presented to the Panel on a quarterly basis and follow terms of reference agreed in advance with the Panel Chair.

The Chief Constable is held to account for delivery of policing objectives through the PCC's Public Accountability Conferences (PACs). These meetings are divided into two key areas of business: performance and finance. A reporting schedule for these meetings is agreed annually with the Constabulary and ensures the PCC monitors performance against a number of areas of policing identified in the Police and Crime Plan. During 2019/20 thematic reports provided assurance on anti-social behaviour, criminal justice, domestic abuse, hate crime, police visibility, serious violence, mental health challenges for policing and cyber-crime. In addition, reports were also received covering financial monitoring, and ethics.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspections further support the Commissioner in holding the Chief Constable to account for performance of the force.

During 19/20 Internal Audit carried out a review focusing on the OPCC governance arrangements for monitoring the delivery of the Police & Crime Plan, which provided sustainable assurance.

The Police and Crime Act 2017 conferred a duty on Commissioners to collaborate on the delivery of emergency services. In 2019/20 the Commissioner continued to chair the Blue Light Collaboration Executive Leaders Board, which oversee joint work streams between Cumbria Constabulary, Cumbria Fire & Rescue Service (Cumbria County Council), and the North West Ambulance Service.

The Commissioning Strategy sets out the processes by which the Commissioner will identify and fund services to support his priorities. This was reviewed and updated in 2017/18.

As part of the introduction of emergency legislation by the Government in response to the Covid-19 pandemic PCC elections scheduled for May 2020 were postponed for a year. In response the Commissioner has determined that the priorities identified in his 2016-2020 Police and Crime Plan would remain in place for the next year.

The OPCC will be issuing an addendum to the Police & Crime Plan outlining the key pieces of work it will focus on during 2020-2021, taking into consideration its response to Covid-19 over the coming months as the Government begins to reduce the lockdown restrictions. However, in order to provide an immediate response to Covid-19, the OPCC has developed this Plan, detailing the measures and arrangements put in place and how the Commissioner will continue to fulfil his statutory responsibilities. The Commissioner will focus on:

- Supporting the Chief Constable to ensure she has sufficient resources to respond to the emergency and have oversight of how these resources are used.
- Facilitating and coordinating effective partnership working among agencies and groups working in community safety and the criminal justice system.
- Commissioning and co-commissioning services, particularly for victims of crime, and providing grants for policing and crime reduction purposes.

#### Sustainable economic, social and environmental benefits

The Head of Partnerships and Commissioning ensures that the services commissioned are consistent with the PCC's

objectives as set out in the Police and Crime Plan. For the financial year 2019/2020 the PCC committed over £2.1m to projects and initiatives aimed at reducing offending and re-offending and supporting victims of crime. A significant proportion of that funding has been committed to supporting the reduction in domestic abuse and sexual violence.

A review of the Joint Procurement Regulations was undertaken between the Office of Police and Crime Commissioner and Constabulary Commercial Department with changes implemented from April 2019. A Social Value Policy incorporating a modern slavery statement was approved during 2019/20 to support procurement and commissioning activity.

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

## REVIEW OF REQUIREMENTS AND ARRANGEMENTS

### Planning and Determining Interventions

During the course of 2019/20 the Commissioner's Public Accountability Conference received Constabulary assurance covering a range of areas of performance including Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) performance recommendations. This enabled the Commissioner to hold the Chief Constable to account. Crime data and police performance have also been regularly monitored.

The Commissioner will support the Chief Constable in helping to keep the public safe during the coronavirus outbreak. Principally this will involve working with the Chief Constable to understand the policing, crime and victim's needs as a direct result of the Covid-19 and will use local, regional and national structures to help support the Constabulary. Where required additional funding will be released to enable the Constabulary to deal effectively with the virus, initially this will be focused on ICT to facilitate remote working and the provision of personal, protective equipment to ensure the safety of officers and staff. Concurrently the Commissioner will lobby central Government for additional funding to mitigate the

additional costs incurred by the Constabulary and to ensure that the Policing Minister and local MPs are made aware of the local policing challenges faced by the Constabulary.

The Commissioner will continue to hold the Chief Constable to account during the pandemic through regular one to one meetings and Public Accountability Conferences, albeit in a virtual format. The focus will also shift, at least in the short term, towards scrutiny of policing issues raised by the Government's emergency measures such as social distancing, travel and exercise.

The Cumbria 'Out of Court (OoCDs) Disposal Scrutiny Panel' is chaired the Head of Partnerships and Commissioning. OoCDs allow the police to deal quickly and proportionately with low level, often first time, offending, which can be appropriately resolved without a prosecution at court. The Panel seeks to increase the public's understanding and confidence in how the Constabulary uses OoCDs. 85% of cases scrutinised by the Panel in 2019 were considered to be appropriate, with Youth Conditional Cautions being rated 100% compliant. For the majority of cases a clear and well documented rationale for decision making was provided, with officers using their discretion and a high degree of

professionalism when investigating often complex crimes. Following each Panel meeting feedback is given to officers and decision makers, which highlights good practice or contributes towards training and improvements to the Constabulary's policies.

During the last year, the Commissioner has continued to build on partnership working to address priorities in the Police and Crime Plan. Projects have included:

- Working in partnership with district, town and parish councils to extend the county wide CCTV system monitored by the police. An additional 24 cameras have been allocated in a number of towns (e.g. Brampton, Keswick and Milnthorpe) in addition to the cameras allocated under phase 1. The Commissioner was able to support through grant awards with the councils contributing towards some of the set-up costs and running costs.
- Working with Cumbria County Council, NHS and Local Authority partners to embed a victim support service, which integrates support for people who have experienced all types of crime.

- Continued to lead on the implementation of the Quality Assessment Framework developed in 2017-18 to review and improve how criminal justice and support agencies comply with national standards for working with victims.
- The Commissioner continues to chair the Blue Light Collaboration Executive Leaders Board, which oversees joint work-streams between Cumbria County Council, Cumbria Fire & Rescue Service, the Constabulary and the North West Ambulance Service.
- Working with Cumbria's three Community Safety Partnerships and Get Safe Online to raise public knowledge of how to protect themselves against fraud and other crimes committed via the internet.
- Working with the Constabulary and through Safer Cumbria, to develop a better understanding of modern slavery and human trafficking across all partner agencies in Cumbria.
- Working with partners developed a year-long Safer Driving Campaign, in response to what local residents said is one of their main local concerns. The

campaign highlights the many aspects of safer driving, focusing on a dedicated theme each month.

- In partnership with the County Council, funded Operation Encompass, an initiative that directly connects the police with schools across Cumbria to ensure children who have been exposed to domestic abuse receive immediate support.
- The Commissioner has also lead on a review of the Safer Cumbria Partnership structure, with the aim of ensuring effective working in collaboration with all partners and the joint commissioning of services to address needs across the county. He has also supported a county agreement to help strengthen how other strategic delivery boards link and interact with each other.

During the current pandemic the Commissioner remains committed to partnership working and will continue to work with partners to adapt existing mechanisms and structures so they can provide the provision of important services. He will also ensure that the Constabulary is working in partnership, locally, regionally and nationally, to provide an

efficient and effective local response to Covid-19 and to support Cumbria's recovery back to normal life.

The Safer Cumbria Partnership will remain the primary vehicle by which community safety and criminal justice are delivered and national contingency plans are translated into local actions in areas such as early prison releases and court operations. The Commissioner also liaises closely with the Constabulary, who are chairing the Cumbria Strategic Co-ordination Group (SCG) that brings together key agencies to lead the county response to this national emergency. This enables the Commissioner to have a good oversight of the multi-agency emergency plans developed to mitigate the impact of Covid-19 and is using this information to shape his communication with the public, and his engagement with other partners.

The policing grant settlement, received in January 2020 provided £5.9m in additional grant funding for 2020/21, principally to support the first phase of Operation Uplift; the Government's plan to recruit 20,000 new officers by 2023. The settlement also provided Commissioners with a degree of flexibility to levy above inflation council tax increases. Following a public consultation exercise, the

Commissioner approved the 2020/21 budget in February 2020 based on a council tax increase of 3.47%. Against a background of rising costs, the £132m provided to the Constabulary has allowed an increase of 51 officers in line with its target through Operation Uplift and for other services to be maintained. In consultation with the Commissioner, the additional officers will be deployed by the Chief Constable to areas, which will support the Police and Crime Plan's principal objective of keeping Cumbria safe.

The future financial outlook remains uncertain. Existing financial risks regarding the sustainability of the Government's funding model, the cost of implementing the Emergency Services Network, pensions, the outcome of the next Comprehensive Spending Review, Brexit and a potential review of the Police Funding Formula have now been exacerbated by the financial implications of the Covid-19 pandemic. It is probable that funding will be constrained for the foreseeable future and additional expenditure will be incurred in dealing with the crisis. Against this background, the normal modelling of a range of financial scenarios through the Medium Term Financial Planning process, undertaken jointly by the OPCC and Constabulary, will be enhanced in 2020/21 to better

understand financial and service implications in the context of the pandemic.

### Optimising Achievement of Intended Outcomes

All planning is undertaken in the context of a four year medium term financial strategy, incorporating financial modelling, operational plans and capital strategies.

Recommendations contained in a victim's needs assessment, conducted by the Victims Advocate in 2016/17, have provided a clear focus of activity for the PCC and partners' work and future commissioning strategy to keep victims safe and at the heart of the Criminal Justice system. During 2019/20 the Commissioner has:

- Provided restorative services, enabling victims to inform offenders of the impact a crime / antisocial behaviour incidents has had on them.
- Worked with partners to develop a consistent approach to Women'

- Together with Cumbria County Council, continued to fund an Integrated Independent Domestic Abuse & Sexual Abuse Crisis Support Service.
- Embedded a victim service, which integrates support for people who have experienced all types of crime working with the County Council, NHS and other local authority partners.
- Continued to develop and fund Cumbria Youth Commission, ensuring young people across the county have a voice on the issues and problems impacting on them.
- Commissioned Victim Support to provide emotional, practical, advocacy and signposting services.
- Continued to develop and fund the Bridgeway Sexual Assault Support Services, including a therapeutic service to help people who have experienced sexual abuse and sexual assault to cope and recover.
- Funded a county-wide Perpetrator Programme “Turning the Spotlight” for domestic abuse and “Step Up” for families experiencing child-on-parent or guardian violence.
- Reviewed and developed further the **Cumbria Together website**, which provides information and

support for those affected by crime and anti-social behaviour.

- Through his Innovation, Community and Property Funds the Commissioner has continued to provide financial support for numerous projects working with victims across Cumbria.
- Supported his Victims’ Advocate who continues to champion the cause for victims, and importantly, help drive up standards. As part of the OPCC contract management arrangements the Victims’ Advocate has carried out dip sampling of cases referred into various support services funded by the Commissioner to evaluate the quality of service and provide assurance. The Victims’ Advocate has continued to coordinate and chair quarterly meetings with victims of antisocial behaviour and crime receiving, first hand feedback on their personal experience and acting as a sound board for potential service developments. In addition, they have been involved in all initial officer training presenting information on the impact and ripple effect of crime, as well as cascading information about the services the OPCC commissions to support victims.

