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Our reference: JAC/IR

Date: 16th June 2021

AGENDA

TO: THE MEMBERS OF THE JOINT AUDIT COMMITTEE

CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT COMMITTEE

A Meeting of the Joint Audit Committee will take place on **Wednesday 23rd June 2021** via Microsoft Teams, Police Headquarters, Carleton Hall, Penrith, at **10:30am**.

**Vivian Stafford, Gill Shearer
Chief Executive**

Note: If members of the public wish to participate in this meeting please email Monika.Demczuk@cumbria.police.uk by 21st June 2021 for a calendar invitation.

Please note – there will be a private members meeting with Internal Audit from 9.00am – 10.00am

Please note – there will be a private members meeting JAC Review of Effectiveness (360' Review) with the Deputy Chief Constable, OPCC Chief Executive, Joint Chief Finance Officer & Deputy Chief Finance Officer at 2pm – 4pm

COMMITTEE MEMBERSHIP

Mrs Fiona Daley (Chair)
Mr Jack Jones
Ms Fiona Moore
Mr Malcolm Iredale
Wing Commander (Retired) Tim Mann

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.

Items for Exclusion of Press and Public

- i. Statutory Accounts Audit – Enquiries of Management

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 17th March 2021.

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 & Joint Chief finance Officer)

7. JOINT EXTERNAL AUDIT PLAN 2020/21

To receive from the external auditors the Joint Annual External Audit Plan for the statutory audit for the year ended 31/03/21. This report includes an update on the proposed fee charges. *(To be presented by Grant Thornton)*

8. VALUE FOR MONEY

To receive an annual report on Value for Money within the Constabulary. *(To be presented by the Joint Chief Finance Officer)*

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 the 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 the OPCC Chief Executive)*

11. ETHICS AND INTEGRITY GOVERNANCE

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

12. INTERNAL AUDIT – ANNUAL REPORT

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

14. INTERNAL AUDIT REPORT(S)

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

- a) Main Accounting System (Constabulary) – Apr '21
- b) Reflective Practice Review Process – Practice Requiring Improvement (Constabulary) - May '21
- c) Sickness Management (Constabulary) - May '21
- d) Police Pensions (Constabulary & OPCC) - May '21
- e) Financial Sustainability (Constabulary & OPCC) - May '21
- f) Contract Management (Constabulary) - Jun 21
- g) New Business Transformation Project-Finance (Constabulary) - Jun 21
- h) Contract Management (OPCC) - May 21

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

- a) Sickness Reporting Procedures (Constabulary) - Mar '21

15. ANNUAL GOVERNANCE STATEMENT**a) 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.

b) Codes of Corporate Governance

I. To consider the PCC Code of Corporate Governance 2021/22

II. To consider the CC Code of Corporate Governance 2021/22

c) Annual Governance Statement

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

I. PCC Annual Governance Statement 2020/21

II. CC Annual Governance Statement 2020/21

16. 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. *(To be presented by the Deputy Chief Finance Officer)*

a) Statement of Accounts Narrative 2020/21 – To receive a report from the Joint Chief Finance Officer outlining the statement of accounts process for 2020/21 *(To be presented by the Joint Chief Finance Officer)*

b) PCC/Group Annual Statement of Accounts 2020/21, incorporating the PCC/Group Summary Statement of Accounts 2020/21 (see pages 3 to 20) *(To be presented by the Joint Chief Finance Officer)*

c) CC Annual Statement of Accounts 2020/21 incorporating the CC Summary Statement of Accounts 2020/21 (see pages 3 to 21) *(To be presented by the Joint Chief Finance Officer)*

17. 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)*

18. CIPFA FINANCIAL MANAGEMENT CODE

To receive brief update in respect of the CIPFA Financial Management Code. *(To be presented by the Joint Chief Finance Officer)*

19. POINTS FOR CONSIDERATION BY THE COMMISSIONER AND THE CHIEF CONSTABLE

Future JAC Meeting Dates (For Information)

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

22nd September 2021 @ 10.30am – Conference Room 2/Microsoft Teams

17th November 2021 @ 10.30am – Conference Room 2/Microsoft Teams

16th March 2022 @ 10.30am – Conference Room 2/Microsoft Teams

Future Police & Crime Panel Meeting Dates (For Information)

9 July 2021 – Conference Room A/B, Cumbria House, Botchergate, Carlisle, CA1 1RD

14 October 2021 – Council Chamber, County Offices, Kendal, LA9 4RQ

25 January 2022 – Conference Room A/B, Cumbria House, Botchergate, Carlisle, CA1 1RD

5 April 2022 – Venue TBC

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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 17th March 2021 by Microsoft Teams, 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 (CE), Office of the Police and Crime Commissioner (Vivian Stafford)

Deputy Chief Constable (DCC), (Mark Webster)

Joint Chief Finance Officer (JCFO), (Roger Marshall)

Deputy Chief Finance Officer (DCFO), (Michelle Bellis)

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

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

Engagement Lead (EL), Grant Thornton LLP (Michael Green)

Engagement Manager (EM), Grant Thornton LLP (Gareth Winstanley)

Research & Analysis Officer (RAO) (Claire Griggs)

Financial Services Apprentice (FA) (Inge Redpath)

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

The chair called the meeting to order.

620. APOLOGIES FOR ABSENCE

No apologies for absence were received.

621. 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.

622. DISCLOSURE OF PERSONAL INTERESTS

The Chair declared a personal interest as having continued in her role as Chair of the North West Regional Pensions Board.

There were no other declarations of interest.

623. MINUTES OF MEETING AND MATTERS ARISING

The committee received and reviewed the minutes of the meeting held 19th November 2020.

RESOLVED, that the minutes be recorded as a true record of the meeting held on 19th November 2020.

624. ACTION SHEET

Item 521 Support and challenge any new governance arrangements – The DCC confirmed that the committee's assistance regarding Local Focus Hubs unlike the Safeguarding Hub was not needed at this time as all agreements have been signed up to.

ACTION, Item now closed

Item 524 Local Focus Hubs – The DCC confirmed that all partners within the Local Focus Hubs have signed the necessary agreements.

ACTION, Item now closed

Item 540(e) Constabulary arrangements for anti-fraud and corruption/whistleblowing – The DCC explained that the policy has been looked at in much greater detail and significant changes have been made it is hoped that the policy will be completed and brought to committee for the meeting in September 2021.

ACTION, this item to be deferred to September 2021 meeting

Item 557 Internal Audit: Consideration of the value of assurance of consultancy work – The JCFO confirmed the plan to continue with another piece of consultancy work around Estates utilisation.

A member asked if this was a definite decision and would there be a formal review into the value of this type of work.

The JCFO explained that there had only been three pieces done so far and the Constabulary did feel they offered a different approach to the standard risk based audit and once the Estates Utilisation work had been completed and reviewed then a formal review would take place and the findings brought to the committee.

ACTION, to have a formal review into the value of consultancy work following the Estates Utilisation audit work.

Item 597 Monitoring of audit – The DCFO explained that time constraints meant that the development and use of Microsoft teams for the action plan and key audit recommendations had not been completed and asked for this to be moved to the July 2021 meeting

ACTION, this item to be deferred to July 2021 meeting

Item 600 AOB – The JCFO asked if committee would be happy for the ICT helpdesk to contact each member to look at best ways of supporting them with remote accessing and more efficient use of ICT.

ACTION, approval given for ICT Helpdesk to contact members.

JAC Review of Effectiveness Action Plan 2020/21

Members noted their discussions on the Action Plan to reflect some changes to the narrative for 2021/22 but the priorities remain broadly the same for the forthcoming year.

625. CORPORATE UPDATE

The DCC gave an update to the meeting explaining that the ongoing pressures with the coronavirus would continue throughout the summer, placing a great deal of strain on an already tired workforce. The staff are coping and are braced for many more visitors to come to the Lake District instead of foreign travel, also the possibility of rescheduling Appleby Horse Fair to later in the summer, but no date has yet been agreed.

A sample number of counties have been asked to consider local government reform and the police are feeding into this and all findings will be published by the Ministry of Housing, Communities and Local Government (MHCLG). The police are focusing on the best way for the police to discharge their duties.

The Constabulary is doing a review of performance following the increase in officer numbers funded by central government through Operation Uplift and this will feed into a National Outcomes Dashboard.

The Constabulary has undertaken the annual staff survey with some very positive results so despite the increase in workload staff are still feeling positive and valued.

There has been a restructure with the force which includes a new post Head of Performance and an Analysis and Insight team which the committee will hear mentioned more in the future.

The chair acknowledged the hard work done throughout the crisis by all staff.

A member asked about the impact on staffing of the child death in Barrow and the vigil which has taken place in London.

The DCC confirmed that the ongoing case in Barrow has been managed within resources and the Constabulary has specific covid plans in place to deal with vigils or demonstrations trying to allow these to continue in a covid safe way.

The CE gave a brief update to the meeting explaining that staff were continuing to work from home but have the ability to come into the office through lateral flow testing and other wellbeing measures put in place by the Constabulary for all staff.

Despite the restrictions business is continuing and the office of the PCC has secured one million pounds of additional funding for use within the county for victims of crime.

6th May 2021 is the date of the PCC elections and the pre-election (Purdah) period starts 24th March 2021, the final registration date for candidates is the 8th April 2021.

A ministerial statement was laid before parliament yesterday for the recommendations following the PCC review which was started July 2020, looking at improving accountability, scrutiny, and transparency of the current PCC model.

The JCFO updated the meeting on the grant settlement and budget was much more favorable than had been anticipated. The JCFO reported that The PCC/Constabulary are broadly on budget for 2020/21 having incurred additional covid related costs for PPE, investments in ICT for home working, loss of income which were offset to a degree by extra grants from government and obviously a vast reduction in travel and subsistence.. The net impact is that the current forecast is that the PCC/Constabulary could come in slightly under budget.

626. REDMOND REVIEW

The DCFO updated the meeting on the finding of Sir Tony Redmond's review into the oversight of local audit and the transparency of local audit financial reporting which was published in September 2020. The report included 23 recommendations 9 of which have a direct impact on the OPCC and Constabulary.

The local authority accounts and audit amendment regulations for 2021 have been announced and these confirm that the deadline for final accounts has been moved to 31st July 2021 and for audit to 30th September 2021 this will also apply for the statutory accounts for the financial year 2021/22.

A member commented that point 4 shows that the JCFO meets with external audit, the committee already also meet with audit in accordance with the CIPFA guidance.

RESOLVED, that the report be noted.

627. INTERNAL AUDIT PROGRESS REPORT

The AM presented the internal Audit progress report to 28th February 2021, showing work is progressing on the reassessed audit plan for the current year and three reviews were completed within the last period. At the time of writing there were five risk based and two financial audits in progress and three have now had draft reports issued.

It is anticipated that there will be sufficient coverage to allow the Head of Internal Audit to form an opinion.

Any issues that arise due to covid that may impact on audits ability to complete will be brought to collaborative board and this committee.

The Chair questioned why there were still item on the report for 2019/20?

The HIA clarified that these were items stopped at the start of the pandemic but have now been completed and will just add more weight to the opinion for 2020/21.

RESOLVED, that the report be noted.

628. INTERNAL AUDIT REPORTS

The AM presented the Benefits Delivery Process report which give partial assurance and invited questions.

A member sort clarification that the actions dated February 2021 have now been completed and the plans implementation by end of March was still on schedule?

The JCFO confirmed that the actions have been undertaken and there is significant progress to get a strategy in place to have a plan that is deliverable.

The HIA confirmed that the Constabulary put processes in place and found they didn't work so made changes and therefore another audit of the Benefits Delivery Process has been scheduled for the 2021/22 audit plan.

RESOLVED, that the report be noted.

629. STRATEGIC RISK REGISTERS

The CE presented the Strategic and Operational Risk Registers for the OPCC.

The Strategic risk register shows one new risk R3 – Commissioning Services, this is around the procurement of services for the Sexual Assault Referral Centre (SARC), which is now part of NHS England, this procurement exercise failed and now there are ongoing discussions on how to proceed.

The Operational Risk Register also now shows the risk 08 around the collaboration with North East PCC's and NHS England for the commissioning service at the SARC Centre.

RESOLVED, that the report be noted.

The JCFO presented the Constabulary Risk Register which was reviewed by COG in February 2021.

There is a new risk no 46 insufficient number of Professionalising Investigation Programme (PIP) 2 trained detectives to investigate serious crime.

A member sort clarification as to why there were two risks on the register around ESN?

The RAO explained that one risk related to the roll out of ESN across the county with the challenges the topography of Cumbria presents, and the second risk is around the extension to the current Airwave contract.

RESOLVED, that the report be noted.

Claire Griggs left the meeting 11:50am

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

The JCFO gave an updated summary on the actions implemented in response to the audit and inspection recommendations.

A low number of recommendations six in total of which four have now been completed. The remaining recommendations are around the performance management framework for the Local Focus Hubs which is nearing completion and should be agreed by the end of April and the second recommendation is around the Benefits realisation strategy which was discussed earlier in the agenda.

A member noted that the figure in Appendix A don't add true and the first page of Appendix C should be Appendix B

ACTION, to make the necessary changes noted by the member.

RESOLVED, that the report be noted.

631. CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES

The DCFO presented the Capital Strategy to committee for approval.

Both the chair and a member thanked the DCFO for a very well written report and the Chair noted the following two points:

Paragraph 4.9 the meaning of the word extinguished may not be clear to a layperson.

Paragraph 8.1 states that capital expenditure is not charged directly to the revenue budget, this could be revised to make clear that capital expenditure can be funded from revenue.