When Covid-19 was announced as a threat to public health in the UK, the OPCC made contact with all its commissioned service providers requesting an outline of their service delivery plans during the crisis. The OPCC continues to maintain regular contact with the providers to keep abreast of the situation and its impact on services in order to establish those areas where funding will be needed most in the coming months. This information is shared on a weekly basis with the Constabulary and partners. Many of the services are offering remote support via telephone or web chat, and their helplines remain active. They continue to provide advocacy, emotional and psychological support to victims.



**Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

**REVIEW OF REQUIREMENTS AND ARRANGEMENTS**

**Developing the entity's capacity**

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRORA). The PRORA also sets out the function and roles of statutory officers, namely the Monitoring Officer (Chief Executive) and the Chief Finance Officer (CFO). The monitoring officer has specific legal, financial and governance duties in addition to a statutory responsibility for the lawfulness of decision making. The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation.

During 2019/20 there have been no major changes to the structure of the OPCC. The OPCC is a small team and works together to address any issues arising from staff turnover.

The Chief Executive and Deputy Chief Executive rotate roles on a six monthly basis and this provides a cost effective approach as well as offering greater resilience. This arrangement continues to work well.

The Commissioner and Chief Constable have agreed to a shared Chief Finance Officer arrangement. A protocol and range of safeguards have been put in place to handle potential conflicts of interest arising from the joint role. A review of the operation of the Joint Chief Finance Officer arrangement has been conducted aligned to the CIPFA statement on the Role of the Chief Finance Officer. This exercise has shown full compliance and has not revealed any significant issues.

**Developing the entity's leadership**

The Chief Executive receives support through the Association of Police and Crime Commissioner Chief Executives (APACCE), while the Chief Finance Officer continues to receive support from the Police and Crime Commissioner's Treasurer's Society (PaCCTS) and the associated technical information service. During 2019/20 the Chief Finance Officer and wider finance team have actively participated in the 'Achieving Financial Excellence

in Policing' programme developed by the Chartered Institute of Public Finance and Accountancy.

During 2019/20 development activity for members of the Audit and Standards Committee included a session on treasury management and a visit to the Multi Agency Safeguarding Hub. A formal review of effectiveness of the Committee against the new CIPFA guidance for Audit Committees evidenced compliance with CIPFA guidance and elements constituting best practice. The full report of the Committee can be found on the Commissioner's website at:

*<http://www.cumbria-pcc.gov.uk/governancetransparency/audit-committee.aspx>*

The four Independent Custody Visiting Panels continue to operate. Developments during the year included:

- Weekly visits to each of the four custody suites
- Recruitment campaigns to attract new candidates in Carlisle, Barrow, Kendal and West Cumbria.
- Induction training courses.



- Delivery of on-going ICVA thematic training packages for existing members. In 2019-20 the theme was Dignity in Custody.
- Membership of the Independent Custody Visitors Association (ICVA).
- Attendance at national, regional and local conferences
- Under the Animal Welfare Scheme, monthly visits to Cumbria Constabulary and the Civil Nuclear Constabulary to ensure the welfare of police dogs

The Commissioner has made the decision to suspend the scheme in its current format to protect all those involved and to prevent the spread of the coronavirus. The OPCC has implemented a temporary arrangement that will still enable it to maintain oversight and assurance. This involves the dip sampling of custody records on a weekly basis to assess the welfare of detainees and others working in the custody setting.

#### Developing the capability of individuals within the entity

A comprehensive OPCC Training Plan has been developed. This sets out the overall training plan for the office and cascades into individual responsibilities.

During 2019/20 arrangements to support staff in tasking and performance have been embedded and are working well:

- Weekly tasking meetings attended by all staff.
- Monthly team meetings focused on policy and procedures.
- Arrangements for performance reviews have also been embedded in 2019/20 with 12 weekly Strength Based Conversations and supporting 1-2-1s.

A monthly informal team catch-up also takes place where staff can share information about their role or themselves in a less formal environment.

During 2019/20 specific training has been provided for staff in the areas of personal safety, business analytics, governance framework, contract management, Code of Ethics, risk management and the budget. Individual staff

have attended conferences, workshops and specific training events to help them develop within their roles.

**Principle F: Managing risks and performance through robust internal control and strong public financial management**

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

##### Managing risk

The Commissioner's Risk Management Strategy is reviewed on a 3-year cyclical basis and is next due for review in 2020. A high level review is undertaken annually to ensure that the strategy reflects the current risk environment. Any changes are presented to the Joint Audit Committee.

Risk has become embedded within the everyday work of the OPCC, staff continually assess risks within their roles. Both strategic and operational risks are reviewed on a quarterly basis and appropriate updates made. The

Commissioner also provides scrutiny of the Constabulary's management of strategic risks.

The strategic risk register is updated on a quarterly basis and currently incorporates risks in relation to future funding, financial and operational risks relating to the implementation of the Emergency Services Network, capacity within the Procurement function and compliance with General Data Protection Regulations. A further risk was added in March 2020 in relation to potential business disruption following the Coronavirus outbreak.

The Commissioner's arrangements for Risk Management include procedures for Business Continuity, which are reviewed and tested throughout the year.

### Managing Performance

The Public Accountability Conferences facilitate arrangements for the scrutiny of quarterly thematic reports from the Constabulary around priority areas of policing including, domestic abuse, serious violence, on-line crime, child sexual exploitation, sexual offences and reducing reoffending. In addition, six monthly performance reports provide an understanding of the

demand placed on the Constabulary, how it addresses this demand and improves outcomes for victims. The Commissioner also receives updates on how the Constabulary is supporting victims of crime and antisocial behaviour and monitors the implementation of actions and recommendations arising from inspections, including those undertaken by HMICFRS. This is supported by regular one to one meetings between the Chief Constable and Commissioner. Senior officers within the OPCC also attend Constabulary meetings to provide challenge and oversight of the arrangements that support decision making, delivery of key areas of business and the allocation of resources.

All Police and Crime Panel meetings are held in public, providing an open and transparent process for scrutinising the decisions and work of the Commissioner. During 2019/20 the Panel has placed a significant focus on monitoring delivery of the Police and Crime Plan, receiving thematic reports against priority areas at each meeting. [Arrangements have been put in place to support the development of the Police and Crime Plan 2020/2024.](#) The Panel has also reviewed the work progressing as part of Blue Light Collaboration and supported the Commissioner's proposed precept for 2019/20.

### Robust Internal Control

During 2019/20 a number of areas of the corporate governance framework have been subject to cyclical review and update. This process is supported by the professional advice of the Joint Audit Committee. During 2019/20 the Committee has considered and provided scrutiny of the Joint Procurement Regulations, the Commissioner's the Code of Corporate Governance, the Internal Audit Charter, the PCC Scheme of Delegation, the PCC's Arrangements for Anti-Fraud and Corruption, the Treasury Management Strategy, Statement of Accounts and Annual Governance Statement.

Internal controls have also been reviewed through the annual process of management assurances and the annual internal audit plan. As a result of the emergence of Covid-19 at the end of 2019-20, internal audit work has had to be temporarily suspended. The Head of Internal audit has concluded that the thirteen audits which have been completed are sufficient for an opinion on the PCC's arrangements for risk management, governance and internal control to be reached. Of the fourteen audits completed in 2019/20 covering the activities of the OPCC and Constabulary, 93% provided either substantial or

reasonable assurance. The single audit relating specifically to the OPCC provided substantial assurance.

### Managing Data

The OPCC operates within the parameters of legislation governing the protection of data, ensuring that all data is appropriately stored and shared where necessary. Information is provided to members of the public under the Freedom of Information Act, with requests and responses published on the Commissioner's website. The Ethics and Integrity Panel provide additional assurance in this respect. Physical data within the OPCC is held securely with appropriate office and cabinet security provided. The OPCC is reliant upon Cumbria Constabulary in relation to business functions. Where this interdependency exists and the Constabulary are not fully compliant with the requirements of the General Data Protection Regulations (GDPR) introduced in May 2018, this will ultimately result in the OPCC being not being fully compliant. Regular meetings are held with the project lead to monitor compliance and developments. An action plan has been developed with the aim of ensuring that the OPCC meets the requirements of the General Data Protection Regulations.

The OPCC has a joint Data Protection Officer with Cumbria Constabulary. Any identified data breaches notified to, or within, the OPCC are highlighted to the Joint DPO to assess and advise of any course of action to be taken.

### Strong Public Financial Management

At the Public Accountability Conference on the 20<sup>th</sup> February 2019, the Commissioner set the 2019/20 annual budget and precept in the context of a medium term financial strategy 2019-2023. In line with his duty to maintain the police force the Commissioner agreed a net revenue budget of £124.5m and a capital budget of £5.2m for the Chief Constable for the 2019/20 financial year and a funding arrangement that codifies the terms for that funding, including arrangements for financial management. The budget for 2019/20 also included £0.75m for the operation of the Office of the Police and Crime Commissioner and £2.2m funding within a commissioned services budget for victims, community safety and crime reduction.

During 2019/20 the Commissioner received regular financial reports including the revenue and capital budgets, in year monitoring of expenditure against budget and treasury management. A summary format of

financial reports incorporating tables and graphs, wherever appropriate, is used to improve accessibility. Financial reports are published on the Commissioner's website.

The outcome of all audits of financial arrangements during 2019/20 was an opinion that provided either reasonable or substantial assurance.

During 2019/20 financial sustainability, in the context of increasing costs and service pressures, flat government funding and the potential impact of a future review of the police funding formula, has remained on the Commissioner's strategic risk register. During the year pensions issues, Operation Uplift and the Covid-19 pandemic have emerged has further financial risks. A number of mitigation measures have been put in place including the detailed medium term financial forecast, financial scenario planning, use of reserves and development of savings plans in conjunction with the Constabulary.

During 2018/19 the finance team have actively participated in the Achieving Financial Excellence in Policing programme promoted by the Chartered Institute of Public Finance and Accountancy. The central element of

the initiative has been completion of a self-assessment of all aspects of financial management in the force involving consultation with a comprehensive range of stakeholders. This work will be concluded in early 2020/21 and an action plan developed to address any weaknesses identified.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

## REVIEW OF REQUIREMENTS AND ARRANGEMENTS

### Implementing good practice in transparency

The Commissioner is committed to good transparency. Every opportunity is taken to demonstrate the good work that the Commissioner is involved with especially around the support to third-parties and commissioned services. This is further reinforced by publishing information from

across the OPCC using different formats to allow people to access information in range of forms. The Commissioner's website remains the central place for all information to be accessed.

Throughout the year the Commissioner has published regular financial monitoring information in a short and succinct format that aims to increase the transparency and accessibility of financial information. Further to this, the reported financial statements published in June 2019 include the statutory Chief Finance Officers' Narrative Report. The Narrative report incorporates a more accessible summary of the statements and financial and performance information alongside a business review.

### Implementing good practices in reporting

The Commissioner's activities, performance and achievements have been published in an annual report, which can be found on the Commissioner's website at [www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk). It highlights the commissioner's key achievements during his fourth year in office, including:

- Continuing to fund numerous community projects and support services to tackle the key priorities in the

Police and Crime Plan, including on line safety, protecting vulnerable members of the community, supporting victims of domestic abuse and sexual violence, and empowering victims by providing the chance for them to meet or communicate with their offender to explain the real impact of the crime.