ACTION, to amend the wording in both paragraph 4.9 and 8.1 to reflect the comments above.

RESOLVED, that the report be noted.

The DCFO then presented the Capital Programme for 2021/22 and beyond.

RESOLVED, that the report be noted.

The DCFO presented the Treasury Management Strategy Statement. In accordance with the CIPFA codes of practice the Commissioner is required to approve on an annual basis the Treasury Management Strategy which incorporates borrowing, investment and MRP strategy and a series of prudential indicators.

Treasury Management is an inherently risky area of business and the sums invested peak at around £30 million a year in July when the Home Office Pension top up grants are received. Interest rates remain low at 0.1% and it is expected will remain at this low level for the foreseeable future.

The main priority of the strategy is security of sums invested.

A member thanked the DCFO for a very clear and understandable report.

A member the sort clarification regard page 11 final paragraph regard the new class of investment delegated to the JCFO, is this a new class or is this one of the agreed classes from 2015/16 that have not actually been used to date?

The DCFO confirmed that these are classes that were agreed in 2015/16 but not yet used.

The chair suggested the wording could be “the decision to enter into an approved class of investments”

ACTION, to amend the wording in paragraph 11 to reflect the comments above.

The Joint Audit Committee were asked to review the Treasury Management Strategy Statement and Treasury Management Practices to be satisfied that controls are satisfactory and provide advice as appropriate to the commissioner.

RESOLVED, that the Treasury Management Strategy be noted and approved with the one amendment to the wording in paragraph 11.

Meeting broke for 5-minute break 12:10pm
Meeting restarted at 12:15pm

632. ANNUAL WORK PROGRAMME: ASSURANCE FORMAT

The DCFO presented the Annual Work Programme for 2021/22 covering the five committee meetings which are usually held May, July, September, November, and March.

The work programme shows which reports will be brought to committee at each meeting, the main changes are in line with the Redmond report in that the draft account will be brought to committee for the May meeting and the audited final accounts for the September meeting.

The Chair thanked the DCFO for the hard work involved in the production of the work programme and this template is now used by several other local government organisations as a good practice approach to planning audit committee programme of work.

RESOLVED, that the report be noted and approved subject to any approved changes.

633. EXTERNAL AUDIT PLAN

The EL gave a verbal update regarding the External Audit Plan as this has been delayed due to the legacy impact of covid on external audit plans and it is requested that this plan has been deferred to the May 2021 meeting.

RESOLVED, that the report be deferred to the May 2021 meeting.

634. EXTERNAL AUDIT UPDATE REPORT

The EM presented the External Audit Update Report, showing that all 2019/20 audits have now been completed and opinion issued.

The 2020/21 audit plan is progressing and will be brought to committee in May 2021.

There is a change to the value for money approach following a revised code from the National Audit Office for the year 2020/21 moving forward there will no longer be an opinion on value for money but audit work to see if there are any recommendations that need to be made under new criteria looking at financial sustainability, governance and improvements in economy, efficiency and effectiveness.

There will be further enhanced reporting and the production of an Auditors Annual Report.

RESOLVED, that the report be noted.

635. ANNUAL AUDIT LETTER

The EL presented the Annual Audit Letter which will be the last letter in the current format and will now be replaced by the Auditors Annual Report.

The audit letter confirms that an unqualified opinion was issued for the OPCC and Constabulary final accounts and value for money conclusion for 2019/20.

The OPCC and Constabulary were the first in the North West to receive an opinion for 2019/20.

RESOLVED, that the report be noted.

636. PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER

The HIA presented the Proposed Internal Audit Plan and Internal Audit Charter, the plan is prepared as in previous year through looking at strategic risk registers, consultation with senior management, looking at previous audit reviews and any national, regional, or local issues.

The plan is made up of 281 days of which 25 days are for consultancy work being 9% and 266 days of risk bases audit, this should give sufficient coverage to for an opinion for 2021/22.

There is a further 10 days brought forward from 2020/21 to undertake phase 2 work for the Business Transformation Programme – Finance due to the delay in implementation.

A member asked if it was possible to have an overview looking at a side by side review from previous years.

The HIA agreed to take onboard the comments for future plans to produce a review.

A member welcomed the change from standard cyclical mostly financial audits to a more organisational based audits.

RESOLVED, that the report be noted, however the committee have not been involved in the buildup of the plan.

637. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The HIA presented the Quality Assurance programme which is required under the public sector audit standards, it is designed to provide assurance that internal audit work is take in accordance with these standards.

RESOLVED, that the report be noted.

638. VALUE FOR MONEY

The JCFO explained that a large amount of the value for money work comes from data provided by HMICFRS against other like for like forces. Due to the ongoing pandemic this data has only just been released therefore not allowing time to formulate this report in time for this meeting. It is requested therefore to defer the report to the May 2021 meeting.

RESOLVED, that the report be deferred to the May 2021 meeting.

639. ANNUAL REVIEW OF GOVERNANCE

The JCFO presented the Scheme of Delegations to the meeting, this covers who is entitled to make decisions and on what, this has been extended into a wider document which details the overall governance arrangement and the purposes of various committees and terms of reference. There has been a significant overhaul to now empower managers to be more responsible for their budgets with sufficient checks and safeguards in the background.

The report was presented to management board last week and there will be a task and finish group to look at each area to make sure the it strikes the right balance.

A member thanked the JCFO for the document and found it useful to see the different boards within the organisation.

The chair also thanked the JCFO for very helpful, clear document, and suggested that the pensions board is sighted in the document.

ACTION, for the JCFO to look at adding the Pensions board to the Scheme of Delegations

RESOLVED, that the report be noted

The JCFO presented the Financial Regulation and Financial Rules.

These have been in place for several years and are updated on a cyclical basis. The financial regulations deal with the delegations from the PCC to the Constabulary and within the office of the OPCC. The financial rules then focus on a more detailed and practical view to identify the responsibilities of officers who carry out financial responsibilities. There are not a significant number of changes to the documents, more cosmetic changes in roles and responsibilities.

RESOLVED, that the report be noted

640. TREASURY MANAGERMENTS ACTIVITIES

The DCFO summarised the report for the committee and officers covering the Quarter 3 Activity to 31st December 2020 and asked for any comments/questions.

RESOLVED, that the report be noted

641. POINT FOR CONSIDERATION BY THE COMMISSIONER AND THE CHIEF CONSTABLE

There are two points for consideration for the Commissioner and the Chief Constable.

The committee recommends that the Commissioner approve the Treasury Management Strategy for 2021/22.

The committee note the Internal Audit Plan however the committee have not been involved in the buildup of the plan and ask for slightly more involvement through either a development session or a more details report as to how the plan was formulated in future years.

Meeting ended at 13:05pm

Future JAC Meeting Dates (For Information)

26th May 2021 @ 10.30am – Conference Room 2/Microsoft Teams amended to 23 June 2012
28th July 2021 @ 1pm – Conference Room 2/Microsoft Teams – (pre-meet 11am-12pm)
22nd September 2021 @ 10.30am – Conference Room 2/Microsoft Teams
17th November 2021 @ 10.30am – Conference Room 2/Microsoft Teams
16th March 2022 @ 10.30am – Conference Room 2/Microsoft Teams

Future Police & Crime Panel Meeting Dates (For Information)

18 March 2021 - Microsoft Teams Meeting
9 July 2021 – Venue TBC
14 October 2021 – Venue TBC
25 January 2022 – Venue TBC

Signed: _____ **Date:** _____

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Joint Audit Committee – Action Update and Plan

Minute Item and date of Meeting	Action to be taken	Person Responsible	Target Date	Comments	Status
540(e) (20/11/19)	Constabulary Arrangements for Anti-fraud & Corruption /Whistleblowing	DCI PSD	Nov 2020 Mar 2021 Moved to Sep 2021	<p>To check and update definition of Fraud and Corruption on page 7 if appropriate.</p> <p>September 2020 – There has been a lot of work done on the new policy and procedures around this subject. However, there is still some work to do on these, not least because of the implementation of the Police Conduct and Police Complaints and Misconduct Regulations 2020, which has seen some significant changes to our working procedures. A plan has been developed with the aim of completing this work by November 2020.</p> <p>November 2020 – This work is still ongoing.</p> <p>March 2021 – Deferred to September 2021 meeting.</p>	Not yet due
597 (24/09/20)	Monitoring of Audit	DCFO	Nov 2020 Mar 2021 Moved to Jul 2021	<p>To look at more options around using MS Teams for the Action Plan and the Monitoring of Key Audit Recommendations through the MS Team Planner while also providing an overview for committee.</p> <p>November 2020 – Due to time constraints around the meeting dates and the team focusing on the implementation of the new finance system it is requested that the deadline for this action be moved back to the March meeting. In the meantime, work will be undertaken to trial the use of MS Teams Planner to record actions and subsequent updates.</p> <p>March 2021 – This development work has not yet been completed, Deferred to July 2021 meeting.</p> <p>June 2021 – There is an interdependency about how future meetings will be conducted and how the technological needs of members will be fulfilled.</p>	Ongoing

617 (19/11/20)	Commercial Annual Report	Head of Commercial	Nov 2021	To update the slide to show cashable savings as a percentage of total spend against other forces March 2021 – Will be included in the version of the Procurement Annual Report to be presented to JAC in November 2021.	Not yet due
630 (17/3/21)	Monitoring of Audit, Internal Audit and Other Recommendations and Action Plans	JCFO	May 2021	To update the figures in Appendix A as they are not adding up correctly the first page of Appendix C should be Appendix B June 2021 – The report has been updated and included on website as part of JAC papers.	Completed
631 (17/3/21)	Capital Strategy	DCFO	May 2021	To update the following points: Paragraph 4.9 the use of the word extinguished may the layperson be misunderstood. Paragraph 8.1 is states that capital expenditure is not charged directly to the revenue budget, but this can be so the wording need revising. June 2021 – template for 2022/23 report will be amended to clarify and aid understanding.	Completed
631 (17/3/21)	Treasury Management Strategy	DCFO	May 2021	To update page 11 final paragraph, to show “the decision to enter into an approved class of investments” June 2021 – template for 2022/23 report will be amended to clarify and aid understanding.	Completed
639 (17/3/21)	Annual Review of Governance	JCFO	May 2021	To look at adding the Pensions board to the Scheme of delegation June 2021 – Pensions board added to scheme of delegation which is currently being finalised.	Completed

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 ongoing 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 2022	JAC1
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, such as Local Focus Hubs or external factors such as COVID19.	JAC to encourage clarity in any new arrangements; appropriate documentation including in Financial Regulations and ensure governance arrangements considered as part of the risk assessment.	JAC	March 2022	JAC2
JAC3	Consider the impact of new or emerging developments, including 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 impact 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 2022	JAC3

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Joint External Audit Plan

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

Year ending 31 March 2021

June 2021



Contents



Your key Grant Thornton team members are:

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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 planning 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 the Force/OPCC or all 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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Key matters

Factors

Police sector developments

Throughout the 2020/21 financial year, the UK Government has reaffirmed its commitment to delivering the 20,000 officers uplift programme. Whilst commitments to increase officer levels have been well received, challenges remain in ensuring that this investment is able to meet the changing demands on police time and the increasing expectations of the public they serve.

Due to the economic uncertainties brought about by the Covid-19 pandemic, the police sector continues to operate within the constraints of a one year funding settlement. Precept flexibility remains the key source of growth in funding to the sector, which has been utilised by Police and Crime Commissioners nationally.

Impact of Covid 19 pandemic

The outbreak of the coronavirus (Covid-19) pandemic has had a significant impact on the normal operations of the Constabulary. The police sector nationally has had to work differently at all levels to be able to enforce ever-changing Covid-19 regulations. With short notice, the Chief Constable and PCC were able to implement remote working across the Constabulary and the Office of the Police and Crime Commissioner. Both have utilised enabling technology to ensure that the organisations have been able to work flexibly to respond to the changing demand on their time.

Financially, the Covid-19 pandemic has created cost pressures and short-term loss of fees and charges. In the short term, policing has been impacted less than other public sector bodies, financially. Income is largely unaffected, given the majority of it is grant funded or raised through taxation, although there has been an impact on fees and charges. Costs have also been impacted by increased PPE and overtime, although this has, to an extent, been offset by reductions in crime levels during the early part of the pandemic and through some government Covid-19 related funding. The true financial impact of the pandemic is likely to materialise over the medium-term as public finances are squeezed in the post-pandemic environment, and in particular should council tax and business rates collections fall as the economic impact of the pandemic is realised.

Financial position

2020/21 has been a challenging year for all public sector bodies, with unprecedented levels of change, both in terms of demand, and at an operational level. The financial pressure placed on the Constabulary as a result of the Covid-19 can be seen by increases in expenditure in areas such as extra cleaning and additional premises costs, as well as reductions in some core income areas not covered by grants. The net cost of Covid-19 may require the Constabulary to utilise its reserves. These forecasted cost pressures have contributed towards an anticipated forecast overspend for the year of £0.25m.

The PCC has set a balanced budget for 2021/22 which includes a council tax precept increase of £6.57 (2.47%) for a band D property, and the recruitment of an additional 47 police officers by March 2022 as part of the national uplift programme. Going forward the medium term budget up to 2024/25 forecasts a future budget gap of £2.1m in 2023/24 rising to £5.1m in 2024/25.

Our response

- We will continue to provide you with sector updates via our Joint Independent Audit Committee updates.
- We will consider your arrangements for managing the impact of the Covid-19 pandemic as part of our Value for Money work.
- We will consider your arrangements for managing and reporting your financial resources and assessing your financial resilience as part of our audit in completing our Value for Money work.

Key matters

Factors

Accounting and auditing developments

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM) There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary [qualified / unqualified] approach to VFM conclusions, with more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures includes significant enhancements in respect of the audit risk assessment process for accounting estimates. As part of this process auditors also need to obtain an understanding of the effectiveness of the role of those charged with governance relating to accounting estimates adopted by management, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Although the implementation of IFRS 16 has been delayed, audited bodies still need to include disclosures in their 2020/21 statements to comply with the requirements of IAS 8. As a minimum, we would expect the PCC and Chief Constable to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases. If the impact of IFRS 16 is not known or reasonably estimable, the accounts should state this.

In the prior year the PCC's valuer reported a material uncertainty regarding the valuations of properties due to the Covid-19 pandemic. In addition, there was a material uncertainty in relation to the valuation of the pension fund's level 3 investments which impacted both the Force and the PCC's position. We will monitor the position for the 31 March 2021 valuations.

Our response

- The PCC and Chief Constable's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid 19 pandemic and we expect significant uncertainty will continue in 2020/21. We identified a significant risk in regards to the valuation of properties – refer to page 8.
- Where any actions have been agreed in respect of matters identified through previous audit work, either on the financial statements or in respect of work on arrangements to secure VFM, we will assess the progress against previously agreed recommendations.
- Members of the finance team attended our annual final accounts workshop during February, hosted by our highly experienced public sector assurance team as they help you prepare for your 2021 financial statements audit by highlighting potential risk areas and providing you with practical advice
- We will continue to provide you with sector updates via our Audit Committee updates.
- We will liaise with the PCC's valuer to clarify any potential material uncertainties in 2020-21.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audits of both the Police and Crime Commissioner for Cumbria ('the PCC') and the Chief Constable of Cumbria ('the Chief Constable') for those charged with governance. Those charged with governance are the PCC and the Chief Constable.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of PCC and Chief Constable. We draw your attention to both of these documents on the PSAA website.

Scope of our audit

The scope of our audits is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- PCC's, Chief Constable's and group's financial statements that have been prepared by management with the oversight of those charged with governance (the PCC and the Chief Constable); and
- Value for Money arrangements in place at each body for securing economy, efficiency and effectiveness in their use of resources.

The audit of the financial statements does not relieve management, the PCC, or the Chief Constable of their responsibilities. It is the responsibility of the bodies to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the PCC and the Chief Constable are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC and the Chief Constable's business and is risk based.

Group Audit

The PCC and Chief Constable are required to prepare group financial statements that consolidate the financial information of the PCC and Chief Constable.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The risk that the valuation of land and buildings in the accounts is materially misstated.
- The risk that the valuation of the net pension fund liability in the accounts is materially misstated.
- The risk of management override of controls.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £3,045k (PY £2,873k) for the group, the PCC and the Chief Constable, which equates to 2% of the Chief Constable's prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £152k (PY £144k).

Value for Money arrangements

Our initial risk assessment regarding your arrangements to secure value for money has not identified any significant risks requiring separate attention.

Under the new VFM arrangements review (set out further in sections 14 and 15 of this Plan) we will be considering your arrangements across the three key criteria areas of finance, governance and performance. We will continue to monitor and update our risk assessment and responses until we issue Auditor's Annual Report.

Audit logistics

Our final accounts audit will take place in August/September. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £41,110 (PY: £30,560) for the PCC and £17,800 (PY: £15,350) for the Chief Constable, subject to management providing a high quality and materially accurate set of accounts and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Police and Crime Commissioner for Cumbria	Yes		<ul style="list-style-type: none"> management override of internal controls valuation of land and buildings the completeness and accuracy of provisions and contingent liabilities 	Full scope audit performed by Grant Thornton UK LLP
Chief Constable for Cumbria	Yes		<ul style="list-style-type: none"> management override of internal controls valuation of net pension fund liability 	Full scope audit performed by Grant Thornton UK LLP

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
ISA240 revenue and expenditure recognition risk	Chief Constable, PCC and Group	<p data-bbox="607 523 701 547"><u>Revenue</u></p> <p data-bbox="607 563 2040 647">Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p data-bbox="607 663 2047 716">Having considered the risk factors set out in ISA240 and the nature of the revenue streams of the PCC and the Chief Constable, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul data-bbox="607 732 2123 903" style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; • all revenue received by the Chief Constable comes from the PCC; and • the culture and ethical frameworks of public sector bodies, including the Chief Constable and Police and Crime Commissioner for Cumbria, mean that all forms of fraud are seen as unacceptable. <p data-bbox="607 919 1621 943">Therefore we do not consider this to be a significant risk for the Chief Constable, PCC or Group.</p> <p data-bbox="607 959 2145 1011">We will continue to review and test, on a sample basis, material revenue and expenditure transactions, ensuring that it remains appropriate to rebut the presumed risk of revenue and expenditure recognition.</p> <p data-bbox="607 1027 734 1051"><u>Expenditure</u></p> <p data-bbox="607 1059 2136 1144">In the public sector, whilst it is not a presumed significant risk, in line with the requirements of Practice Note (PN) 10: Audit of financial statements of public sector bodies in the United Kingdom - we also consider the risk of whether expenditure may be misstated due to the improper recognition of expenditure.</p> <p data-bbox="607 1168 2074 1192">This risk is rebuttable if the auditor concludes that there is no risk of material misstatement due to fraud relating to expenditure recognition.</p> <p data-bbox="607 1224 1749 1248">Based on our assessment we consider that we are able to rebut the significant risk in relation to expenditure.</p>	

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Chief Constable, PCC and Group	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The PCC and Chief Constable face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of land and buildings	PCC and Group	<p>The PCC and Group revalue their land and buildings on a rolling two-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£57.5 million as at 31 March 2020) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the PCC and Group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met • challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding • test revaluations made during the year to see if they had been input correctly into the PCC and Group asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Chief Constable and Group	<p>The group's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£1,266 million in the group's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the group's pension fund net liability 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"> • update our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation; • assess the accuracy and completeness of the information provided by the group to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Cumbria Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Other risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Implementation of new ledger system	PCC and Group	The implementation of the new ledger system part way through the financial year can cause disruption and potential loss of key financial information if the new system is not correctly implemented and there are not appropriate controls around data transfer.	<p>We will:</p> <ul style="list-style-type: none"> • determine the adequacy of the policies around security management, including the control of access to financial reporting applications and related databases by internal and remote users and authorised third parties • determine whether controls for the acquisition, development and maintenance of the financial reporting system(s) are in place • determine the adequacy of the operational procedures and controls for administering, executing and monitoring batch processes, scheduled jobs and/or interface configurations • determine whether adequate controls for new system (implemented during the financial period) have been established to ensure that new systems / applications which are developed or acquired are authorised, tested, approved, properly implemented and documented • perform testing to ensure data has been correctly transferred to the new ledger system.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do the PCC and Chief Constable:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the PCC and Chief Constable we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings
- Depreciation
- Year end provisions and accruals
- Valuation of police officers pension liability
- Valuation of the local government pension liability.

The PCC and Chief Constable's Information systems

In respect of the PCC and Chief Constable's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the PCC and Chief Constable uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the PCC and Chief Constable (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have included inquiries within our management letters shared with the PCC and Chief Constable.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the PCC and Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
 - issuing a report in the public interest or written recommendations under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Group, PCC and Chief Constable's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materialities based on a proportion of the gross expenditure of the group, the PCC and the Chief Constable for the financial year. In the prior year we used the same benchmark. For our audit testing purposes we apply the lowest of these materialities, which is £3,045k (PY £2,873k), which equates to 2% of the Chief Constable's prior year gross expenditure or the year.

We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be 2% of senior officers' remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

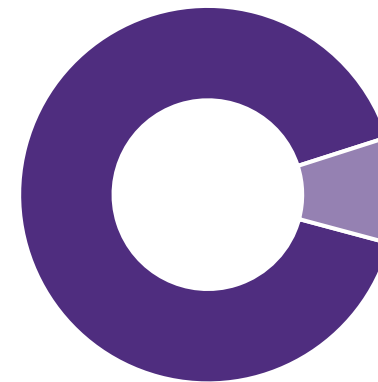
Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the PCC and Chief Constable any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group, the PCC and the Chief Constable, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £152k (PY £144k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the PCC and Chief Constable to assist it in fulfilling its governance responsibilities.

Prior year gross expenditure

£152.2m Group

(PY: £143.6m)



- Prior year gross expenditure
- Materiality

Materiality

£3,045k

Group financial statements materiality
(PY: £2,873k)



£152k

Misstatements reported to the PCC and Chief Constable
(PY: £144k)

Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary qualified / unqualified approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

These would be risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

At this stage of our audit work we have not identified any significant weaknesses. However, under the new VFM arrangements we will be considering your arrangements in place across the three criteria areas of finance, governance and performance. We will continue to monitor the financial outturn for 2020-21 and your planned position for 2021-22.

We will keep the possibility of a significant risk arising and/or an existing risk increasing to a significant level as part of our ongoing 2020-21 VFM review. Our findings will be summarised in the Auditor's Annual Report in the Summer.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

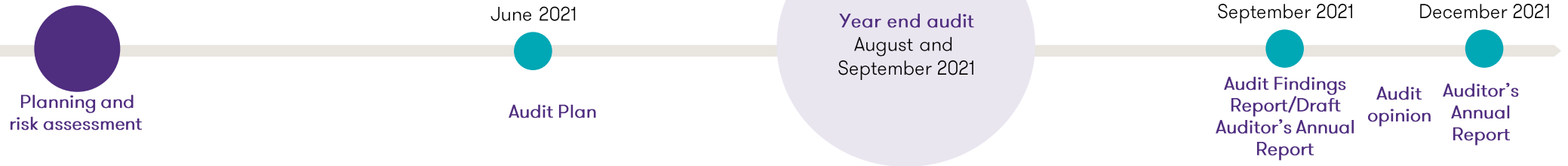
The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



Michael Green, Key Audit Partner

Michael will be the main point of contact for the PCC, Chief Constable and Committee members. He will share his wealth of knowledge and experience across the sector providing challenge and sharing good practice. Michael will ensure our audit is tailored specifically to you, and he is responsible for the overall quality of our audit work. Michael will sign your audit opinion.



Gareth Winstanley, Audit Manager

Gareth will work with senior members of the finance team ensuring testing is delivered and any accounting issues are addressed on a timely basis. Gareth will also be responsible for the delivery of our work on your arrangements in place to secure value for money.



Hebe Dyson, Audit Assistant Manager

Hebe will lead the team and will be the day to day contact for the audit. Hebe will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Hebe will undertake the more technical aspects of the audit, coach the junior members of the team and review the teams work.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- provide debtor and creditor listings that are the balances outstanding at the year end
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- The PCC and Chief Constable's experts provide clarity and detail over their work to enable auditors to challenge the accounting and valuation judgements used.
- respond promptly and adequately to audit queries.

Audit fees

PSAA awarded a contract of audit for the PCC for Cumbria and the Chief Constable for Cumbria to begin with effect from 2018/19. The scale fee in the contract was £23,360 for the PCC audit and £11,550 for the Chief Constable. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISAs which are relevant for the 2020/21 audit.

The 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. Our estimate is that for your audit, this will result in an increased fee of £13,000 (28%). This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISAs issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020/21, as set out below, is detailed overleaf and will be agreed with the Joint Chief Finance Officer.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
PCC Audit	£24,700	£30,560	£41,110
Chief Constable audit	£12,160	£15,350	£17,800
Total audit fees (excluding VAT)	£36,860	£45,910	£58,910

Assumptions

In setting the above fees, we have assumed that the Force/OPCC will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

	PCC	Chief Constable
Scale fee published by PSAA	£23,360	£11,550
<i>Ongoing increases to scale fee first identified in 2019/20</i>		
Raising the bar/regulatory factors	£1,500	£0
Enhanced audit procedures for Property, Plant and Equipment	£2,250	£0
Enhanced audit procedures for Pensions	£0	£2,250
Covid-19 and other 19-20 specific fee variations	£3,450	£1,550
Audit fee 2019/20	£30,560	£15,350
<i>New issues for 2020/21</i>		
Additional work on Value for Money (VfM) under new NAO Code	£7,000	£2,000
Increased audit requirements of revised ISAs	£4,000	£2,000
New ledger implementation	£3,000	£0
Proposed increase to agreed 2019/20 fee	£14,000	£4,000
Adjust for non-recurrent 19-20	£(3,450)	£(1,550)
Total audit fees (excluding VAT)	£41,110	£17,800

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the PCC and Chief Constable.

Other services








No other services provided by Grant Thornton were identified.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.










Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance




The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	
ISA (UK) 230 – Audit Documentation	January 2020	
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	



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Cumbria Constabulary: 2020 HMICFRS Value for Money Profiles' Analysis

The high level analysis in the table on pages 3 to 5 relates to the 2020 Value for Money Profiles which were published on their website by Her Majesty's Inspector of Constabulary and Fire and Rescue Services (HMICFRS) in March 2021. The profiles compare the forces within Cumbria's Most Similar Group (MSG) and these are Lincolnshire, Norfolk and North Wales. The aim of the profiles is to compare performance and the costs of achieving that performance.

It is important to recognise that the VFM Profiles in themselves have limitations and that they require more detailed investigation before they can be safely used as basis for decision making. In particular the profiles focus on costs per head of population, which tends to show Cumbria as relatively expensive across all services due to its low resident population – it should be noted that the impact of increased population due to tourism is not taken into account.