- Setting the policing budget for 2020/21, maintaining the additional 45 police officers secured over the previous two years and increasing by a further 51 police officers as the first phase of the Government's Operation Uplift Programme to recruit an additional 20,000 officers nationally.
- Improved youth engagement through the work of the Cumbria Youth Commission, Mini Police and Cadets.
- Prioritised and supported work to address the top public concerns raised with him namely, police visibility, safer driving and rural crime.

A revised and updated Code of Corporate Governance was adopted in line with the 2016 CIPFA Good Governance Framework for Local Government.

A review of the arrangements for internal audit have confirmed that the service meets the requirements of the Public Sector Internal Audit Standards (PSIAS) during 2019/20.

The Commissioner's unaudited financial statements for 2018/19 were released in May, with the final version published in July, thus meeting statutory deadlines for financial reporting. The External Auditor's Audit Findings report noted that the accounts were supported by excellent working papers.

#### Assurance and effective accountability

The external auditor's opinion for the 2018/19 financial year was that the Commissioner's Financial Statements provided a true and fair view of the financial position and that they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting. The auditors further confirmed in their Annual Audit Letter that that the Commissioner had proper arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

Implementation of recommendations arising from the internal audit plan, external audit reports and HMICFRS are monitored by the Joint Audit Committee.

The Ethics and Integrity Panel monitors and reports on some specific areas of activity, such as complaint handling and ethical issues. During the pandemic the Panel will provide assurance around the Constabulary's use of the emergency powers by conducting dip-samples of the Fixed Penalty Notices issued relating to Covid-19 restrictions and the Governments Guidelines.

#### FURTHER INFORMATION

Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.

We welcome your views on the Commissioner's Annual Governance Statement. You can do this by using the contact information below: Office of the Police & Crime Commissioner

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\*Peter McCall

Police and Crime Commissioner for Cumbria

\*Gill Shearer  
Chief Executive

\*Roger Marshall  
Chief Finance Officer

09 May 2020

\*Signatures are removed for the purposes of Publication on the website

Appendix A Update on 2019/20 Development and Improvement Plan

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Implementation by	Action Update 31 October 2019	Revised Implementation Date	Status
<b>Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and</b>							
CPA/1	CPA/1	Implement systems and processes to facilitate the OPCC's new responsibility for administering local appeals	Governance Manager	31 March 2020	The new complaints legislation came into force from 1 February and a process has been introduced to facilitate the reviews.		Completed
<b>Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.</b>							
CPB/1	CPB/1	Review and evaluate Communications and Engagement arrangements.	Head of Communications and Business Services	31st December 2019	This work has been completed and the review will be used to develop the new Communications and Engagement Strategy.		Completed
CPB/2	CPB/1	Arising from the review of communications and engagement, develop an Engagement Strategy 2020-2024	Head of Communications and Business Services	30th June 2020	This objective is to be carried forward to the following year as a result of the PCC Elections being postponed.		Ongoing (original timescale extended)
<b>Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental</b>							
CPC/1	CPC/1	Implement and embed an over-arching governance framework for the OPCC.	Head of Communications and Business Services	30th June 2019	The framework has been developed and is implemented within the OPCC.		Completed
CPC/2		Undertake a review of how the OPCC works in Partnership (formal / informal) to allow resources to be used more efficiently and outcomes achieved more effectively.	Head of Partnerships and Commissioning	31st March 2020	The Safer Cumbria Health Check has been completed. Following stakeholder engagement new arrangements have now been implemented to take forward partnership priorities for Criminal Justice, Community safety and Contest.		Completed
<b>Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended</b>							
CPD/1		Working with Cumbria County Council, the Constabulary, NHS England, Local District Councils, and other agencies, embed a new integrated Victims Service.	Head of Partnerships and Commissioning	31st March 2020	The new integrated service is in place and robust contract management arrangements are being implemented to ensure the new service is embedded.		Completed
CPD/2	CPD/2	Continue to collaborate with partner bodies to develop a consistent and join-up approach to the delivery of Womens' Centres across the County.	Head of Partnerships and Commissioning	31st March 2020	The WoW Centre is now open in the West of the county. The three Women's Centres have a consistent service offer.		Completed
CPD/3	CPD/3	Implement a joint Social Value Policy with the Constabulary including a Modern Slavery Statement	Head of Partnerships and Commissioning	30th September 2019	Complete		Completed

Appendix A Update on 2019/20 Development and Improvement Plan

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Implementation by	Action Update 31 October 2019	Revised Implementation Date	Status
<b>Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the</b>							
CPE/1		Implement a programme of training and development programme within the OPCC. safety.	Head of Communications and Business Services	30th September 2019	A programme of development and training has been finalised, approved by the OPCC Exec Team and is now being implemented		Completed
CPE/2		Review contract management arrangements and implement recommendations.	Head of Partnerships and Commissioning	31st March 2020	Although on track to complete the COVID-19 Pandemic and subsequent cancellation of PCC elections has delayed the completion of this action. This action will be carried forward into 20/21	30th September 2020	Overdue / timescale exceeded
CPE/3	CPE/4	Develop a vision for the delivery of Procurement within the Constabulary and OPCC to meet organisational needs.	Director of Corporate Support	30th September 2019	Procurement Strategy 2019-2022 approved by COG and PCC early 2019. Phase 1 (mandatory steps) delivered resulting in an improved audit report. Now focusing on Opportunity phase where business partners will specialise in specific areas of Commercial activity. Future updates covered in Annual Commercial Report.		Completed
<b>Core Principle F: Focusing on managing risks and performance through internal control and strong public financial</b>							
CPF/1		Scope the approach and put in place arrangements to support the development of the Police & Crime Plan 2020/2024.	Head of Partnerships and Commissioning	31st January 2020	Due to COVID-19 and the subsequent cancellation of PCC elections this action will be carried forward into 19/20/21	31 March 2021	Overdue / timescale exceeded

Appendix B 2020/21 Development and Improvement Plan

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by
<b>Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and</b>				
CPA/1	N/A	Embed the Complaint Regulation changes within the OPCC and develop a review oversight procedure for the Ethics and Integrity Panel.	Head of Communications and Business Services	31st December 2020
<b>Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.</b>				
CPB/1	N/A	Establish a stronger link between individual QSPs and work with the Constabulary to influence strategic actions with a view to improving the policing service in the county.	Head of Communications and Business Services	31st October 2020
CPB/2	CPB/2	Arising from the review of communications and engagement, develop an Engagement Strategy 2020-2024	Head of Communications and Business Services	30th June 2020
CPB/3	N/A	Develop a communications and engagement strategy for 20/21 that reflects the government COVID-19 restrictions at the time and embraces new ways of communicating. Timescale Oct 20	Head of Communications and Business Services	31st October 2020
<b>Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental</b>				
CPC/1	N/A	Produce a plan to outline what the Commissioner and the OPCC are doing to support communities and the Constabulary during the Covid-19 emergency.	Partnerships and Strategy Manager (Performance)	31st May 2020
CPC/2	N/A	Review the Commissioning Strategy and implement recommendations.	Partnerships and Strategy Manager (Performance)	30th September 2020
CPC/3	N/A	Review the Grant Regulations and implement recommendations.	Assistant Policy Officer	30th September 2020
<b>Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended</b>				
CPD/1	N/A	Review the Accountability Framework to ensure that the Commissioner is assured that the Constabulary is responding to the Covid-19 pandemic in a measured and consistent way.	Partnerships and Strategy Manager (Performance)	30th June 2020



Appendix B 2020/21 Development and Improvement Plan

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by
CPD/2	N/A	Continue to work in collaboration with Cleveland, Northumbria and Durham OPCCs and NHS England / NHS Improvement to jointly commission an integrated Sexual Assault Referral Centre (SARC) model across these areas.	Partnerships and Strategy Manager (Commissioning)	31st January 2021
<b>Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the</b>				
CPE/1	N/A	Review the impact of the Covid-19 lockdown on the OPCC and implement recommendations to help shape the future of the organisation. Identify what has worked well, what can be improved and what the organisation can stop doing.	Chief Executive	30th September 2020
CPE/2	CPE/2	Review contract management arrangements and implement recommendations.	Partnerships and Strategy Manager (Performance)	30th November 2020
<b>Core Principle F: Focusing on managing risks and performance through internal control and strong public financial</b>				
CPF/1	CPF/1	Scope the approach and put in place arrangements to support the development of the Police & Crime Plan 2020/2024 following postponement of the PCC elections in May 2020 and the outbreak of coronavirus.	Partnerships and Strategy Manager (Performance)	31st March 2021
CPF/2	N/A	Develop a new Covid-19 Fund to assist voluntary and community groups to either carry on providing existing services or launch new projects to help people during the Covid-19 lockdown period or afterwards when restrictions are relaxed.	Partnerships and Strategy Manager (Performance)	30th June 2020
CPF/3	N/A	Implement the revised Safer Cumbria governance structure and work collaboratively to deliver its overarching strategy and joint initiatives.	Partnerships and Strategy Manager (Performance)	31st July 2020



### The Chief Constable for Cumbria Constabulary

### Annual Governance Statement 2019/20

#### INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Chief Constable for Cumbria Constabulary (the Chief Constable) is responsible for ensuring business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for the governance of affairs and facilitating the exercise of functions, which includes arrangements for the management of risk.

The key elements of the system and processes that comprise the Chief Constable's governance arrangements are detailed in this document. The elements are based on the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework, the standard against which all local government bodies, including police, should assess themselves.

The Chief Constable has approved and adopted a Code of Corporate Governance 'The Code'. The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements that are in place for fulfilling the Chief

Constable's functions. This statement explains how the Chief Constable has complied with The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement, which must accompany the Chief Constable's statement of accounts.

#### THE REVIEW OF EFFECTIVENESS

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers within the organisation who have responsibility for the development and maintenance of the governance environment. The review comprises

- A cyclical detailed review of the key documents within the Chief Constable's governance framework e.g. Financial Regulations.
- An overarching review of the governance arrangements in place to support each core principle within the CIPFA Solace guidance.
- A review of what has happened during the past year to evidence how the Code has been complied with,

which is articulated in the Annual Governance Statement.

- A review of the effectiveness of the arrangements for internal audit against the Public Sector Internal Audit Standards and the Internal Audit Charter.
- Formal reviews of the role of the Chief Constable's Chief Finance Officer and the Head of Internal Audit (HIA) against the respective CIPFA statements, which demonstrated full compliance. A review of the effectiveness of the Joint Audit Committee against CIPFA guidance.

The following paragraphs constitute the Annual Governance Statement, demonstrating how the Chief Constable has complied with the governance framework, set out within the Code, to meet each of the seven governance principles. The Annual Governance Statement is published alongside the Statement of Accounts and also incorporates an action plan of planned future improvements for governance arrangements.