In addition, caution needs to be exercised in ensuring that costs and categorisations give a true comparison on a like for like basis, as forces can - and do - budget in different ways and there may be an element of subjectivity with regard to allocating costs. A national programme of work has started, in which the Joint PCC and Constabulary CFO is involved. The work is investigating ways in which the data can be collected and categorised more objectively, and therefore provide a more realistic comparison of cost across forces.

The high level analysis only covers areas of service where Cumbria has been identified as an outlier compared with its peer group - that is, where the Constabulary performs less well and services are, or appear to be, more expensive based on the criteria used in the profiles.

An outlier is defined as being in the top or bottom 10% and where the effect of the difference is greater than £1 per head of population.

The 2020 profiles show that the areas identified as being significantly above the all forces or MSG average cost are broadly the same this year as they have been in previous years and this has consistently been the case across the period since value for money profiles were first introduced.

Important general points about the VfM profiles

- Cumbria is a demographic outlier when comparing it to its MSG and this will continue to be the case, regardless of any VfM comparators. Cumbria's geography, topography and socioeconomic environment are unique and there are fixed costs associated with this regardless of other comparisons.
- Population is the main determinant used in the profiles for assessing value for money – that is, cost per head. This significantly disadvantages Cumbria, which has the lowest population of 42 forces (excluding City of London), is the fourth largest covering 2,613 square miles, is sparsely populated, is classified as 98% rural, and is geographically isolated. The additional cost of delivering services in this physical geography is not taken into account.
- The sparsity of the population, the rural nature of the county and the isolated geographic location of the county in England, results in higher costs to deliver police services compared to other forces and, limits opportunities for cost effective collaborations with other forces for specialist operational services or private companies to provide services. As a result, Cumbria Constabulary requires more people and more equipment to deliver a police service to a small population distributed over a large area.

As a result, all of these factors combine to incur additional fixed costs in policing the county, irrespective of how and by whom police services are provided, and regardless of policy or strategy decisions made by senior management.

The table overleaf shows where the profiles show Cumbria as an outlier, provides an explanation or context and identifies any actions being taken by the Constabulary as a result.

Note that the comparisons exclude Metropolitan Police Service (the largest force) and the City of London Police Service (the smallest force) are excluded as their sizes and specialist functions can skew the analysis.

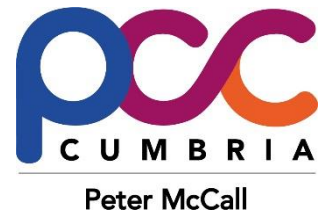
VfM Category	Cumbria Data Value of difference compared to all forces	Context and/or Explanation	Note of any action being taken
Local policing	Incident/response police officer costs £3.1m	This is an existing outlier and is attributable at least in part to a conscious decision to prioritise local policing. The gross additional cost is £7.1m however, this category also includes local investigation (i.e. CID). Our CID is multifunctional and includes a large element of safeguarding, which enables us to prioritise investigations to threat risk and harm and – these are our Crime and Safeguarding Teams (CAST) based in local areas for which we are a negative outlier -£0.6m and Neighbourhood Policing -£3.3m .	Accounted for in the resource allocation process for 2020/21.
Dealing with the public	Central Communications (CCR) police officer costs £1.1m	This reflects the changes made in Command and Control where the Constabulary made a conscious decision to operate with officers rather than police staff. This has reduced demand on frontline by 40%- delivering best use of resources by using officer knowledge and expertise at the start of the process, resolving the public’s issues as early as possible and providing the best advice and information- with an aim to increase this further. The Constabulary would not be able to accommodate the demand if we put all these officers back on shift, as their impact would be diluted. The benefits from the new Command and Control system will make this function much more efficient and impact on the cost base.	Additional functionality IT replacement programme and review of processes and structures underway
Criminal justice arrangements	Police doctors, nurses & surgeons £0.86m	Cumbria has the highest cost of police doctors/nurses and surgeons in the country. – this is a contracted out service which is being closely managed. See points in the earlier part of this paper Custody function is subject to a change review	Continue contract management to drive out savings.

VfM Category	Cumbria Data Value of difference compared to all forces	Context and/or Explanation	Note of any action being taken
Roads policing	Traffic Units police officer costs £2.1m	Cumbria has been an outlier in this category since VfM profiles were first created in 2011. Although these costs are the 2 nd highest in the country please note that the comparison is not like for like. Cumbria Roads Policing includes the Armed Response Vehicle because officers are multi-skilled and perform a dual role. Other forces have these as separate units and firearms are categorised as Operational Support.	-
Operational support	Firearms Unit police officer costs £-1.7m	As above.	-
Operational support	Advanced public order police officer costs £0.8m	Advanced public order is also a multi skilled function and includes our secondary firearms response.	-
Public protection	Police officer cost £1.3m	The profiles are not flexible enough to account for our CASTs which skews the comparison (as described in local policing section). We carried out some significant demand work during 2018/19 and the number of resources available for public protection increased as a result of our evidence based reallocation decisions.	Already accounted for in our resource allocation process
	DA, DAO and IDVA police officer costs £1.0m		
	MASH police officer costs £0.6m		
	Child Sexual Exploitation £0.9m		

VfM Category	Cumbria Data Value of difference compared to all forces	Context and/or Explanation	Note of any action being taken
Intelligence	Intelligence analysis £0.6m	This reflects the increasing demand and complexity of policing operations and cases requiring detailed analysis of digital and other data.	-
<p>Support functions</p> <p>Cumbria has been an outlier in this category since VfM profiles were first created in 2011. It should be remembered that the All and MSG averages are not comparing like for like. For example, Lincolnshire has outsourced its business support and operational support functions.</p>	ICT Staff costs and non-employment costs £2.9m	Cumbria has been an outlier in this category since VfM profiles were first created in 2011. Some of our ICT fixed costs will be higher than other forces, as already described in the first section of this report. The Constabulary has now focused on benefits delivery to drive out efficiencies and has a digital policing target operating model to deliver increased effectiveness and productivity.	<ul style="list-style-type: none"> ☐ Ongoing Business Transformation Programme with targeted savings of £600,000 per annum over the next 3 years ☐ Revised benefits work being undertaken for driving out savings and productivity gains from IT deployed ☐ Review of information management and data quality improvement plan being delivered to reduce digital storage costs over the longer term ☐ Rebasing of fleet and estate strategies to
	Fleet services non employment costs £0.7m	Cumbria has been an outlier in this category since VfM profiles were first created in 2011. The cost of fleet provision and associated transport costs are high in Cumbria due to the size, geography and topography of the county. In addition, the LSE with HMIC has undertaken some work about factors that provide challenges for policing. This identifies that Cumbria’s average travel times are 70% more than the national average.	
	Training police officer costs £0.5m	This was a new outlier in 2018 profiles and remains. The Constabulary has invested in its own function to ensure that staff and officers have the skills to deliver the best service for the public. In addition, the force has increased its rate of police officer recruitment which has required additional trainer resource – this will continue because of Operation Uplift	
	Performance review police officer costs £0.8m	Increased performance review costs reflect the investment in the Business Improvement Unit to drive up quality and reduce reworking costs, the change team to deliver savings required and in IMS staff to meet demand and deliver the Business Intelligence Project. Non police officer costs are significantly less than average.	

VfM Category	Cumbria Data Value of difference compared to all forces	Context and/or Explanation	Note of any action being taken
	Finance staff costs £0.3m Estate costs £0.7m	This was a new outlier, which will be further investigated as initial research showed anomalies which need explanation. Costs were reduced in 2017/18, following the move to a Joint Chief Finance Officer. This reflects the cost of running the Estate.	reduce overheads (annual process) ☐ Business intelligence Project to reduce performance and intelligence cost base in the next 4 years , plus other savings

Joint Audit Committee



Title: Effectiveness of OPCC Risk Management Activity Monitoring

Date: 14 June 2021

Agenda Item No: 09

Originating Officer: Joanne Head, Governance Manager

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 where a number of updates were included. The strategy was updated in consultation with Mr Jack Jones of the Joint Audit Committee and presented to their meeting in June 2020. The next review is scheduled for March 2023. 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 provides 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 2020-21 the risk registers continue to be reviewed and updated on a quarterly basis. The strategic and operational risk registers have a mechanism to enable risks to be moved between the two, allowing risks to be appropriately monitored and reviewed.

2.5 Within the reporting period, and in line with the OPCC's Risk Strategy, JAC were presented with the updated strategic risk register on a four monthly basis 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 six risks identified within the strategic risk register. These being Strategic Finance, the Emergency Services Mobile Communications Programme, Information Management (GDPR compliance), Procurement, OPCC Business Disruption and Partnerships & Collaboration. 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 R6 OPCC Business Disruption, was added due to its subsequent escalation from the operational risk register following the declaration of the COVID-19 pandemic. It related to potential business disruption following the Coronavirus outbreak and developing spread within the United Kingdom. The OPCC continues to closely monitor the situation, adapting and 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 R5 Procurement was removed from the strategic risk register as the Head of Commercial Services took the decision to remain with the Constabulary.

2.9 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.

2.10 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.

2.11 During 2020-21 a total of 56 decisions were made. These can be broken down into 19 Commissioner decisions, 23 Exec team decisions and 14 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.

2.12 The OPCC has also reviewed its operational risk register, rationalising it to reflect the operational risks it faced during 2020/21. A review of the operational risk register is carried out on a four-monthly basis with all staff being required to review their own risks and make any necessary changes and updates. The OPCC Executive Team regularly consider both the strategic and operational risk registers as part of their meetings. A copy of the front sheet of the Operational Risk register is provided to the Joint Audit Committee when the OPCC Strategic Risk register is presented. 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.

2.13 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

2.14 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 four-monthly basis during 2020/21 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.

2.15 During 2020/21, again the risk of a change to the funding formula was present on both organisation's strategic risk registers. The 2020/21 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 2020/21 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.

2.16 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. Recent cost updates have indicated that forces will have to meet an increased share of the costs which they will need to allocate funding for.

2.17 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.

2.18 As previously mentioned within the report a 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

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

2.20 A risk management training session was held on 28 February 2019 following a number of new members of staff joining the OPCC team. 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 has been incorporated within the OPCC's 2020-21 Training Plan and is scheduled for July 2021.

Joint Audit Committee

2.21 During 2020/21 the OPCC's Chief Executive presented the OPCC's strategic risk register to the Joint Audit Committee on three 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

2.22 The Governance Manager is the OPCC lead officer for risk and carried out this role throughout 2020/21. On a four-monthly 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 2020/21.

3. Internal Audit

3.1 As part of the annual audit programme for 2020/21 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 2020/21 did not identify any new or unidentified risks to the OPCC.

4. Conclusions

4.1 From the monitoring which has taken place during 2020/21 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

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

Joanne Head – Governance Manager

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E Mail: joanne.head@cumbria.police.uk

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Joint Audit Committee



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

Date: 14 June 2021

Agenda Item No: 10

Originating Officer: Joanne Head, Governance Manager

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 Arrangements to prevent and detect Fraud and Corruption are reviewed and approved by the Police and Crime Commissioner on a cyclical basis. These arrangements provide clear definitions of fraud, corruption, theft and irregularity within the strategy. They were reviewed and updated in November 2019 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 a review between the gifts and hospitality registers, the contact with supplier register and decisions made by the Commissioner. During 2020/21 no irregularities, issues or concerns have been identified.

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 2020/21 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 identify 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 during the reporting period. 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. 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 2020/21 he made no notification of offers of hospitality. This change to previous years can be attributed to the COVID-19 pandemic lockdowns, different ways of working such as virtual meetings and precautions in attending events. 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. During 2020/21 the Commissioner made no expense claims due to the COVID-19 pandemic restrictions, guidance and different ways of working. The Constabulary's Central Services Department would re-check the claims against the Home Office criteria before making payment where any claims are made providing an additional level of assurance. In line with the Elected Local Policing Bodies (Specified Information) Order 2011 authorised expenses are published on the OPCC website.

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 2020/21 no irregularities or fraudulent claims were made by any of those mentioned above.

2.6 On the 28 January 2021 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 February 2021 to ensure public transparency of declarations. During 2020/21 the Commissioner and OPCC Exec Team made 56 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 2020/21.

2.7 During 2020/21 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 139 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 2020/21 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. During 2020/21 the Panel were only able to carry out one dip sample process due to the COVID-19 pandemic in October 2020. They reviewed all four of the cases that had been finalised to that date a noticeable reduction in numbers, again due to the pandemic. The Panel report their findings to the Commissioner at his Public Accountability Conference meetings via the Panel minutes and their Annual Report. During 2020/2021 the Panel did not identify any issues or areas of concern to be 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. As this process is undertaken following the compilation of this report the OPCC is not able to report on the outcome of the 2020/21 process at this time. No incidents of fraud were identified to the Joint Chief Finance Officer during the 2019/20 processes. 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 2020/21 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
2020

Ethics
&
Integrity
Panel

Forward of the Panel Chair

Welcome to the 2020 Annual Report of the Ethics and Integrity Panel.

This year has been one of unprecedented change and challenge for the Constabulary, and the people of Cumbria that they serve. Through strong individual and team working they have supported communities and each other to face the policing of the pandemic with professionalism and integrity. This is a great credit to not only the Constabulary but to each officer and member of staff.

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.

While 2020 has been an incredibly challenging year, we have maintained our work programme, and have adapted to look at a number of COVID specific issues and activities.

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 Police and Crime Commissioner and the Chief Constable

The Police and Crime Commissioner for Cumbria, Peter McCall said:

Oversight of policing remains an important part of my role and it is essential that ethical standards remain high. 2020 has been an exceptionally hard year for members of the public and for the police officers and staff who provide the policing service within our communities. They have worked in very difficult circumstances to keep everyone safe.

The legitimacy of our police 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 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, particularly this year when they have been faced with often difficult and challenging circumstances.

My role is to serve the communities of Cumbria and be their voice for policing matters. Many individuals contact myself and through the work of the staff within my office we are able to provide them with assistance, guidance or explanations. This year an addition to my role and that of my office is to carry out reviews of public complaint cases which adds an openness and transparency to the process. It is important that myself and my team also work to high ethical standards to ensure that public confidence is maintained.

The independent work of the Ethics and Integrity Panel is extremely important and continues to provide a valuable scrutiny role on the ethical values of both organisations. The broad range of business that they scrutinise continues to be developed to ensure that the Panel remains effective. I am grateful for the commitment of its Chair and members who have worked hard to ensure the work has continued notwithstanding the extraordinary challenges of the COVID-19 situation.

The Chief Constable, Michelle Skeer said:

As a Constabulary we understand that members of the public have an expectation of the level of policing service they should receive. This is even more important during policing in the recent pandemic with the imposition of additional restrictions to save lives. Our principles and standards are underpinned by the Police Code of Ethics. Independent scrutiny, through the panel, provides me with continued reassurance of our transparency and supports our determination in delivering an outstanding policing service to keep the communities of Cumbria safe.

1. Introduction & Background

Since its inception in 2015, the purpose of the Ethics and Integrity Panel continues to be 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 2020.

The Panel meets privately on a quarterly basis to enable open and frank discussions. The 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 and OPCC'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 once again continued to develop during 2020 to reflect the changing dynamics of policing in Cumbria and the challenges it faces. Once again, a number of thematic sessions were held during the year to look at specific issues or areas of business. This enabled the Police and Crime Commissioner and the Chief Constable to be provided with independent reassurance.

Even though the COVID-19 pandemic drastically affected how everyone worked, the Panel held virtual meetings to continue with their oversight and some of their dip sampling processes.

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:

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

2. Public Complaints, Quality of Service and Reviews

Public Complaints

Schedule 14 of the Police Reform and Social Responsibility Act 2011 provides Police and Crime Commissioners with a role to play in overseeing police complaints, including the ability to direct a chief officer of police to comply with obligations. The Police and Crime Commissioner for Cumbria utilises the Ethics and Integrity Panel to fulfil this function on his behalf, thereby gaining assurance from their independence.

Due to COVID-19 restrictions the Panel were unable to carry out their 6 monthly dip sample process in May 2020. This was to ensure the safety and wellbeing of both staff and Panel members. Therefore, an annual dip sample session was held at the end of October when the Panel members were able to physically carry out file reviews.

Over the reporting period, the Panel reviewed 30 complaint files. They carried out the dip samples directly via the Centurion system within the Professional Standards Department, enabling members to view all information, actions and outcomes on the live system. Speaking directly with case workers regarding any issues or concerns.

Following the session any recommendations or comments were collated within an action sheet to ensure that they are completed and where appropriate implemented in a timely manner. Some of these include:

- Following the implementation of the new regulations, complainants are contacted at a much earlier stage, with many being dealt with immediately. This provided a much better service to members of the public; and enabled complaint handlers to manage a complainant's expectations at the beginning of the process. With complaints being resolved at the earliest opportunity this now affords staff the ability to concentrate on the more complex complaints and their investigation.
- The use by officers of their Body Worn Video equipment remained an issue. A number of complaints could have easily been dealt with had they switched it on. Following the Panel's identification of the continuing issue a force wide notification was issued to all officers and staff.
- The standard of the Constabulary's public complaint files had once again been maintained throughout the year.

Quality of Service

The Office of the Police & Crime Commissioner received 553 letters, emails and telephone calls from members of the public who wish to raise issues or dissatisfaction with the Commissioner. Where the matter related to operational policing the OPCC liaised with the Chief Constable's Staff office to provide information or a solution for the individual. The types of issues raised are:

- The Police Service provided or received
- Transport issues – parking, speeding or anti-social driving
- Miscellaneous – hunting, E-scooters/bikes, and Constabulary policies or procedures
- Crime – cold callers, child welfare, cybercrime, neighbour disputes
- COVID-19 – supportive of police action, reporting residents not following the guidance

The OPCC also received a number of compliments thanking the Commissioner or the Constabulary for the service they provide.

Reviews

The Policing and Crime Act 2017 mandated that Police and Crime Commissioners undertake reviews of public complaints and came into force from 1 February 2020. As part of the Panel's work they also carried out a dip sample of the reviews completed by the OPCC during the first 6 months. They felt that they had been dealt with appropriately and within a timely manner.

At their quarterly meetings the Panel received performance data from the Constabulary on the number of complaints received and how these have been managed, including whether they were within the required timescales.

The Panel also reviewed work undertaken by the Office of the Police & Crime Commissioner in relation to complaints and quality of service. During 2020 there was a sustained increase in the number of people contacting the Commissioner regarding policing issues. The OPCC through raising these issues with the Chief Constable's staff office have facilitated all individuals to receive a written response answering their questions or queries.

3. Police Officer & Police Staff Misconduct

The Panel received information on a quarterly basis relating to **Police Officer Misconduct** from the Constabulary's Anti-Fraud and Corruption Unit. Information relating to **Police Staff Misconduct** was now also provided on a quarterly basis due to the Professional Standards Department now dealing with all types of misconduct. This enables the Panel to monitor performance in relation to these areas of business and consider any patterns or trends across the whole organisation.

As part of their work programme the Panel have reviewed misconduct files prior to their November 2020 meeting. Again, only one session was held due to COVID-19 pandemic restrictions as the safety and wellbeing of staff and Panel members was paramount. During the session the Panel reviewed all completed files, providing views and recommendations for any improvement in the way information was provided, how cases were handled or the public perception of the handling of such cases. They were pleased to note that the quality of the files was being maintained and that actions were being fully recorded within each case.



Some of the cases reviewed related to student or officers young in service. Some of the cases could be attributed to adjusting lifestyle choices after becoming a police officer.

Having reviewed all completed files, the Panel have gained assurance that the Constabulary are dealing with misconduct and complaints in a professional manner. At no time did the Panel disagree with the outcome of any of the files. Where they provided advice or recommendations, this was to improve the service provided or the process being undertaken.

4. Code of Ethics and Code of Conduct

The Panel's role is to ensure that both the Constabulary and the Police and Crime Commissioner have embedded within their organisations the **Code of Ethics** and **Code of Conduct** respectively.

The Panel have been provided with assurance whilst carrying out their role that both organisations take the ethos of the Code of Ethics and Code of Conduct seriously and this has been evident in the reviews and dip samples they have undertaken in other areas of business. During their various dip sample sessions, the Panel saw first-hand that policies and procedures within the Constabulary had the ethos of the Code of Ethics embedded within them.

Similarly, the Commissioner upon taking office in May 2016 swore an oath to act with integrity and signed a Code of Conduct and Ethics. 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. Equally important the OPCC members of staff adhere to a **Staff Code of Conduct** which is based upon the model Code of Conduct for Local Government Employees and incorporates the principles arising from the Nolan Report, providing a framework for all employees in terms of official conduct

During 2020 the Panel did not identify any complaints received from either members of staff or the Commissioner regarding conduct or integrity.



6. Thematic Inspections

The Panel reviewed six areas of thematic work during 2020.



In February they 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.

Two detentions had been authorised using Sec 136 and both of these were reviewed. The Panel felt that the detention of the individuals had been justified. Service provision by health trusts often hindered the quick release of detainees resulting in custody staff having to deal with individuals for long periods of time.

They recognised 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.

Changes to the provision of mental health services had seen the county split in two. The North of the county receiving provision from the North East and the South receiving provision from Lancashire. This meant that 'hub beds' could be accessed across the three counties. Work was being carried out across partner agencies to increase staff training to deal with mental health patients and to have fit for purpose vehicles to be able to transport them to mental health facilities.



Also, in February 2020 the Panel were provided with a breakdown of usage and the training being provided to officers in relation to **Spit Guards**. During 2019 765 officers had received training with a further 99 officers being trained as part of their initial training courses. This gave a total of 864 officers trained in how to use and apply Spit Guards. No complaints had been made or received regarding the application or use of Spit Guards during 2019. This could largely be attributed to Spit Guards only being used on an individual for a short period of time. Officers were also trained in aftercare techniques, continually carrying out risk assessments and monitoring any changing health conditions.



During 2020 the Panel continued to monitor development and change within the **Communications Centre**. The introduction of a new Command and Control system had initially encountered some problems, but these were worked through during the first six months of the year. As well as a system which provided the required service it was important to realise value for money and relinquish some of the 'switchboard' functions which were unnecessary for the Communication Centre to carry out. Development of an announcement message to direct people appropriately had been introduced with a view to directing callers to the most appropriate service.

As the COVID-19 pandemic evolved at the beginning of 2020 the Communications Centre was split into 3 teams to enable social distancing, ensuring staff wellbeing and minimising the transmitting of the disease.



To provide assurance to the Constabulary and transparency for the communities of Cumbria the Panel carried out two dip samples of **COVID-19 Fixed Penalty Notices** which were issued during the first pandemic lockdown to individuals who did not comply with the guidance. The sessions were carried out in May and July to assess whether Fixed Penalty Notices were being issued appropriately. If members of the public were committing crimes or offences, these were dealt with by other means as they would normally.

At the conclusion of the May dip sample the Panel found that the Fixed Penalty Notices had been issued appropriately where necessary. Recognising that the Constabulary were Engaging, Encouraging, Explaining and only where necessary Enforcing the legislation and guidance.

Following issues being highlighted nationally, the Panel in July specifically carried out a comparison of tickets issued to Black and Minority Ethnic (BAME) individuals compared to those identified as non- BAME. It was noted that nearly 40% of the tickets issued were to individuals who did not reside within Cumbria and therefore the demographic compared to that of the

county could potentially show disproportionality against BAME communities.

Having completed the dip samples the Panel were able to provide assurance that the issuing of Fixed Penalty Notices were in the main proportionate. The Panel raised some questions on the comparison data provided and were advised that an explanation was to be provided to them. Unfortunately, this was not provided at their November meeting and it was hoped that it would be provided in January 2021. They sought reassurance that there was no bias in the issuing of the notices and that officers and staff had received appropriate unconscious bias training.

As the pandemic continued in the autumn of November 2020 with a further lockdown and Tier restrictions it was agreed that the Panel would carry out a further dip sample in January 2021.



In August 2020 the Panel carried out a dip sample of forms regarding the use of **TASER**. They reviewed 20 forms where the TASER had been fired and 20 where it had been used but not actually discharged.

They identified that the use of force form had not been specifically designed to record TASER usage, rather it was added to an existing form. This resulted in officers not being able to fully notate what tactics had been used up to the point of the TASER being discharged; nor did it allow full oversight by supervision. Following the Panel's findings and recommendations, the Constabulary's use of force form was amended to enable officers to fully record the use of TASER and actions leading up to it.



In August the Panel carried out their annual review of **Stop and Search** forms to ensure that their completion had been maintained. Of the 40 forms reviewed 17 were identified as requiring improvement and a number of forms indicated that Body Worn Video had not been activated during the stop and search. Had the recording of the incidents on the forms been of a better quality it would have provided a better picture of the circumstances of the

stop and would stand up to scrutiny should there be a challenge. None of the forms indicated that the stop and search was not legally carried out.



Since their initial thematic session regarding **Body Worn Video**, the Panel continued to monitor its usage within the Constabulary.

As has been identified earlier in this report, there remains a number of areas of Constabulary business where Body Worn Video is not used to its full potential. These include Stop and Search, responding to incidents following which a complaint is made. The use of Body Worn Video provides an independent viewpoint of a matter or incident. When it is not used where it should have been leaves the officer and Constabulary open to complaint, criticism and potentially civil litigation.

As identified earlier, following the Panel's complaint case dip sample, the Constabulary took on board the findings and issued further guidance and instruction to all officers and staff about the compulsory need to use Body Worn Video.



CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT COMMITTEE

Meeting date: 23 June 2021

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

INTERNAL AUDIT: ANNUAL REPORT 2020/21

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the outcomes of the work of internal audit for 2020/21 as at 7 June 2021 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, 85% of audits have resulted in Reasonable or Substantial assurance.
 - Internal Audit work 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. The 2020/21 audit plan presented to JAC in March 2020 was reassessed and re-presented to the Committee in June 2020 when internal audit work recommenced. The original and reassessed audit plans were prepared in line with the PSIAS and information provided by CIPFA and the IIA in order to allow sufficient coverage to provide the annual opinions for both organisations.

- 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 finalised 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 Trauma Reduction Incident Management (TRiM) was revised upwards 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 reassessed 2020/21 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 reassessed 2020/21 audit plan.
 - The request of the OPCC and Constabulary to temporarily suspend internal audit work from March 2020 to June 2020 due to the COVID-19 pandemic and its impact on getting work underway in 2020/21.
 - 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 31st March 2021.
 - 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 (JAC) on the systems of governance, risk management and internal control.
- 4.3 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls are operating effectively.
- 4.4 The internal audit plan for 2020/21 was prepared using a risk-based approach and following consultation with senior management to ensure that internal audit coverage is focused on the areas of highest risk to both organisations. The 2020/21 draft plan was presented to JAC on 18th March 2020. This was prior to a request from the Joint Chief Finance Officer on 23rd March to temporarily suspend Internal Audit work so that the Constabulary and OPCC could focus their resources on the COVID-19 response. Given the delay in starting the work in the 2020/21 audit plan, and in the light of the time elapsed and ongoing COVID-19 situation, the plan was reassessed with Collaborative Board. The reassessed 2020/21 plan was presented to JAC on 24th June 2020. The original and reassessed audit plans have been prepared to allow the production of the annual internal audit opinions as required by the PSIAS.