**Michelle Skeer**

Chief Constable  
14 May 2020

**Roger Marshall**

Joint Chief Finance Officer

*Signatures have been removed for the purposes of publication on the website*

AGS Page 2 of 24

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

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

##### Ethics and Integrity & Respecting the Rule of Law

During 2019/20 the Constabulary continued to take a proactive approach to communicating and promoting the highest standards of integrity in all elements of its business. Work has continued to embed and develop ethical behaviour based on:

- The Constabulary's Corporate Values
- The College of Policing Code of Ethics
- Preventing the abuse of authority for sexual gain.
- The Constabulary's Anti-Fraud and Corruption Policy and Procedures.

These arrangements are supported by the Director of Legal Services, who is a qualified solicitor and acts as the Chief Constable's 'Monitoring Officer', providing advice to the Constabulary on all legal matters and is consulted on all strategic decisions to ensure that laws are not contravened. The Constabulary's Professional Standards

Department is central to the maintenance of high standards of conduct and behaviour within the organisation. The priorities of the Constabulary's Professional Standards Department are shaped by a Strategic Assessment of threats and risks which reflects the Regional Strategic Threat Assessment.

The People Control Strategy is broken down into four main areas, people we know, areas we go, standards of professional behaviour and systems we use.

Key priorities which are currently identified are:-

- People – employee vulnerability (associations, financial matters, wellbeing), abuse of position for sexual purposes and vetting.
- Areas – security
- Standards -disclosure of information / confidentiality and discreditable conduct.
- Systems – misuse of force systems and social media.

In order to deliver these priorities, The People Department holds a Monthly Meeting where the following themes are discussed:-

#### Pursue

- Intelligence development relating to officers and staff behaviour towards vulnerable members of the community.

- Creation of operational packages for adoption by ACU operations concentrating efforts towards the four priority areas.
- Implementation of with-cause drug testing of officers in response to intelligence

- Meetings held with Business Improvement Unit to seek improvement in terms of officers use of Pocket Note Books
- Proposed digital development officer to ensure auditability
- Engaging with partners regarding Abuse of Position for a Sexual Purpose/Sexual Harassment and highlighting the reporting mechanisms relating to employee behaviour should they have concerns

The number of intelligence reports into the anticorruption unit has increased slightly, however these have been in relation to areas that are aligned to issues subject to focus and attention via media and training. The referrals cover a wide range of issues including self-referrals, data protection and associations.

#### Prevent

- Integrity interviews with officers or staff where concerns are raised relating to behaviour that does not meet the threshold for misconduct.
- Force Reputational Panels in response to developed intelligence identifying vulnerable associations.
- Review and collation of force policy linked to corruption

The Professional Standards Department operate a preventative approach designed to ensure all officers and staff are aware of their responsibilities and potential consequences if their conduct falls below required professional standards. This includes the issue of PASS newsletters, which provide guidance on matters of integrity. Subjects covered in 2019/20 have included advice on:-

In relation to complaints, the Constabulary remains committed to delivering effective customer service. Following introduction of the new regulations in relation to complaints, Police (Complaints and Misconduct) Regulation 2020), which came into force on 01/02/20, the process for handling complaints has been revised. All complaints are now logged and handled by a member of Professional Standards who attempts Service Recovery. If this is not possible the complaint is formally recorded for either Reasonable and Proportionate Enquiries, or Investigation. Only the most serious complaints are investigated. Complaints can also be dealt with “There and Then” by Area but are still logged to ensure compliance with reporting requirements

#### Prepare

- Training, advice, engagement and guidance provided to HQ and Area based courses on priorities linked to standards of professional behaviour.
- Attendance and input at Digital Policing Board to futureproof new ICT systems and force software systems.

- Learning from an incident involving the transportation of a Mental Health Patient
- A reminder about the mandatory activation of BWV
- Interactions with Members of the Public
- A reminder regarding correct storage, return and disposal of property

Following introduction of the new regulations the Constabulary has adopted Reflective Practice Review Process (RPRP) which is progressed via the Strength Based Conversation (SBC) process utilising Practice Requires Improvement (PRI)

#### Protect

- Meetings held with BIU to seek improvement in terms of officers use and deployment of Body Worn Video (BWV)

The Constabulary demonstrates a progressive attitude towards failure / mistakes. A key element of any PSD investigation is to highlight any actions which could prevent similar mistakes being repeated. To this end, following every investigation the lead officer carries out a rigorous assessment to determine key actions and lesson, examples of what are:-

- Mistakes/sub-optimal conduct – Practice Requires Improvement (PRI), via RPRP
- Systemic breakdown – change in policy/ reminder to all staff via a PASS newsletter.
- Serious Misconduct (defined as misconduct that would justify a Written Warning or above) - Official misconduct proceedings.

In the interests of openness and transparency, police gross misconduct hearings are held in public. Four public misconduct hearings took place in 2019/20; as a result of which two officers were dismissed without notice, one would have been dismissed if he had not resigned prior to the Hearing and one received a final written warning. All such hearings are presided over by a legally qualified chair. The outcomes of misconduct hearings are publicised on the Constabulary website.

The Ethics and Integrity Panel continue to provide independent oversight for the OPCC and Constabulary in

relation to standards, ethics and integrity. The Panel also reviews 'Quality of Service and Policing Issues' raised by members of the public including public complaints, police misconduct and staff misconduct cases. The Panel's work is reported to the Commissioner's Public Accountability Conference to improve transparency and support public scrutiny. Whilst the Panel's conclusions provide assurance regarding high standards of ethics and integrity, where applicable, recommendations to enhance or improve the level of service provided by the Constabulary have been made.

**Core Principle B: Ensuring openness and comprehensive stakeholder engagement.**

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

##### Openness

To support transparency and ensure that the Chief Constable's vision is clearly communicated, the Chief Officer Group have held strategy days for senior management and road shows across the county, which were open to all officers and staff. This has been supported by a range of communications across the force

through various mediums including the internal intranet site and noticeboards. The Constabulary has implemented Yammer, which is an internal social media platform increasing the potential and effectiveness of internal engagement. The platform enables interactions across the whole organisation - such as Ask the Force, staff notice board- as well as specialist interest groups, which cover a wide range of areas. Examples include:- support, information and feedback on specific projects, such as roll-out of Smartphones; a mechanism to provide feedback to senior management; promote workforce wellbeing , giving advice and support; and a specific research hub that offers best practice advice, learning and development complimented by Stream – a video aid that supports teaching.

##### Engaging Effectively with Institutional Stakeholders

The Constabulary works closely with the Office of the Police and Crime Commissioner (OPCC) through formal mechanisms (such as Public Accountability Conferences and Collaborative Board meetings) and informally through one to one meetings with senior staff from both organisations.

The Constabulary recognises that working with partners can deliver a more effective policing service to the public and meet the aims of the Commissioner's Police and Crime Plan. Accordingly, the Constabulary actively

participates in a range of partnership activities and functions in collaboration with other agencies, both at a strategic and tactical level. Examples include:

- the Local Resilience Forum (major incident planning)
- the CRASH partnership (road safety)
- the Safer Cumbria Action Board
- the Local Safeguarding Board (child protection)
- Community Safety Partnerships
- The Cumbria Alcohol Board (countering alcohol abuse)
- Combating anti-social behaviour
- County Council
- Further development of links with criminal justice and mental health agencies and other blue-light partners.
- Local Focus Hubs in each area, where the Constabulary works closely with a range of local agencies to prevent and solve problems at the earliest opportunity.
- Collaborations with Durham Constabulary (ICT and Information Management)

In accordance with the Joint Financial Regulations and Rules, arrangements are in place to ensure that for significant partnerships and joint working relationships there is appropriate governance including, a legal power to engage, appropriate approval by the Chief Constable and Commissioner, clear objectives, documentation of

financial and other resource commitments and risk assessment.

#### [Engaging stakeholders effectively, including citizens and service users](#)

The Constabulary has a Community Engagement and Consultation Strategy, which co-ordinates all on-going consultation activities and is refreshed on an annual basis to understand the needs of service users. During the year, the Constabulary consulted with the public to find out their priorities, how confident they felt, how they would like to be engaged with and their areas of concern. These informed the development of the Constabulary's and Commissioner's plans.

The Constabulary has developed a marketing and communications strategy which establishes clear channels of communication with all sections of the community, providing crime prevention and safety advice as well as information about services.

Access to information was expanded to include local newsletters, covering crime and antisocial behaviour issues relevant to communities, provide information and advice, a local messaging service and also detailed statistics for the parish councils. These are digital

newsletters to which any member of the public can subscribe and they are currently being rolled out across the county. The current number of subscribers for the nine areas already published is 10,405 subscribers, with areas in South to be completed later in 2020. These compliment the North, South and West Territorial Policing newsletters to which 15,064 people subscribe and these now also included additional information on Covid 19, with direct messages from the Chief Constable.

The Constabulary's e-community has grown and is now at more than 253,000 followers an increase of 40,000 compared to last year. Part of the new approach includes Facebook Groups, which are being used to engage by providing a forum for local people to have a two-way communication with their officers about issues in their locality.

Engagement with the public is pivotal to the work of Neighbourhood Policing Teams (NPTs) embedded in Local Focus Hubs in determining local priorities. This is achieved through Community Engagement Plans, which detail contact with all stakeholders particularly those that are hard to reach or with protected characteristics. The Community Engagement Strategy includes our key principles of consultation and engagement, which are:

- Officers, staff and volunteers being responsible for and having a targeted, visible presence in neighbourhoods.
- A clearly defined and transparent purpose for engagement activities.
- Regular formal and informal contact with communities.
- Working with partners, such as sharing opportunities for engagement.
- Making information available about local crime and policing issues to communities.
- Engagement that recognises and is tailored to the needs and challenges of different communities.
- Using engagement to identify local priorities and inform problem solving.
- Officers, staff and volunteers providing feedback and being accountable to communities.
- Officers, staff and volunteers supporting communities, where appropriate to be more active in the policing of their local areas.
- Local focus teams will use social media to engage with on-line communities.
- Officers, staff and volunteers working closely with the Constabulary's Marketing and Communications department to engage with members of the media to highlight work conducted to tackle local issues.

- Specific types of engagement are set out in our minimum standards of engagement.
- Senior leaders will ensure support for officers in attendance at suitable training or CPD activities.

These arrangements are supported by a toolkit, which is available to officers.

Specific initiatives in relation to diversity and equality and hate crime provide cross cutting engagement support across all areas of activities. The Diversity, Equality and Inclusion Strategy was approved at the end of 2019 and includes improvements to community engagement – these actions will be implemented throughout 2020.

The Constabulary uses Community Impact Assessments to identify issues that may affect a community's confidence in the ability of the police to respond effectively to their needs, thereby enhancing the police response, particularly after major incidents.

The impact of Covid 19 has required significantly enhanced marketing and communications services, internally and externally. For the public, this involved providing information and explanation about the changes in legislation and how the police deal with it, management of questions and feedback from the public relating to

policing the county, as well as regular direct messages from the Chief Constable to the public.

Internally, frequent bulletins from the Chief Constable and the Deputy Chief Constable have communicated some important messages to the workforce. This includes key information on the new legislation and our approach to policing it, practical advice and guidance on changes to working practices in the criminal justice system and other agencies, use of PPE, and advice and guidance on keeping safe.

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

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS Defining Outcomes

The Chief Constable determined the strategic direction for the Constabulary, which is *'Keeping Cumbria Safe'*. Following consultation, the Chief Constable refined the Plan on a Page. This plan outlined the Constabulary's core policing priorities:

- Responding to the public



- Prevention and deterrence
- Investigation
- Protecting vulnerable people
- Monitoring dangerous and repeat offenders
- Disrupting organised crime
- Responding to major incidents

Each key function or specialism within those priorities is the responsibility of a Professional Lead at senior level and improvement actions are included in the Constabulary's Improvement Plan, along with recommendations from HMICFRS.

The Commissioner approved these key objectives and incorporated them into his Police & Crime Plan to complement his aims.

In addition, the Plan on a Page identifies our values, our approach (how we will support officers and staff to deliver), and our culture and future challenges, which are outlined in Vision 25.

The Plan on a Page shows how everyone in the organisation contributes to the overall aim of *Keeping Cumbria Safe* and improves knowledge and understanding by linking strategic objectives to operational and business daily activity on the ground and maintaining performance.

### Sustainable economic, social and environmental benefits

During 2019/20, work continued to deliver Vision 25, which complements the Constabulary's priorities, builds on achievements to date and provides a roadmap to transform policing to meet the challenges of delivering an effective service for communities into the mid 2020s.

Cumbria Vision 25 has five key themes:

- Local Policing
- Specialist Capabilities
- Digital Policing
- Workforce
- Business Support

Each theme has an accompanying work programme outlined in the Vision 25 document. Progress against the programme is reported bi-monthly to Chief Officer Group. Business planning and governance has been re-organised, each of which is headed by a senior business lead where delivery and performance is monitored.

During 2019/20 the Commissioner incorporated the Constabulary's budget proposals into his 2020/21 budget in the context of a medium term financial forecast (MTFF) covering four years to 2023/24.

The policing grant settlement, received in January 2020 provided £5.9m in additional grant funding for 2020/21,

principally to support the first phase of Operation Uplift; the Government's plan to recruit 20,000 new officers by 2023. The settlement also provided Commissioners with a degree of flexibility to levy above inflation council tax increases. Following a public consultation exercise, the Commissioner approved the 2020/21 budget in February 2020 based on a council tax increase of 3.47%. Against a background of rising costs, the £132m provided to the Constabulary has allowed an increase of 51 officers in line with its target through Operation Uplift and for other services to be maintained. In consultation with the Commissioner, the additional officers will be deployed by the Chief Constable to areas, which will support the Police and Crime Plan's principal objective of keeping Cumbria safe.

The future financial outlook remains uncertain. Existing financial risks regarding the sustainability of the Government's funding model, the cost of implementing the Emergency Services Network, pensions, the outcome of the next Comprehensive Spending Review, Brexit and a potential review of the Police Funding Formula have now been exacerbated by the financial implications of the Covid-19 pandemic. It is probable that funding will be constrained for the foreseeable future and additional expenditure will be incurred in dealing with the crisis. Against this background, the normal modelling of a range



of financial scenarios through the Medium Term Financial Planning process, undertaken jointly by the OPCC and Constabulary, will be enhanced in 2020/21 to better understand financial and service implications in the context of the pandemic.

Given the financial uncertainties a continuing theme of each of the Cumbria Vision 2025 work-streams is to develop savings options and realise business benefits, particularly in areas where investment in new technology has been made, as a means of balancing the budget over the medium term.

During 2019/20 the Constabulary has continued to develop its business planning aligned to the MTFP. Refreshed strategies in relation to people, ICT, fleet, estates and procurement have been produced and agreed by the Commissioner.

Innovative development of mobile and digital technology to increase the productivity of officers continued to be delivered during 2019/20. This has included additional modules in the crime system, delivery of new Smartphones, laptops and other technology to enable organisational distancing and working from home during the Coronavirus pandemic and, improvements in the use

of existing tools within the MS suite of products to facilitate different ways of working.

Work began on refinement of the benefits management and delivery model, linking in with revised governance structures to ensure that productivity gains and financial benefits result from the investment in all the programmes of work in Vision 25. There has been a deferment of this work due to Covid 19, but it will be completed during 2020.

In relation to Estates, a new Learning and Development centre (which also includes hostel accommodation) has been completed on the headquarters site and will provide the right facilities to enable effective delivery of more officers through Operation Uplift (the increase in police officers funded by the Government).

During 2018/19 the fleet replacement programme has been further reviewed to meet emerging operational needs, whilst ensuring that efficiencies are realised. Environmental considerations are also becoming increasingly prominent and the Constabulary has purchased its first electric vehicles utilising the charging points at HQ.

A People Strategy, covering a two year period was developed in 2018/19. During 2019/20 work has continued on the main themes of the strategy including:

- Investment in further Wellbeing initiatives in the Constabulary and the training of Mental Health First Aiders who can signpost staff for early help and support.
- Investment in a Strength Based Conversation model that promotes a coaching approach by managers, and helps to build resilience in our employees.
- Streamlined processes in duty management so staff can access automated leave systems
- Investment in anti-corruption software and resources to safeguard the safety and wellbeing of our workforce.
- Revision of our grievance and mediation handling services to that the constabulary can positively support staff in the workplace

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

## REVIEW OF REQUIREMENTS AND ARRANGEMENTS

### Planning Interventions

The Chief Officer Group is the Constabulary's strategic decision making forum. In the last 12 months key decisions have included considering and approving:

- Demand reviews
- Business strategies
- Resource allocation
- Financial updates (including the budget proposal)
- Governance documents
- Business cases in relation to operational and support functions and investment in ICT systems.

All decisions support delivery of the Chief Constable's vision. Decisions are minuted and subject to scrutiny by the Commissioner. To improve communication and transparency all COG decisions are published on a decision log, which is made available to key stakeholders. Members of the Chief Officer Group have also attended

meetings of the Police and Crime Panel to provide context to Commissioner's precept proposal.

### Determining Interventions & Optimising Outcomes

The Constabulary worked with the Office of the Police and Crime Commissioner (OPCC) to develop the performance framework. This set of measures and targets supports delivery of the Police and Crime Plan and is the mechanism used by the Commissioner to hold the Chief Constable to account. Progress against these measures has been reported to the Commissioner every six months at the Public Accountability Conference.

Performance for all crime types, antisocial behaviour, road collisions, user satisfaction and productivity is monitored through the performance management conference arrangements, where issues are identified and discussed. Potential solutions and actions required are developed and allocated to individuals to implement.

This is supported by thematic reports for specific areas of activity, which are discussed at the Commissioner's Public Accountability Conference. Reports in 2019/20 included domestic abuse, child sexual exploitation, sexual offences, visible effective policing and reducing reoffending.

In the operational environment, on a monthly basis, senior police officers carry out a full assessment of operational risk, harm and threat to communities and an assessment of performance changes and their root causes. This encompasses consideration of vulnerable people, repeat offenders, vulnerable missing from home, significant domestic abuse, prison issues, organised crime groups, threats to life, crime and anti-social behaviour trends. Action has been taken and resources tasked to deal with the operational issues raised.

Every day, officers in each Territorial Policing Area hold a Daily Management Meeting, which identifies the crimes and incidents that have occurred over the previous 24 hours and any vulnerable or high profile incidents. A supporting force-wide Daily Operational Review Meeting ensures that resources are directed to meet strategic priorities across the county.

As part of the Constabulary's work on managing demand, the principles of THRIVESC (threat, harm, risk, investigative opportunity, vulnerability, engagement, safeguarding and ethical crime recording) have been introduced within the communications room when grading calls for service and, as part of the National Decision Making Model, deciding whether to deploy officers to incidents.

**Core Principle E: Developing entity's capacity including the capability of its leadership and the individuals within it.**

**REVIEW OF REQUIREMENTS AND ARRANGEMENTS**

**Developing the Entity's capacity & leadership**

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011 (PPO) The Chief Constable's statutory responsibilities for maintaining the Queen's Peace are set out in various Police Acts. Both the Chief Constable and Commissioner are statutorily required to employ a Chief Finance Officer.

The arrangement for the Commissioner and Chief Constable to operate with a shared Chief Finance Officer is now well embedded. To date no issues have been identified, however, a protocol and range of safeguards remain in place to handle potential conflicts of interest arising from the joint role. A review of the operation of the Joint Chief Finance Officer arrangement has been conducted and aligned to the CIPFA statement on the Role

of the Chief Finance Officer. This exercise has shown full compliance and has not revealed any significant issues.

The Constabulary has used HMICFRS Value for Money profiles and Police Objective Analysis to inform its Change Programme and applied zero based budgeting, with robust financial challenge to budget holders, to secure maximum value from the resources available. Although there are difficulties in ensuring true comparisons, in general, the VFM work has shown the Constabulary to benchmark well, although, in some instances costs may appear to be relatively high when measured per head of population. This is principally attributable to the logistics of providing an effective policing service over such a geographically sparse county.

**Developing the Capability of Individuals within the entity**

The Constabulary's annual training plan for mandatory training was developed in early 2019/20 in conjunction with operational leadership teams in the context of best practice guidance from the National Police Chief's Council.

The training plan was delivered, in part, through a training collaboration with Lancashire Police. Following a comprehensive strategic review, this collaboration has

now concluded although the two Constabularies will continue to work closely together.

Leadership continues to be a key priority for the Constabulary's People Department and with aspiring Sgts and Inspectors now attending a bespoke training programs prior to starting their new role. Elements of these courses are also open to police staff supervisors. It is important that this focus on development does not stop for experienced leaders and the Constabulary has delivered a series of development workshops for substantive Sergeants and Inspectors featuring a variety of specialist inputs ranging from vulnerability to hostage negotiation.

The force has successfully applied to become a Supporting Provider for Apprenticeships, this enables the force to recoup some of the apprenticeship levy paid to the government by working in collaboration with the Education Skills Funding Agency (ESFA) and local education providers. An apprenticeship strategy has been agreed, which sets out the constabulary's commitment to identify skills gaps and increase the capabilities both of our current and future workforce. The application of this strategy is monitored through a dedicated governance process.

The Constabulary had made significant strides in designing, developing and delivering a Police Constable Degree

Apprenticeship (PCDA) and a Degree Holder Entry Programme (DHEP) in conjunction with the University of Central Lancashire. These programs sit under the Police Education & Qualifications Framework which details the qualification requirements for all new officers. The Constabulary's first PCDA cohort started in February 2020. A DHEP cohort is planned to commence in February 2020. This means that all new officers will receive a mixture of delivery covering law, practical and academic skills in preparation for their new careers.

The Constabulary continues to utilise the strengths-based conversations approach to Performance Development Review (PDR). The approach is based on the national College of Policing model focusing on personal responsibility for development built around a central competency framework (including individual objectives). This initiative has now received national recognition winning two prizes at the 2019 Training Journal awards in London. A number of development sessions have been delivered for new supervisors to ensure that they are fully skilled to deliver the Strength Based approach to performance reviews.

Core Principle F: Managing risks and performance through robust internal controls and strong public sector management.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Managing risk

The Constabulary has a risk management strategy, which stresses that it is the responsibility of all officers and staff to identify and manage risk.