Annual opinions of the Head of Internal Audit on the PCC and Chief Constable's arrangements for Governance, Risk Management and Internal Control

- 4.5 The purpose of this report is to give my interim opinions 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 31st March 2021. The annual opinion from the Head of the Internal Audit is a requirement of the Public Sector Internal Audit Standards.
- 4.6 This report is a key contributor to the PCC and the Chief Constable's Annual Governance Statements.
- 4.7 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 (OPCC)

- 4.8 Internal Audit's review of the PCC's risk management arrangements concluded that they are effective.
- 4.9 The OPCC's risk management strategy 2020-23 was updated in February 2020, approved by Executive Team on 2 April 2020 and was used from April 2020. The strategy comprehensively sets out the approach, objectives, framework, methodology and responsibilities in respect of risk management. 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 was presented to the Joint Audit Committee for review and scrutiny at the September 2020 and March 2021 meetings.
- 4.10 Risks to the organisation arising from the COVID-19 pandemic were identified, highlighted and reported on the OPCC's strategic risk register in September 2020, alongside the controls in place to mitigate the risk. By March 2021 the COVID risk was reverted to the OPCC's operational risk register.
- 4.11 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 strategy.

Chief Constable (Constabulary)

- 4.12 Our work undertaken on the Chief Constable's risk management arrangements concluded that they are operating effectively.

- 4.13 The Constabulary's risk management policy in place in 2020/21 was approved in May 2019 with the next planned review being May 2022. 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.
- 4.14 The Constabulary's strategic risk register has been presented and discussed at Joint Audit Committee meetings in September 2020 and March 2021.
- 4.15 COVID-19 has featured on the Constabulary's strategic risk register throughout the year. In addition to police specific risks, the constabulary has been actively involved in the wider County response with the ACC being the Chair of the Cumbria Strategic Coordination Group for Covid-19 response.
- 4.16 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

- 4.17 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.
- 4.18 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.
- 4.19 Both organisations have Codes of Conduct setting expectations required of staff / officers.
- 4.20 Both organisations have an anti-fraud and corruption strategy in place.
- 4.21 Formal mechanisms are in place to engage with stakeholders (examples being Public Accountability Conferences, Collaborative Board meetings, events held / attended by the PCC, etc.).
- 4.22 Both organisations have been responsive to issues that have arisen during the year, particularly those brought about by the COVID-19 pandemic. For example, new ways of working were required to work in line with government restrictions. Key controls have remained in place with some adaptations to meet the need of the both organisations. We have seen examples, during our audit work, of issues which have been identified and swiftly addressed (e.g. sickness reporting levels). There is recognition that some initiatives which were rapidly progressed (for example, homeworking, digital leadership programme) may benefit from independent assurance over the arrangements

put in place and this has been accommodated in the 2021/22 internal audit plan.

Internal Control

- 4.23 From work undertaken in 2020/21, all but two reviews received either substantial or reasonable assurance supporting our view that there are no significant control issues. Two Constabulary reviews were given partial assurance. The audits of 'benefits delivery process' and 'Reflective Practice Review Process – Practice Requiring Improvement' received partial assurance. Progress in developing / implementing these areas had been slower than intended due to the need for the Constabulary to focus on its response to the COVID-19 pandemic. Senior management have provided assurances that steps will be taken to address the issues raised in the benefits delivery process report with a clear plan to address the issues. A full internal audit review of the benefits delivery process is included in the 2021/22 internal audit plan. Management have responded positively to the issues raised in the Reflective Practice Review Process – Practice Requiring Improvement audit with steps identified to address the issues raised. The follow up review will be included within the 2022/23 internal audit plan, once all priority issues have been addressed. It should be noted that no audit reviews in 2020/21 received our lowest assurance level of 'Limited' assurance.

Internal Audit Opinions 2020/21

- 4.24 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.
- 4.25 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. Work recommenced in June 2020, based on a reassessed audit plan. The reassessed plan resulted in a reduction of 30 days from the original plan that was presented to JAC in March 2020. The impact of this was to remove one audit review and time set aside as contingency. Despite the reduction in planned days and removal of one identified review, we consider that sufficient audit work has been undertaken in both organisations to provide the annual opinions.
- 4.26 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.

4.27 The Shared Service Group Audit Manager has undertaken review of 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.

Basis of the Opinions

4.28 The opinions are based on the work undertaken by Internal Audit during the year, which was based on the re-assessed audit plan approved by Collaborative Board in June 2020 and presented to the Joint Audit Committee on 24th June 2020.

4.29 In 2019/20 the guidance in respect of the impact of COVID-19 from the Chartered Institute of Internal Auditors was that the annual opinion of the Head of Internal Audit should be based on the percentage of work completed, 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. As the first COVID-19 lockdown started on 23 March 2020 a significant amount of work had already been done in 2019/20 towards last year's Head of Internal Audit's opinions.

4.30 However, COVID-19 is still with us and has continued to have an impact throughout 2020/21. The Chartered Institute of Public Finance and Accountancy (CIPFA) recognised that COVID-19 would potentially have a greater impact on the 2020/21 Head of Internal Audit opinion than it did on the 2019/20 opinion. In November 2020 CIPFA issued their guidance on the Head of Internal Audit Opinion for 2020/21 and the Group Audit Manager and Audit Manager attended the CIPFA webinar on this subject on 15 December 2020.

4.31 The key focus of the CIPFA guidance was whether Heads of Audit would be able to issue a complete annual opinion in accordance with professional standards or whether there would need to be a limitation of scope. CIPFA states 'A limitation of scope arises where the Head of Internal Audit is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with professional standards'.

4.32 In assessing whether I can give my Head of Internal Audit opinions for 2020/21 without a limitation of scope I have considered the following:

- **Have I sufficient assurance across each of the three aspects of the opinion; governance, risk management and internal control** – Yes, as outlined earlier in this report we have been able to consider and update our view on all three areas. All reviews in the 2020/21 reassessed plan have been finalised.

- **Have I obtained sufficient assurance across significant areas of operation of the Constabulary and OPCC** – Yes, the internal audit plan and re-assessed audit plan for 2020/21 were prepared to ensure that there was sufficient coverage of both strategic and operational areas for the organisations.

4.33 In overall terms, my opinions are based on 13 completed reviews. This represents 100% of reviews that would receive an assurance opinion in the 2020/21 reassessed audit plan.

4.34 I am satisfied that there has been sufficient coverage across the both organisations to allow me to provide an opinion without any limitation of scope.

Internal audit coverage and outputs

4.35 The annual opinion is based on the outcomes of 13 completed reviews. This represents 100% of the planned work for the year (all audits that would have had a scored assessment).

4.36 All audits relating to the OPCC have received an assurance level of substantial or reasonable.

4.37 Six Constabulary reviews were assessed as providing substantial or reasonable assurance with the three reviews covering both organisations receiving substantial or reasonable assurance. Two Constabulary audits received partial assurance. The audits of benefits delivery process and Reflective Practice Review Process – Practice Requiring Improvement received partial assurance. Progress in developing / implementing these areas had been slower than intended due to the need for the Constabulary to focus on its response to the COVID-19 pandemic. Senior management have provided assurances that steps will be taken to address the issues raised in the benefits delivery process report with a clear plan to address the issues. A full internal audit review of the benefits delivery process is included in the 2021/22 internal audit plan. Management have responded positively to the issues raised in the Reflective Practice Review Process – Practice Requiring Improvement audit with steps identified to address the issues raised. The follow up review will be included within the 2022/23 internal audit plan, once all priority issues have been addressed.

4.38 Management responses to Internal Audit reports and recommendations have been positive.

4.39 Progress in implementing Internal Audit recommendations are monitored by the Joint Audit Committee at each meeting.

4.40 The following table summarises the total number of audit evaluations made during 2020/21 for the Constabulary, the OPCC and systems operated jointly for both organisations for finalised reports.

Assurance level	Constabulary	OPCC	Joint	Total	%
Substantial	2	1	1	4	31%
Reasonable	4	-	3	7	54%
Partial	2	-	-	2	15%
Limited	-	-	-	-	-
Total	8	1	4	13	100%

4.41 In addition to the assurance work set out above we have also undertaken the following other work:

- Work on risk management for both organisations. The outcome is set out in paragraphs 4.8 - 4.16 of this report and has been reflected within the annual opinions.
- We have completed advisory / consultancy work on Vehicle Utilisation and Front Office Counters, presented our findings to management and reported the outcomes to JAC.

4.42 As outlined previously in this report, audit work temporarily suspended in March 2020, due to the COVID-19 pandemic, was restarted in June 2020. As a result, we reassessed the 2020/21 internal audit plan which was presented to JAC at its meeting on 18 March 2020. The reassessed plan provides for one fewer piece of identified audit work, and included a small amount of unallocated time, giving an overall reduction of 30 audit days. At the time of writing this report all reviews in the plan are complete.

4.43 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
2020/21 *	8	1	4	13
2019/20	8	2	4	14
2018/19	11	3	3	17
2017/18	12	2	2	16

* 2020/21 - reassessed plan

4.44 I have given both organisations 'reasonable' assurance in my Head of Internal Audit's opinions for 2020/21.

4.45 Appendix 1 provides the detail of audit work undertaken from the 2020/21 internal audit plan including work in progress from the 2019/20 plan. Text that is shaded in grey has been reported to Joint Audit Committee during the year and is included here for completeness.

Statement of Conformance with Public Sector Internal Audit Standards

- 4.46 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.

Internal audit performance

- 4.47 A suite of performance measures was used to monitor Internal Audit's performance during 2020/21. The results are shown at Appendix 3.

Results of the Quality Assurance and Improvement Programme

- 4.48 The QAIP was presented to JAC on 17th March 2021. We can confirm that the QAIP was followed in 2020/21.

Richard McGahon
Group Audit Manager
June 2021

APPENDICES

Appendix 1: Final reports issued to 7th June 2021

Appendix 2: Progress on all risk based audits from the 2020/21 reassessed plan including work in progress from the 2019/20 plan

Appendix 3: Internal audit performance measures to 7th June 2021

Report Author: Emma Toyne, emma.toyne@cumbria.gov.uk

Appendix 1 – Final reports issued to 7th June 2021

Assignments	Status	Assessment
Creditors (WIP 2019/20)	Report circulated to members of the Joint Audit Committee and included in the 24th September Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Front Office Counters (Advisory / Consultancy)	Work completed. Presentation drafted and issued to the Director of Corporate Improvement on 18 September 2020. Findings were due to be presented to Collaborative Board on 5 th November 2020 but this meeting was cancelled. We plan to present our findings to the Collaborative Board on 19 ^h November 2020.	N/A
Vehicle Utilisation (Advisory / Consultancy)	Work completed. Findings presented to Vehicle Fleet management on 4 September 2020, draft report and presentation issued to the Director of Corporate Support on 23 September 2020. We met with the Director of Corporate Support and Head of Fleet on 22 October 2020 to discuss and agree our findings. We were due to present our findings to Collaborative Board on 5 November 2020 but this meeting was cancelled. We presented our findings to Collaborative Board on 19 November 2020.	N/A
Collision Reduction Officers	Report circulated to members of the Joint Audit Committee and available on the Commissioner's website.	Reasonable
TRiM follow up	Report circulated to members of the Joint Audit Committee and available on the Commissioner's website.	Reasonable
Benefits Delivery Process	Report presented to Joint Audit Committee at 17 March 2021 meeting. Report included in Committee papers and available on the Commissioner's website.	Partial

Appendix 1 – Final reports issued to 7th June 2021

Assignments	Status	Assessment
Sickness Reporting Procedures (replaces Property Stores audit)	Report circulated to members of the Joint Audit Committee and available on the Commissioner’s website.	Substantial
Main Accounting System	Report presented to Joint Audit Committee at 23 rd June 2021 meeting. Report included in Committee papers and available on the Commissioner’s website.	Reasonable
Reflective Practice Review Process – Practice Requiring Improvement	Report circulated to members of the Joint Audit Committee and included in 23 rd June 2021 Committee papers for discussion at the meeting if required. Report available on the Commissioner’s website	Partial
Sickness Management	Report circulated to members of the Joint Audit Committee and included in 23 rd June 2021 Committee papers for discussion at the meeting if required. Report available on the Commissioner’s website	Substantial
Pensions	Report circulated to members of the Joint Audit Committee and included in 23 rd June 2021 Committee papers for discussion at the meeting if required. Report available on the Commissioner’s website	Substantial
Financial sustainability	Report circulated to members of the Joint Audit Committee and included in 23 rd June 2021 Committee papers for discussion at the meeting if required. Report available on the Commissioner’s website	Reasonable
Business Transformation Project - Finance	Report circulated to members of the Joint Audit Committee and included in 23 rd June 2021 Committee papers for discussion at the meeting if required. Report available on the Commissioner’s website	Reasonable

Appendix 1 – Final reports issued to 7th June 2021

Assignments	Status	Assessment
Contract management (Constabulary)	Report circulated to members of the Joint Audit Committee and included in 23rd June 2021 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website	Reasonable
Contract management (OPCC)	Report circulated to members of the Joint Audit Committee and included in 23rd June 2021 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website	Substantial