Risk management is a standing agenda item on all Constabulary boards, including programme and project management boards. Mitigating actions are identified and tracked to ensure that risks are minimised.

The Risk management policy was reviewed and updated during 2019/20 as required by our policy management arrangements. The update reflected revised corporate objectives, core policing deliverables, Vision 25 and revised corporate governance structure. It also included:

- a diagram showing risk management mechanisms across the organisation

- a schematic showing the assurance landscape for policing
- updated risk management definitions and recommendations from good practice identified through research
- the annual requirement for audit to review risk management arrangements.
- addition of statement enabling potential adoption of open risk appetite for specific pieces of work/projects
- addition of Information Risk Appetite Statement for completeness.

During 2019/20 specific risks associated with the potential reduction in funding as a result of future funding constraints, the introduction of the Emergency Services Network and the Constabulary's capacity to implement change have continued to feature prominently on the Constabulary's strategic risk register. Emerging strategic risks in relation to digital crime, custody medical provision, the delivery of Vision 25, procurement capacity and compliance with General Data Protection Regulations continue to be the main strategic risks. A Covid 19 risk and its potential to impact on policing services has also been added to the risk register.

## Managing performance

The Constabulary's performance strategy was refreshed during 2019/20 to align with the revised governance structure better. The strategy entitled – *'Performance Management in Cumbria Constabulary 2020'* *Managing our resources to improve outcomes for the people of Cumbria'* is embedded within the Constabulary. This is achieved mainly through the use of:

- Specific focus on performance in relation to protecting vulnerable people through the Vulnerability Board.
- Performance Development Conferences, based on thematic, every other month as part of Management Board, where all functions are held accountable for performance. This also now includes time for feedback to provide reassurance to chief officers that improvements are being made.
- Reviewing delivery of specific work streams at Strategy Days.
- Metrics have been developed to support Operation Uplift, the Constabulary's response to Covid 19 and a range of dashboards developed as part of the Business Intelligence Programme of work
- A performance report for Vision 25 work programme is provided to Chief Officer Group regularly.

- Accessible daily performance figures are available to anyone in the Constabulary. .
- A formal process for all officers and staff based on strengths based conversations, to identify areas for development.

The Constabulary has a 'Delivering Excellence' Strategy, which aims to embed continuous improvement across the Constabulary and has four key areas of work:

- Development of Business Improvement Plans based on our priorities and all HMICFRS recommendations
- Improving on standards and quality across policing activities known as the Quality Counts initiative.
- Harnessing ideas and suggestions for improvement
- Developing and delivering the Change Programme

During 2019/20, the Cumbria Constabulary Improvement Plan has been reviewed and refined to improve its effectiveness in ensuring that priorities and recommendations from inspection bodies are being progressed through reality checking.

Key work undertaken in 2019/20 has been in relation to understanding of current and future demand upon the Constabulary, which has supported the completion of the Force Management Statement. This is a self-assessment that chief constables prepare and provide

to HMICFRS every year and explains; current and future demand over four years, performance of the force, improvement activity and the money the force expects to have to deliver policing services.

Other significant pieces of work undertaken by the unit in 2019/20 in support of the Constabulary's objectives include:

- Auditing all 'stop and search' completed in the Constabulary, providing feedback to officers and supervisors, together with an assessment as to whether the Constabulary appropriately uses stop and search powers, to ensure police powers are being used proportionately.
- In conjunction with the Professional Standards Department, an audit of officers' use of force, involving the reviewing of Body Worn Video, providing direct feedback to officers and supervisors, undertaking improvement measures and broader performance monitoring through the Constabulary Use of Force Board, and the Cumbria Strategic Independent Advisory Group.
- Audit of Body Worn Video to maximise the use of this new technology, and the advantages associated with it.

- Audits of compliance with the Victims Code of Practice, and for the operation of the released under investigation processes.
- An audit and inspection of Released under Investigation volume, process and quality of investigation to inform an improvement plan and support outcomes work
- Ongoing Domestic Abuse quality of service audits, to ensure that officers are adhering to investigative standards, safeguarding practices and the victims code of practice. Individual feedback is provided to officers and their supervisors where necessary.
- A mental health demand snapshot to support operational policing
- Ongoing daily National Crime Recording Standards audits of high risk crimes (sexual offence, violence, domestic incidents). This is real time audit allowing us to rectify issues under the recovery process.
- Review of fast track crime allocation – October 2019
- Audit of charges, summons, cautions, formal warnings for possession of cannabis/khat, penalty notice for disorder – December 2019
- Audit of Community Resolutions – Spring 2020
- Managing the staff suggestion scheme.
- A review of ‘information governance’ was undertaken to ensure that relevant areas are adequately

resourced, taking into account level of risk acceptable to Chief Officers. The outcomes of this work will be implemented during 2020/21

#### Robust internal control

The Constabulary maintains robust internal controls systems. Assurance with regard to internal controls is provided by:

- A risk based internal audit plan. 93 of audits completed in 2019/20, including all those relating to finance, were graded as providing either substantial or reasonable assurance. One audit in relation to the TRIM received only partial assurance. A robust management action plan has been put in place to improve governance in this area.
- The Chief Internal Auditor’s overall opinion that there is a reasonable level of assurance in relation to the Chief Constable’s frameworks for governance, risk and internal control.
- Action plans to respond to recommendations, the implementation of which are monitored by the Joint Audit Committee.
- A Joint Audit Committee, which is self-assessed against CIPFA guidance, and is judged as being highly effective in its role.

#### Managing Data

We have strengthened our Information Governance arrangements over the past 12 months including but not limited to the appointment of a Chief Information Officer which is a shared resource with Durham Constabulary. This is in addition to a Chief Superintendent who is dedicated to the command (shared with Durham).

Further steps to strengthen the governance has included the movement of the Senior Leadership team for Information Management being integrated with ICT and Business Improvement SLT. This has resulted in the ability to govern the holistic lifecycle of data from its collection through to weeding. This is not a ‘technology only’ function but also enhances the behaviour, skills and culture within the organisation with a goal to make us a data driven organisation. This is accompanied by a data quality improvement plan that was launched in the past few months.

A review of the structures and roles underneath the Senior Leadership Team has taken place and will now move towards implementation.

### Strong public financial management

Strong financial management provides a framework for all business decision making and planning within the Constabulary. This includes the Joint Chief Finance Officer being a member of the leadership team and finance representation at all significant decision making forums. Regular financial reporting, clear budget ownership and responsibilities (as set out in the Chief Constable's Scheme of Delegation and scheme of budget management) and consideration of the medium term financial position in all strategic decision making are also key features of the financial management framework within the force.

The Constabulary's unaudited financial statements for 2018/19 were released in May, with the final version published in July, thus meeting new tighter deadlines for financial reporting. The External Auditor's Audit Findings report gave an unqualified audit opinion and noted that the accounts were supported by excellent working papers.

During 2018/19 the finance team have actively participated in the Achieving Financial Excellence in Policing programme promoted by the Chartered Institute of Public Finance and Accountancy. The central element of the initiative has been completion of a self-assessment of all aspects of financial management in the force involving consultation with a comprehensive range of stakeholders.

This work will be concluded in early 2020/21 and an action plan developed to address any weaknesses identified.

**Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Implementing good practice in Transparency & Reporting

The principal means by which the Constabulary reports to the public are through themed presentations to the Commissioner's Public Accountability Conferences, which are open to the public. Reports are also available through the Commissioner's website.

The external auditor's opinion for the 2018/19 financial year was that the Chief Constable's Financial Statements provided a true and fair view of the financial position and that they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting. The auditors further confirmed in their Annual Audit Letter that the Chief Constable had proper arrangements in

place for securing economy, efficiency and effectiveness in the use of resources.

### Assurance & Effective Accountability

During 2019/20 the Constabulary has been inspected by HMICFRS in relation to national thematic inspections on counter terrorism and integrated offender management.

The improvements identified from these inspections for Cumbria are logged on the HMICFRS portal to monitor progress in addressing them, and form part of the regular discussions and insight visits undertaken by HMICFRS personnel to provide assurance of service.

At the previous inspections, the Constabulary was rated as good for all aspects efficiency, effectiveness and legitimacy. Areas inspected included:

- Preventing crime & tackling ASB
- Investigating crime
- Protecting vulnerable people
- Tackling serious and organised crime
- Armed policing
- Meeting current demands and using resources
- Planning for the future
- Treating the public fairly



- Ethical and lawful workforce behaviour
- Treating the workforce fairly

During 2018/19 the Chief Constable received assurances with regard to the Constabulary's arrangements for risk management, internal control and governance from a number of sources which included:

- The CFOs annual review of internal audit.
- The Head of Internal Audit and Joint CFO's assessment of the internal audit service against Public Sector Internal Audit Standards.
- The Head of Internal Audit's opinion on the framework of governance, risk management and internal control.
- A review of the effectiveness of the Joint Audit Committee against CIPFA guidelines.
- Monitoring of the implementation of actions in response to HMICFRS, internal and external audit recommendations through the Joint Audit Committee.
- Management assurances in respect of financial systems and processes.
- The CFO's fraud risk assessment.

All of the sources above indicated that systems and processes are operating effectively and have raised no significant concerns

#### Response to the Coronavirus Pandemic

On the 5 March 2020, the Constabulary held its first Gold meeting as the start of its response to the Coronavirus pandemic and agreed its objectives. The response is named Operation Lectern and utilises the emergency services' Gold Silver and Bronze command approach to dealing with the critical incident. By 9 March, the Constabulary had undertaken a force wide business continuity impact assessment. Functions and roles within the Constabulary were prioritised based on the critical activity performed and were graded and colour coded as follows:

**Green** – Not critical activity which could be stopped but with some manageable impact.

**Amber** – 'Desirable' critical activity, which could be stopped with significant impact.

**Red** – 'Essential' critical activity, which must not stop.

This was then used to create and implement the Constabulary's Coronavirus Business Continuity Plan.