Appendix 2 – Progress on 2020/21 Audit Plan, including 2019/20 work in progress

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary / OPCC	Creditors (WIP 2019/20)	Completed.	Yes
Constabulary	Vehicle Utilisation – Advisory / Consultancy (WIP 2019/20)	Completed.	N/A
Constabulary / OPCC	Financial sustainability	Completed.	Yes
Constabulary / OPCC	Benefits delivery process	Completed.	No. Followed up on 06/05/21 and 03/06/21.
Constabulary / OPCC	Risk management and governance	Completed.	N/A
Constabulary	Contract management	Completed.	N/A – Not yet due. Feedback form issued 01/06/21
OPCC	Contract management	Completed.	N/A – Not yet due. Feedback form issued 03/06/21
Constabulary	Sickness management	Completed.	Yes
Constabulary	Collision Reduction Officers (CROs)	Completed	Yes
Constabulary	Professional Standards – Reflective Practice Review Process	Completed.	Yes

Appendix 2 – Progress on 2020/21 Audit Plan, including 2019/20 work in progress

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary	Sickness Reporting Procedures (replaces Property Stores audit)	Completed	Yes
Constabulary	New Business Transformation Project (BTP) finance – Phase 1	Completed.	Yes
Constabulary	New Business Transformation Project (BTP) finance – Phase 2	Delays in the project implementation mean that Phase 2 of the review has been carried forward into the 2021/22 Internal Audit plan along with 10 days to undertake the work.	N/A
Constabulary / OPCC	Financial systems – Main Accounting System	Completed	Yes
Constabulary / OPCC	Financial systems - Pensions	Completed	Yes
Constabulary	Front Office Counters (advisory / consultancy)	Completed	N/A
Constabulary	TRIM (Trauma Risk Incident Management) – follow up	Completed	N/A – this is a follow up

Appendix 2 – Progress on 2020/21 Audit Plan, including 2019/20 work in progress

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary / OPCC	New work resulting from COVID-19	No areas identified for Internal Audit review in 2020/21. Time has been allocated in the 2021/22 plan to consider the organisation's response to COVID-19 / Recovery & Renewal.	N/A
	Attendance at Police Audit Training & Development event	Completed – two day (virtual) conference attended by the Internal Audit Manager in November 2020. Further virtual session on audit planning attended by Audit Manager on 10 February 2021.	N/A
	Internal Audit Management	Completed	N/A

Key: Complete Work in progress Not yet started

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)	100%	<p>Of the 16 pieces of work in the 2020/21 audit plan, 13 were planned to result in a written report with an assurance rating. The 100% completion figure represents all 13 finalised reports.</p> <p>The other pieces of planned work were:</p> <ul style="list-style-type: none"> • work on risk management and governance (completed with an outcome of 'reasonable assurance' and incorporated into the annual opinion) • 2 pieces of advisory / consultancy work which do not receive an assurance rating.
Days delivered	<p>Number of planned days delivered</p> <p>*251 days plus 3 days to complete the creditors WIP from 2019/20, less 10 days for BTP Finance phase 2 carried forward to 2021/22. (281 per shared service agreement less 30 days removed from the plan due to COVID-19).</p>	<p>240</p> <p>244*</p>	244	
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued	100%	100%	

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
	prior to commencement of fieldwork.			
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 response or closeout meeting.	90%	100%	
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%	Twelve forms were issued for audits finalised in 2020/21. Ten were due by this date, nine have been

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
				returned, two are not yet due and a reminder has been sent requesting return of the outstanding form.
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	90%	Based on the ten forms returned. One form relates to an audit reported in 2019/20.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	71%	Internal Audit team productivity has been impacted by COVID-19. Internal Audit work on the OPCC and Constabulary's audit plan was suspended at the request of Joint Chief Finance Officer on 23rd March 2020. Work recommenced in late June 2020.

Appendix 3 – Internal audit performance measures

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Cumbria Office of the Police and Crime Commissioner

Public Accountability Conference 02 June 2021: Agenda Item 11
Joint Audit Committee 23 June 2021: Agenda Item 13

Review of effectiveness of the arrangements for Audit 2020/21

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. The review of effectiveness in relation to the Joint Audit Committee is now conducted over a biennial cycle as follows:

- Even Years – A report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance is produced.
- Odd Years - A 360' review of committee effectiveness which is private meeting between members, DCC, JCFO, CE & DCFO. This first review meeting has been arranged for the afternoon of 23 June 2021, following the JAC meeting in the morning.

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 guidance¹ that provides an evaluation self-assessment framework and a checklist of good practice.

2. Effectiveness of the Internal Audit Function

2.1. The effectiveness of the internal audit function is reviewed on the basis of compliance by the Internal Audit shared service provider with the PSIAS. The Group Audit Manager is required under the PSIAS to include within 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 17 March 2021 for review. The QAIP report set out what was in place during 2020/21 and what is

¹ audit committees\Practical Guidance for Local Authorities and Police

envisaged to be in place during 2021/22. 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, 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. The next external quality assessment is due to be completed in November 2022.
- 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. In 2020, 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 is 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. In a change from previous years, from 2020/21 the effectiveness of the committee is to be assessed on a biennial cycle as outlined in paragraph 1.2 above.

3.2. The key messages arising from the review carried out in 2020 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 100% attendance, have made a valued contribution to governance arrangements and have taken action on specific issues. During 2020/21 as a result of the covid-19 pandemic, all meetings were held online using MS Teams.
- Members have continued to increase their formal and informal training and development activities.
- The first 360’ review of the committee has been scheduled for 23/06/21.

3.3. 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 carried out in 2021, 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 2021, 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 2021 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 2021/22.

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 2021 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 2021/22.

Gill Shearer
Commissioner's Chief Executive

Roger Marshall
Joint Chief Finance Officer
26 May 2021

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 2020/21. The programme has been formally documented and was reported to the Joint Audit Committee on 17 March 2021. 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 2020/21 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

3.1 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:

3.2 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.

3.3 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.

3.4 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 e.g. 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. The Joint Audit Committee undertakes on a biennial basis a self-assessment against the CIPFA practical guidance checklist and has assessed itself as performing appropriately, in the intervening years, the committee and officers carry out a 360' review of the work of the committee, the first such review has been scheduled for 23/06/21.	✓		
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.	✓		

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
3.6	Ensure that the organisation's governance arrangements allow the HIA: – to bring influence to bear on material decisions reflecting governance; – direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit; and – to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate.	There are appropriate arrangements in place to allow the HIA to perform these functions appropriately.	✓		
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.	✓		

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
4.3	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, 18 March 2020 and 17 March 2021.	✓		
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 over 31 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 Shared Internal Audit Service
Internal Audit report for Cumbria Constabulary /
Cumbria OPCC

Audit of Main Accounting System

Draft Report Issued: 12 March 2021

Final Report Issued: 26 April 2021

Audit Resources

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Group Audit Manager	Richard McGahon	Richard.mcgahon@cumbria.gov.uk	07917837416
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Audit Report Distribution

For Action:	Keeley Hayton, Financial Services Manager Michelle Bellis, Deputy Chief Finance Officer
For Information:	Roger Marshall, Joint Chief Finance Officer
Audit Committee:	The Joint Audit Committee which is due to be held on 23 rd June 2021 will receive the report.

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

Executive Summary

Background

This report summarises the findings from the audit of **Main Accounting System**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

The main financial accounting system is the mechanism by which the PCC and Constabulary manage their financial affairs and record all financial transactions. The Joint Chief Finance Officer is responsible for ensuring the financial affairs of the PCC and Chief Constable are properly administered and that financial regulations are observed.

A new accounting system was procured in 2020 and went live in October 2020.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Michelle Bellis, Deputy Chief Finance Officer. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Journals
- Bank Reconciliations
- Control Accounts
- Feeder Systems
- Trial Balance
- Transfer of balances to the new Oracle system.

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

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating within Main Accounting System provide **reasonable** assurance.

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

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- Journals are processed by authorised staff and protocols are in place to ensure any lines over £50,000 are independently approved by Joint Chief Finance Officer or Deputy Chief Finance Officer.
- A timetable has been established for the monthly bank account and control account reconciliation deadlines, adherence to this is monitored via a Control Account Reconciliation Monitoring spreadsheet.
- Monthly bank account reconciliations for April 2020 to January 2021 were produced in a timely manner and have been independently reviewed (observations re. timeliness of reviews is contained in the main body of the report). Testing of the bank reconciliations for August, October and November 2020 confirmed they were consistent with supporting evidence.
- There are a number of control accounts in use e.g. payroll, investments, debtors, etc. We sample tested control account reconciliations for October and November 2020; testing confirmed that these were generally undertaken in a timely manner, in line with monthly deadlines and were independently reviewed (observations re. timeliness of reviews is contained in the main body of the report).
- Review of the Control Account Reconciliation Monitoring spreadsheet confirmed that 81.6% of reconciliations for the period April to January 2021 were completed on time and a further 9.2% nearly on time (based on timeliness parameters as defined by Finance).

- Feeder system control accounts were tested for October and November 2020. All amounts reconciled to those shown in the general ledger.
- Trial balances were reviewed for October and November 2020; it was confirmed that these balanced to zero.
- Detailed monthly information was transferred to the new Fusion system at the end of September 2020. Audit testing confirmed that balances had been correctly migrated to the new accounting system and trial balances equalled zero.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	1	0	1

The three levels of audit recommendation are defined in **Appendix A**.

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

Medium Priority issue:

- Not all required control accounts reconciliations are produced on a monthly basis. Target deadlines for reviewing the monthly bank and control account reconciliations have been missed on a number of occasions during the year.

Joint Chief Finance Officer comments

I welcome this report, which shows that many financial processes and controls are operating effectively. In relation to the recommendation, under normal circumstances control account reconciliations are completed on a timely basis. During the current year there have been extenuating circumstances as a result of remote working and implementing the new finance system, which have put pressure on the Financial Services team and resulted in delays in some financial processes. As indicated in the management response, we recognise that this is a key control and we will make every effort to complete control account reconciliations on a more timely basis going forward.

Roger Marshall, Joint Chief Finance Officer

26/04/21

Management Action Plan

Medium Priority

Audit finding	Management response
<p>Production and independent review of monthly account reconciliations</p> <p>Target dates for reconciling and reviewing monthly bank and control account reconciliations have been set and are monitored via a Control Account Reconciliation Monitoring spreadsheet.</p> <p>The monitoring spreadsheet did not show any completion or review dates for Police Property Act (PPA) or Creditors control accounts. Sample testing of PPA for October and November found the reconciliations were completed but not dated or reviewed. Further review of the Creditors information found that, although undertaken, no reconciliations or reviews had been completed on time for the period April 2020 to January 2021. This partly reflects the fact that the Finance Officer who normally undertakes these reconciliations is on maternity leave and the reconciliations are currently being produced by other members of the finance team.</p> <p>The Seized Cash Control Account and Seized Cash Bank were also reconciled and reviewed beyond the target dates each month. We were advised that there were issues obtaining relevant Seized Cash reports from the new accounting system for the period October 2020 to January 2021, this has now been resolved.</p>	<p>Agreed management action:</p> <p>The monthly/quarterly processes around bank and control account reconciliation are a key part of the financial controls. While I am confident that the reconciliations have been completed, the fact that the supervisor review has not always been undertaken in a timely manner is of concern.</p> <p>The financial year 2020/21 has been challenging in two respects, firstly as a result of the covid pandemic and the requirement for the team to work from home and secondly as a result of the change in financial ledger system, these factors have perhaps contributed to this lack of timely review during 2020/21.</p> <p>The Financial Services Managers have been reminded of the importance of the timely completion of these reconciliations, their</p>

<p>In the ten month period April 2020 to January 2021, bank account reconciliations had been produced promptly after the month end, however independent review of the bank account reconciliation was only completed by the target date on one occasion.</p> <p>For all reconciliations (bank and control accounts) the percentage independently reviewed by the target date set by Finance was calculated. Between April 2020 and January 2021 only 16.2% of reviews were completed on target, 45.3% nearly on target and 38.5% of reviews were late.</p>	<p>subsequent review/QA by a supervisor and the need to demonstrate an audit trail that the work has been done.</p>
<p>Recommendation 1: Ensure that all required control account reconciliations are produced on a monthly basis.</p> <p>Review of bank and control account reconciliations should be completed in a timely manner and within target dates.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Errors or irregularities with bank and control account reconciliations are not picked up in a timely manner. 	<p>Responsible manager for implementing: Michelle Bellis, Deputy Chief Finance Officer Date to be implemented: 30/04/2021</p>

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

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

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.



Cumbria Shared Internal Audit Service
Internal Audit report for Cumbria Constabulary
Audit of Reflective Practice Review Process –
Practice Requiring Improvement

Draft Report Issued: 10th March 2021

Final Report Issued: 10th May 2021

Audit Resources

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Audit Report Distribution

For Action:	Craig Smith, Detective Chief Inspector, Head of Professional Standards
For Information:	Lisa Hogan, Superintendent, Head of People Stephen Kirkpatrick, Director of Corporate Support Mark Webster, Deputy Chief Constable
Audit Committee:	The Joint Audit Committee which is due to be held on 23 rd June 2021 will receive the report.

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

Executive Summary

Background

This report summarises the findings from the audit of **Reflective Practice Review Process – Practice Requiring Improvement**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

The Reflective Practice Review Process (including Practice Requiring Improvement) was introduced as part of the updated Police Conduct Regulations which came into force on 1st February 2020.