As a consequence of the implementation of the plan, and other work commissioned and generated by Op Lectern's

Gold, Silver, and Bronze meetings, all of the following has been put in place:

- Twice weekly Op Lectern Gold meetings - 05/03.
- Daily Op Lectern Silver meetings – 09/03, reducing to three times a week once effective management arrangements were established and the impact of the Coronavirus on resources was understood and controlled.
- Daily Departmental Op Lectern Bronze meetings – 10/03.
- Cumbria Constabulary Coronavirus Business Continuity Plan was approved by Gold on 11 March 2020 and circulated to all senior management. The plan identifies the tipping points that move the organisation from green (business as usual) to black (critical impact).
- Cumbria Constabulary Guidance to all Officers Staff and Volunteers on the Constabulary approach to COVID-19 was approved at the same meeting and was circulated to everyone in the Constabulary.
- The following infrastructure was created to support Gold, Silver and the wider Constabulary response:



- Op Lectern Business Continuity Resourcing Cell, whose role is to coordinate all of the operational and business actions required to deliver the Gold objectives, support Silver manage action ,
- Op Lectern Data Cell, whose role is to provide daily accurate data on the impact of the coronavirus on the workforce available and police demand, and to respond to the numerous external requests for information.
- Op Lectern Information Cell, whose role is to ensure that the Constabulary is operating with the latest guidance. This is achieved by gathering in all information from a wide range of sources, recording it and allocating to a professional lead for review and progression as appropriate.
- All Op Lectern actions are managed from one plan using Teams Planner to ensure robust accountability and effective risk management.
- A COVID-19 Wellbeing group was established.
- A number of functions moved to a 7 day week working; HR, Resource Co-ordination (duties), ICT, Marketing and Communications, Op Lectern Resourcing Cell, Information Cell and Data Cell.
- Organisational distancing is a key feature of the Constabulary's response to protect the workforce and to ensure continued delivery of policing services. This has resulted in many people working from home, supported by enhanced ICT and the relocation of key functions across the estate.
- The Command and Control Room has moved from one room at HQ to working over three rooms in two HQ sites and one Durranhill site. Training courses have been delivered for the reserve workforce required in the room to provide business continuity.
- New incident categories were created to identify C19 Risk (a risk of COVID-19 being present), C19 Related (incident caused by circumstance for example disagreement in a supermarket) C19 Reported (contact from the public relating to be breach of legislation).
- Training courses have been created and delivered for police staff reserve Detention Officers to provide resilience should the need arise.
- Patrol Officers relocated from six to ten main deployment bases together with a number of smaller sites. This was supported by an accelerated implementation of handheld mobile devices, and latterly the implementation of Dex ICT systems. All NPT staff moved onto the VSA shift pattern (other than those in Essential Critical Activity – Red – roles) to provide resilience.
- Detectives have adopted a duty rota scheme enabling the balance between home working and servicing the demand from newly recorded crimes. This was supported by the introduction of a new Crime Allocation Procedure, moving from eight to three categories.
- A vulnerability assessment of the workforce has been undertaken, and mitigation put in place round each of those officers and staff who have been identified as being vulnerable, following a rating of high to low risk.
- Around 100 laptop computers have been recalled and reallocated to vulnerable staff in the essential and desirable critical roles.
- On the 23 March, a meeting was undertake to assess how a MoRiLE scoring of crimes undertaken by intelligence could be utilised to identify and remove demand from CMR and Patrol. On the 27 March, work was started to create an Investigative Support Group, which went live on the 08/04 and consists of 16 officers in 'shielding' utilising the Dex ICT system to work

remotely to remove demand from CMR and Patrol. This builds on the THRIVESE assessment and General Infection Risk Assessment questions which CMR use.

- A countywide patrol plan has been put in place, with all spare capacity focused on supporting this approach. Daily reporting is being provided to the operational management meetings held across the county which informs this patrol plan.
  - On the 30 March a resource co-ordination meeting was held and agreement was reached about how resources would be reallocated around the Constabulary to enable the delivery of Essential Critical Patrol Activity consistently across the force.
  - A comprehensive wellbeing site has been established, and there are services available to undertake the testing of officers and staff or a family member to facilitate early return to work for those not suffering from Covid 19
- The Constabulary developed its approach to recovery, which was approved on 17 March. The first draft of the Recovery Plan is being consulted on. This will support future change and maximise opportunities and new ways of working that have been developed during this incident. In addition, we are engaging with:
    - the workforce to find out what has worked or not worked for them and,
    - managers to make sure that we capture all ideas and changes.
  - A gap analyses of other forces' recovery plans and the national template has been undertaken to support our approach and actions.

Appendix A – Annual Governance Statement Development and Improvement Plan 2019/20 Update

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Action Update as at 30th June 2020	Implementation by	Revised Implementation Date	Status
<b>Core Principle A: Focusing on behaving with integrity, demonstrating strong</b>							
CPA/1	N/A	Undertake review of the PSD function.	Head of People	The department was reviewed in 2019 and COG approved the temporary growth of 1 DS & 1 DC in order to facilitate the increase demand from off duty conduct and the transfer of Police staff investigations. This will be removed in 2020.	31st March 2020		Completed
CPA/2	N/A	Undertake a campaign in relation to professional relationships within the workforce aligned to an initiative by the national code of ethics board.	Head of People	Completed, the sexual harassment in the work place campaign which has now been recognised in the regional and national ACAG as best practise.	31st March 2020		Completed
CPA/3	N/A	Undertake a refresher media campaign in relation to the code of ethics.	Head of People	This is a rolling programme with specific inputs on PC/Sgt/Inspector days. There is regular reminders on the intranet and PASS newsletter.	31st March 2020		Completed
<b>Core Principle B: Focusing on ensuring openness and comprehensive stakeholder</b>							
CPB/1	CPB/1	Evaluate the requirements and implement the Single On-Line Home external website in conjunction with the National Police Chiefs Council to improve public contact and access to services.	Director of Corporate Improvement	No further progress on this to date as still waiting for confirmation from national project	TBA		Not Yet Due
CPB/2	CPB/3	Complete the review of policy management arrangements and make recommendations for streamlining the process, the products and their accessibility.	Director of Corporate Improvement	The policy management framework has been reviewed and recommendations have been made. The new framework is being trialled by HR before the framework is finalised.	31st March 2020	30th September 2020	Ongoing (original timescale extended)
CPB/3	N/A	Develop the current internal communications strategy to include internal social media channels, that provide enhanced engagement and involvement in organisational decision making and policy development.	Director of Corporate Improvement	Completed.	31st March 2020		Completed
CPB/4	N/A	Review the public consultation arrangements to improve the timeliness and relevance of information from the public that can inform Constabulary decision-making and policy development	Director of Corporate Improvement	Completed. New strategy devised and implemented	30th September 2019		Completed
<b>Core Principle C: Focusing on defining outcomes in terms of sustainable economic,</b>							
CPC/1	N/A	Develop a Strategy for the affordable storage of Digital Data	Chief Superintendent Crime Command	Work has commenced to develop in conjunction with Durham a digital strategy. This will include consideration of a range of options including both on premise and cloud based storage together with processes to managed and reduce data through housekeeping. A joint event has taken place in conjunction with external consultants and needs have been documented. Further work has been delayed by Covid-19.	31st March 2020	31st March 2021	Ongoing (original timescale extended)
CPC/2	N/A	Conduct an options evaluation for future Estates provision in West Cumbria	Head of Estates and Fleet	Initial meetings took place in January to begin discussions around determining the future operating model for West Cumbria. These will inform the business case for the West Cumbria estate. In addition the Head of Estates and Fleet is reviewing the PFI contract to gain a full understanding of the options that exist around the current building as we move closer to the PFI contract end date. However, the Covid-19 pandemic has delayed further progress. This work will now take place during 2020/21.	30th June 2020	31st March 2021	Ongoing (original timescale extended)

Appendix A – Annual Governance Statement Development and Improvement Plan 2019/20 Update

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Action Update as at 30th June 2020	Implementation by	Revised Implementation Date	Status
Core Principle D: Focusing on determining the interventions necessary to optimise							
CPD/1	CPD/5	Re-design business processes in relation to the Control Room as part of the implementation of the SAFE system to deliver business benefits.	Superintendent - Organisational Business Delivery	The core system went live in June 2019 with limited additional functionality. Op Lectern has assisted in driving business change and facilitated new ways of working such as using videoconferencing with members of the public. Software releases over coming months will add additional features to support such as Callback to prevent queuing and email/webchat direct integration. There is also an organisational intent to build on this change and add more as further systems are aligned and integrated with the Command and Control system e.g. Red Sigma, New Duties and Personnel system, Digital Public Contact and ESN.	31st March 2020	31st March 2021	Ongoing (original timescale extended)
CPD/2	N/A	Undertake further analysis of current and future demand to inform strategic business planning, the Force Management Statement and the resource allocation process for 2020/21.	Director of Corporate Improvement	This has been delayed by the Coronavirus pandemic as resources have been required to support the Constabulary as it operates under business continuity arrangements. HMICFRS have supported all forces by removing the timescales for completion of the FMS, which drives this activity.	31st March 2020	30th September 2020	Ongoing (original timescale extended)
CPD/3	N/A	Evaluate the Local Focus Hubs and their effectiveness in reducing demand and dealing with vulnerability issues in the local area	Director of Corporate Improvement	This has been completed as part of work undertaken by Superintendent Sarah Jackson. A revised child centred approach has been developed and is being piloted in South TPA.	31st March 2020		Completed
CPD/4	CPD/4	Plan and implement actions to demonstrate increased visibility to communities.	Deputy Chief Constable / Director of Corporate Improvement	An outline visibility strategy has been developed. Further work is now required due to Operation Uplift	30th September 2020		Ongoing (within original timescale)
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.							
CPE/1	N/A	Develop and deliver the strategy to improve digital capability in the organisation and, deliver improvements to productivity	Director Corporate Improvement Ch Supt. J Blackwell	Significant progress has been made in this area. Ch. Supt. Jonny Blackwell is leading a programme of work to with the objective of maximising benefits from use of technology. Work aimed at changing behaviour, skills and culture has commenced and a Digital Week held in qtr 4 encompassing various events focused on raising the profile and making better use of digital capability.	31st March 2020	31st March 2021	Ongoing (original timescale extended)
CPE/2	CPE/4	Develop an action plan arising from the Well-Being survey.	Head of People	The action plan for well-being is held on the OK website, we're held to account nationally via the well being lead CC Rhodes this includes actions from the well being survey. The DCC is chair of the strategic well being board. The 2019 National Wellbeing survey which was conducted, Cumbria were rated at 2nd for their returns, we are currently 69% fully developed against the OK action plan, we were also awarded the Bronze award for Better health at work.	31st July 2019		Completed
CPE/3	CPE/5	Develop a vision for the delivery of Procurement within the Constabulary and OPCC to meet organisational needs.	Director of Corporate Support	Procurement Strategy 2019-2022 approved by COG and PCC early 2019. Phase 1 (mandatory steps) delivered resulting in an improved audit report. Now focusing on Opportunity phase where business partners will specialise in specific areas of Commercial activity. Future updates covered in Annual Commercial Report.	30th September 2019		Completed
CPE/4	N/A	In conjunction with Higher Education partners, implement the new PEQF arrangements for new officer recruits.	Head of Learning & Development	Established governance process and work streams in place. UCLAN teaching staff now recruited and working with Police Trainers to develop detailed course content. Program has now been validated and the first PCDA cohort started in February 2020. A DHEP intake is scheduled to commence in May 2020.	30th September 2020		Completed

## Appendix A – Annual Governance Statement Development and Improvement Plan 2019/20 Update

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Action Update as at 30th June 2020	Implementation by	Revised Implementation Date	Status
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.							
CPF/1	N/A	Review the current risk management arrangements to ensure relevance and effectiveness	Director Corporate Improvement	Completed	30th September 2019		Completed
CPF/2	CPF/1	Develop the balanced scorecard approach to performance management and embed this within the Vision 2025 governance arrangements.	Director of Corporate Improvement	Completed	31st March 2020		Completed
CPF/3	CPF/2	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	Completed with the data available. The benefits realisation plans were being consulted on and reviewed currently being reviewed, but this work has temporarily been deferred to deal with the Coronavirus pandemic.	31st March 2020	30th September 2020	Ongoing (original timescale extended)
CPF/4	CPF/4	Implement an action plan to ensure that the OPCC complies with new General Data Protection Regulations	Head of People	A review has been undertaken. Phase 1 of the work including leadership of the function and aligning technology and information management under a single function has been completed. A pilot is being run to determine the effectiveness of this approach, alongside some tactical changes after which time final recommendations will be proposed based on an holistic approach centred on the information lifecycle.	31st March 2020	31st March 2021	Ongoing (original timescale extended)
CPF/5	CPF/5	Further develop the Business Intelligence Strategy to inform future ICT developments, improve the information available to managers for effective decision making, to support improvements in services for the public and, develop and improve the dashboards available to officers and staff.	Director of Corporate Improvement / Director of Corporate Support	Completed. Further investment in this area has been approved during this financial year (includes additional technical resource and shifting of personnel within the Constabulary to ensure that the project can deliver a suite of products.)	31st March 2020		Completed
CPF/6	N/A	Undertake a review of Data Management arrangements and resourcing covering information security, GDPR and MOPI	Director of Corporate Improvement	A review has been undertaken. Phase 1 of the work including leadership of the function and aligning technology and information management under a single function has been completed. A pilot is being run to determine the effectiveness of this approach, alongside some tactical changes after which time final recommendations will be proposed based on an holistic approach centred on the information lifecycle.	30th September 2019	31st March 2021	Ongoing (original timescale extended)

Appendix B - Annual Governance Statement Development and Improvement Plan 2020/21

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Implementation by
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.				
CPA/1	N/A	Implementation of New Police Conduct Regulations	Head of People	31st July 2020
CPA/2	N/A	Implementation of electronic Business Interest registration process	Head of People	31st July 2020
CPA/3	N/A	Consider the development of a Digital Ethics Panel	Head of ICT & Information Management	31st March 2021
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.				
CPB/1	CPB/1	Review and recommend the approach required to update and improve the Constabulary's website.	Director of Corporate Improvement	30 December 2020
CPB/2	CPB/2	Understand the lessons learned from the pilot of the new policy management arrangements, make adjustments as required. Implement a prioritised plan for all Constabulary policies.	Director of Corporate Improvement	31st March 2021
CPB/3	N/A	Undertake a review of ForceNet (the Constabulary's intranet) to improve productivity and accessibility of the information the workforce needs to deliver policing services	Director of Corporate Improvement	31st March 2021
Core Principle C: Focusing on defining outcomes in terms of sustainable economic, social and environmental benefits				
CPC/1	CPC/1	Develop a Strategy for the affordable storage of Digital Data	Head of ICT & Information Management	31st March 2021
CPC/2	CPC/2	Conduct an options evaluation for future Estates provision in West Cumbria	Head of Estates and Fleet	31st March 2021
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.				
CPD/1	CPD/1	Continue Re-design business processes in relation to the Control Room as part of the implementation of the SAFE system to deliver business benefits.	Superintendent - Organisational Business Delivery	31st March 2021



Appendix B - Annual Governance Statement Development and Improvement Plan 2020/21

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Implementation by
CPD/2	CPD2 +	Undertake further analysis of current and future demand to inform strategic business planning, the Force Management Statement and the resource allocation process for 2020/21 and 2021/22.	Director of Corporate Improvement	31st October 2020 then 31 March 2021
CPD/3	CPD/4	Plan and implement actions to demonstrate increased visibility to communities. The original work will be extended to incorporate the deployment of additional officers recruited through Operation Uplift	Deputy Chief Constable / Director of Corporate Improvement	30th September 2020
CPD/4	N/A	Develop a Covid-19 Recovery Plan to exploit any opportunities arising from changes to working practices during the Covid-19 Pandemic.	Deputy Chief Constable	30th September 2020
<b>Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.</b>				
CPE/1	CPE/1	Develop and deliver the strategy to improve digital capability in the organisation and, deliver improvements to productivity	Head of ICT & Information Management	31st March 2021
CPE/2	N/A	In conjunction with Higher Education partners, implement the new PEQF arrangements for new officer recruits.	Head of Learning & Development	30th September 2020
<b>Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.</b>				
CPF/1	N/A	Review the current risk management arrangements to ensure relevance and effectiveness	Director Corporate Improvement	31st December 2020
CPF/2	N/A	Develop the Constabulary's performance dashboard to reflect the National Outcomes Dashboard which is required to support Operation Uplift	Director of Corporate Improvement	31st October 2020
CPF/3	CPF/3	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	31st March 2020
CPF/4	CPF/4 & CPF/6	Further develop an information management strategy incorporating GDPR, MOPI and RRD.	Head of ICT & Information Management	31st March 2021
CPF/4	N/A	Undertake an audit of No Further Action crime outcomes, which will inform improvement work on both the appropriate use of outcomes and improvement in the quality of investigation for victims.	Director of Corporate Improvement	30th September 2020



Appendix B - Annual Governance Statement Development and Improvement Plan 2020/21

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Implementation by
CPF/5	N/A	Continue to develop and implement the Recovery and Renewal Plan which has resulted from the police response to the Coronavirus pandemic	DCC	31st March 2021
CPF/6	N/A	Arising from the 'Achieving Financial Excellence in Policing' self assessment and linked to the Business Transformation Programme develop an action plan to improve financial management and accountability within the Constabulary.	Joint Chief Finance Officer	31st March 2021
CPF/7	N/A	Enhance the Medium Term Financial scenario modelling in light of the potential financial impact of the Covid-19 Pandemic.	Joint Chief Finance Officer	31st March 2021



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

### Annual Statement of Accounts 2019/20: Narrative

**Joint Audit Committee 24 June 2020 Agenda Item 20a**

**Report of the Joint Chief Finance Officer**

#### **1. Introduction and Background**

1.1 Due to the covid-19 pandemic the statutory deadlines in relation to the publication and audit of the statutory statement of accounts were put back. The deadline for the Commissioner and Chief Constable to publish their draft accounts (subject to audit) was moved from 31 May 2020 to 31 July 2020. The deadline for the external auditors to complete their annual audit of the accounts has been moved from 31 July 2020 to 30 November 2020. As a result of these amended timescales the May meeting of the Joint Audit Committee was cancelled. This June meeting has been scheduled to allow the opportunity for members to review and comment on the draft financial statements of the Commissioner and Chief Constable prior to them being approved for issue. As in previous years, members will be provided with a further opportunity to review the statements, prior to their formal approval and publication, at the September meeting of the Joint Audit Committee. This will be accompanied by a more comprehensive paper, which will set out sources of assurance with regard to the statements and wider control framework, the opinion of the external auditor and any amendments, which have been made to the statements post audit.

1.2 The objective of this paper is to provide members with guidance as to fundamental rationale and principles which underpin the accounts and the changes which have been

incorporated into the accounts in 2019/20. It is intended that this will assist members in the task of reviewing the accounts. Given that the issues raised impact on both the accounts of the Commissioner and Chief Constable a single report covering both entities has been produced.

## **2. Recommendations**

- 2.1 Members of the Joint Audit Committee determine whether there any issues in respect of the draft statement of accounts that they wish to report to the Commissioner and Chief Constable.

## **3. Statement of Accounts**

- 3.1 Members of the Joint Audit Committee have received a copy of the draft statement accounts and accompanying governance statement for which they have a review and assurance role. The Statement of Accounts are highly complex technical documents. They take a number of weeks to produce and a similar period of time to audit by a team of technical and experienced staff. The audit process will typically involve support from national technical teams who assess and advise on accounting treatment for complex transactions against the requirements of international financial reporting standards and codes of practice. Within the finance profession, the Statement of Accounts is a very specialist field.
- 3.2 In this context, this narrative aims to provide a guide to the considerations that the members of the Joint Audit Committee can reasonably be expected to take account of in carrying out a review process and undertaking to approve the Statement of Accounts, also recognising the limited time available to members. It focuses on the key challenges and issues, which are the areas that influence the dialogue and engagement between the finance staff preparing the accounts and those undertaking the audit. In doing this, the narrative aims to ensure that members have sufficient information to fulfil their assurance role.
- 3.3 The Police Reform and Social Responsibility Act 2011 (PRSRA) established the Police and Crime Commissioner (PCC) and the Chief Constable (CC) as separate corporate entities on the 22<sup>nd</sup> November 2012. The implications of this change are that there is a requirement for the PCC and the CC to have single entity Statement of Accounts and for

a consolidated group Statement of Accounts. This was followed by the stage 2 transfer, which took on the 1<sup>st</sup> April 2014, the majority of staff formerly employed by the Police and Crime Commissioner transferred to the employment of the Chief Constable, under a transfer scheme in accordance with the transitional provisions within the PRSRA.

3.4 The governance changes highlighted above required detailed consideration of the treatment of transactions in the accounts of the Commissioner and Chief Constable respectively. The key accounting considerations and rationale for decisions with respect how these matters should be presented in the financial statements were explored in detail within the equivalent report to this in previous years and included in summary:

- The relationship between the Commissioner and Chief Constable - which concluded that as both organisations are separate legal entities they are required to produce single entity financial statements. However, the Commissioner, in setting strategic direction exercises significant influence over the CC with the result that from an accounting perspective the CC is considered as a subsidiary with a requirement for the PCC to produce Group Accounts.
- Recognition of officers and civilian staff. This ultimately concluded that officers and staff should be recorded in the organisation which exercises direction and control, which resulted in all officers and the majority of police staff being included in the single entity statements of the CC. Where staff are employed not solely for the benefit of the force (mostly support functions) following the stage 2 transfer which vested direction and control with the CC, these staff are now shown in the single entity statements of the CC, however a charge is made to the single entity statements of the PCC to reflect the use of those resources as a shared support function.
- Capital Assets – whilst the CC is the primary user of assets such as the estate, vehicles and ICT equipment it was concluded that the control of assets and the risks and rewards pertaining to assets rests with the Commissioner and accordingly that assets are disclosed on the balance sheet of the PCC with a charge made to the CC for the use of the assets.
- Debtors, Creditors and Cash – in accordance with statutory provisions and the

funding arrangement between the Commissioner and the Chief Constable, all contracts and procurement is undertaken in the name of the PCC and as funding is provided on the basis of cash flow, all cash is shown in the accounts of the PCC. In addition, the PCC's financial statements disclose all external debtor and creditors, reflecting the PCC's liability in respect of these transactions. Both the PCC and CC's financial statements disclose any associated debtor and creditor liability between the entities.

- 3.5 2019/20 has again been a relatively light year in relation to technical changes which have impacted on the statement of accounts. Changes in relation to the implementation of IAS16 regarding leases that were to be introduced in 2019/20 have now been delayed to 2020/21 by CIPFA. There were no other changes to be reflected in the statement of accounts.
- 3.6 Work on the statutory statement of accounts for 2019/20 has been further complicated by the working arrangements as a result of the organisations response to the covid-19 pandemic. In order to provide members with as much time as possible to review the statement of accounts, the draft accounts have been issued at the same time that senior members of the financial services team are carrying out their due diligence checks. Issues, identified during this process, along with observations from members will be incorporated in the final draft accounts before they are authorised for issue on Monday 29 June.
- 3.7 The respective statement of accounts incorporates the Annual Governance Statements for the PCC and CC.

Roger Marshall

Joint Chief Finance Officer

18 June 2020