Practice Requiring Improvement is defined within the Home Office Statutory Guidance as *‘underperformance or conduct not amounting to misconduct or gross misconduct, which falls short of the expectations of the public and the police service as set out in the Code of Ethics’*.

The purpose behind the reformed system is to develop an approach to the handling of matters which fall short of the expectations set out in the Code of Ethics and are considered low level conduct, mistakes or performance issues that can be handled in a more proportionate and constructive way without recourse to formal disciplinary proceedings or performance procedures.

The principal focus of following the process is to learn and to develop by improving from mistakes, poor judgement and low-level wrongdoing through early intervention. The process is designed to be inclusive, reflective and participative for the officer involved, and to be a process in which they can engage and take genuine learning and positive action from.

Reflective Practice Review Process - Practice Requiring Improvement (RPRP-PRI) falls within the remit of Professional Standards Department (PSD). A new Head of Professional Standards came into post in mid-November 2020.

The regulations came into place at the time the COVID-19 pandemic was escalating. As a result, the pace of introducing and developing the process within the Constabulary has been slower than anticipated and this means that the Reflective Practice Review Process – Practice Requiring Improvement (RPRP-PRI) process is not yet embedded within the Constabulary.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Stephen Kirkpatrick (Director of Corporate Support). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Policy and procedures
- Themes identified from the process
- Compliance with the regulations
- Awareness raising and training

Assurance Opinion

Each audit review is given an assurance opinion, and this provides the Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating within Reflective Practice Review Process – Practice Requiring Improvement provide **Partial Assurance**.

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

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- The Professional Standards Department (PSD) undertook an initial exercise to review all RPRP-PRI cases (we were informed that this was in the region of 10 cases at the time of the audit). They identified that the process, as required by the regulations, was not being complied with. This has resulted in corrective action being taken with a new process being proposed to enable oversight for compliance by PSD.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
2	3	0	5

The three levels of audit recommendation are defined in **Appendix A**.

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

High Priority Issues:

- Awareness of, and training on RPRP- PRI within the Constabulary needs to be developed and rolled out so that there is a full organisational understanding of, and engagement with, the process.
- Arrangements are not in place to identify and capture organisational learning from the RPRP-PRI process.

Medium Priority Issues:

- Supplementary procedures for the RPRP-PRI process have been developed. They require authorisation, approval and communication throughout the organisation.
- The measures identified by PSD to address issues of non-compliance with the RPRP-PRI process are not yet approved or rolled out so are not working in practice.
- A replacement for the Kallidus system, which included training outcomes from RPRP-PRI should be explored.

Advisory issues: None identified

Deputy Chief Constable Comments

Implementing new systems and processes to support the changed focus on police complaints and discipline towards Reflective Practice/Practice Requiring Improvement has been a developing area nationally since its recent introduction. The force approach is seeking to mirror that across other forces to ensure consistency. The College of Policing training products are key to that, along with internal process to record issues such as performance action plans that arise, along with ancillary issues such as the approval of business interests. These processes will allow the identification of themes across the organisation which can then be utilised to improve our policing approach. I am content that the steps outlined by the business area will take these issues forward in a way that will deliver to national standards and address the recommendations outlined within this report.

DCC M Webster 7th May 2021

Management Action Plan

High Priority

Audit finding	Management response
<p>Awareness Raising and Training</p> <p>We were informed that, at the time of our review, no training has been delivered on RPRP-PRI. Awareness raising and training is an area that the Head of PSD has identified as requiring some focus and development. It is recognised that RPRP-PRI represents a change in culture for the whole organisation and consideration is being given to how best this might be achieved.</p> <p>An extract of the notes from a recent Regional Professional Standards Panel meeting, which included a discussion on Practice Requiring Improvement, noted that <i>‘most forces reported that they have been able to roll out training for supervisors and line managers around the time the reforms were implemented in February 2020. However, and understandably, efforts have since been hampered by Covid-19 meaning some line managers may have been left without the necessary knowledge and experience of using Reflective Practice and RPRP to deal with performance and lower-level conduct matters’</i>.</p> <p>We were informed that in Cumbria, training has not been rolled out for supervisors and line managers. The Home Office Guidance document ‘Conduct, Efficiency and Effectiveness: Statutory Guidance on Professional Standards, Performance and Integrity in Policing’ highlights the important responsibility placed on supervisors and line managers in engaging in difficult conversations locally and addressing shortcomings through this process. Training for these roles is key to ensure that Officers have the confidence that unintentional mistakes, shortcomings or failings will be handled in a constructive way and</p>	<p>Agreed management action:</p> <p>We will develop a plan for rolling out training on RPRP-PRI. The plan will include timescales to enable delivery of training throughout the organisation.</p> <p>We are now utilising the MLE Training Package which will provide input in two formats.</p> <ol style="list-style-type: none"> 1) Supervisors 2) All members of staff (recipients) <p>It is anticipated this initial phase will see completion by Autumn 2021.</p>

admissions of such behaviour or mistakes will not be to their detriment or result in being punished. Instead they will be supported through constructive steps to aid their improvement and organisational learning identified to improve the wider environment.

We were informed that Chief Officer Group (COG) has recently approved the creation of a Force Learning Panel which is Chaired by the Head of People. At the time of our review the Panel had not yet met and Terms of Reference had not been defined to set out the remit of the Panel. We were informed that the Force Learning Panel would include work around how the RPRP-PRI might look with regard to training throughout the organisation.

The Head of PSD reported that the College of Policing’s Managed Learning Environment (MLE) will be used as part of the training roll out for RPRP-PRI once implemented. We were informed that the MLE information on RPRP-PRI had only been made available in late February 2021 and that the detail was still being worked through.

The Head of PSD informed Internal Audit that feedback had recently been sought from those involved in the RPRP-PRI process. We were informed that the feedback confirmed that additional work on awareness raising and training was required for the RPRP-PRI process.

Recommendation 1:

A plan for rolling out training on RPRP-PRI should be developed, approved by management and delivered across the Constabulary. Items to consider as part of the plan should include timescales, who the training will be initially focussed at (e.g. line managers and supervisors), arrangements for cascading and embedding the training throughout the

<p>organisation and how the training will be delivered (e.g. through e-learning, classroom based, as part of the promotion process etc).</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • RPRP-PRI process doesn't work as anticipated and the intended purpose is not achieved. • Under-developed workforce. • Non-compliance with Police Conduct Regulations 	<p>Responsible manager for implementing: Head of Professional Standards</p> <p>Date to be implemented: Plan to be drawn up by end April 2021</p>

High Priority

Audit finding	Management response
<p>Themes identified from the process</p> <p>We are advised that there are currently no routine arrangements in place to identify whether there are themes arising from RPRP-PRI to determine if there are any wider organisational issues arising.</p> <p>The Head of PSD agreed that this was an area that he would like to see developed and it was noted that this has been built in to the new process proposed which includes that “<i>DI PSD reviews the [RPRP] form identifying any organisational learning, requirement to update complaints etc</i>” but at the time of our review this process was not in operation.</p> <p>We were informed, as part of our audit discussions, that there is no reporting to management on the number of RPRP-PRI cases.</p>	<p>Agreed management action:</p> <p>The process to identify themes and organisational learning identified through RPRP-PRI will be built into the plan to be developed as part of recommendation 1</p> <p>We are currently working with IT to develop an existing process (Secondary Business Interests), as a model to address this priority. It is anticipated the adoption of this system will facilitate the individual and organisational learning that will fall out of the process.</p>

<p>Capturing organisational learning from the RPRP-PRI process is a valuable practice in improving how the force as a whole interacts with members of the public and the community and its importance is noted in the Home Office Guidance document.</p>	
<p>Recommendation 2: Arrangements should be put in place to identify whether any themes are emerging from the RPRP-PRI process which highlight organisational learning and would require a corporate response (this links to recommendation 1 on awareness raising and training).</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • RPRP-PRI process doesn't work as anticipated. • Intended purpose of the process is not achieved. • Underdeveloped workforce. • Wider learning opportunities / improvements are not identified. 	<p>Responsible manager for implementing: Head of Professional Standards Date to be implemented: Themes & organisational learning to be identified by March 2022 once arrangements have had sufficient time to embed.</p>

Medium Priority

Audit finding	Management response
<p>Policy and Procedure The framework for Reflective Practice Review Process – Practice Requiring Improvement (RPRP-PRI) is governed by legislation including the Conduct Regulations. These are supported by the Home Office Guidance – Conduct, Efficiency and Effectiveness: Statutory</p>	<p>Agreed management action: The procedure has now been approved by the Head of PSD and the process will be communicated within the Force in line with the</p>

<p>Guidance on Professional Standards, Performance and Integrity in Policing. The details are set out in Chapter 13 of the guidance.</p> <p>During our initial discussions on 12 January 2021, we were informed that local guidance, setting out how the legislative requirements should be applied in practice, was not required as the process was set out in legislation. On 28 January 2021 we were made aware that a procedure ‘Participating Officers Guide’ and ‘Reviewer Guide’ had been developed to set the scene and expectations of PRPR-RPI. We were informed that the guidance was drafted, based on College of Policing documents, amended for Cumbria Constabulary’s requirements in response to issues found when the RPRP has been used (in approximately 10 cases at the time of the audit). At the time of our review the guidance was in draft, awaiting review and approval by management.</p>	<p>plan to be developed as part of recommendation 1.</p> <p>We are now utilising the MLE Training Package which will provide input in two formats.</p> <ol style="list-style-type: none"> 1) Supervisors 2) All members of staff (recipients) <p>It is anticipated this initial phase will see completion by Autumn 2021.</p>
<p>Recommendation 3: RPRP-PRI procedure prepared by the Constabulary should be reviewed, approved and communicated within the Constabulary.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • The RPRP-PRI process is not effectively applied. 	<p>Responsible manager for implementing: Head of Professional Standards</p> <p>Date to be implemented: Procedure approved March 2021 Initial phase completion Autumn 2021</p>

Medium Priority

Audit finding	Management response
<p>Compliance with the process</p> <p>We were informed that completed RPRP-PRI referrals, undertaken since February 2020 when the new regulations were introduced, have recently been reviewed by the DI PSD. Information provided for this audit identified that a number of issues had been identified as part of the DI PSD’s review of cases. The issues included:</p> <ul style="list-style-type: none"> • RPRP not being completed by the participating officer / reviewer • RPRP not being launched • Some cases where no record has been completed • Questions whether full reflection had occurred / reflection doesn’t appear to fully agree with the issue identified by the Appropriate Authority. <p>An interim measure, a process (referred to under policy and procedures) was developed by the DI PSD, together with templates to be completed. This process is with the Head of PSD for review and approval.</p> <p>We were informed that the Ethics and Integrity Panel will undertake dip sampling work on the Reflective Practice Review Process (RPRP) and the Practice Requiring Improvement Process (PRI) during April 2021 as its Thematic Session for the May 2021 meeting.</p>	<p>Agreed management action:</p> <p>The quality assurance process has now been agreed and is embedding.</p>
<p>Recommendation 4:</p> <p>The quality assurance process for RPRP-PRI should be agreed and approved as part of the embedding of the overall process.</p>	

<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Non-compliance with legislation and guidance. • The RPRP-PRI process is not effectively applied. • Reputational damage from non-compliance. 	<p>Responsible manager for implementing: Head of Professional Standards</p> <p>Date to be implemented: March 2021</p>
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Medium Priority

Audit finding	Management response
<p>Replacement of Kallidus system used to record training</p> <p>The outcome of RPRP-PRI process was recorded on the Kallidus system which has now become obsolete. We were informed that there had been an omission to include RPRP-PRI in the new Crown system. As an interim measure the details of RPRP-PRI are being recorded on a spreadsheet.</p> <p>We were informed that the Kallidus system had an audit trail which meant that any training (including training identified as RPRP-PRI) went into the individual’s profile so that managers / supervisors could see what training had been given. However, the indication is that the new Crown system doesn’t have the facility to capture information into each officer’s profile.</p> <p>PSD have access to the Centurian system and the various stages of the RPRP-PRI process is stored within that system. This allows traceability for PSD, but as this is a PSD system, line managers do not have access.</p> <p>While the number of RPRP-PRI cases are small, the spreadsheet held by PSD (although not ideal) will currently suffice to record and monitor RPRP-PRI. As the process becomes</p>	<p>Agreed management action:</p> <p>We are currently working with IT to develop an existing process (Secondary Business Interests), as a model to address this priority. It is anticipated the adoption of this system will facilitate the individual and organisational learning that will fall out of the process.</p> <p>Timescales are currently looking at 4 – 6 months to implement following agreement of the proof of concept.</p>

<p>embedded within the organisation it is possible that the number of cases will increase so there is a need to implement a robust, fit for purpose system to record RPRP-PRI cases and outcomes moving forward.</p>	
<p>Recommendation 5: Arrangements for recording RPRP-PRI should be explored to ensure that the information is captured and retained organisationally.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> RPRP-PRI is not fully captured and organisational learning in this area is not addressed. 	<p>Responsible manager for implementing: Head of Professional Standards Date to be implemented: 4-6 months following agreement of the proof of concept</p>

Appendix A

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

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

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.



Cumbria Shared Internal Audit Service
Internal Audit report for Cumbria Constabulary
Audit of Sickness Management

Draft Report Issued: 6th April 2021

Final Report Issued: 12th May 2021

Audit Resources

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Audit Report Distribution

For Action:	Lisa Hogan (Superintendent People Department)
For Information:	Stephen Kirkpatrick (Director of Corporate Support)
Audit Committee:	The Joint Audit Committee which is due to be held on 23 rd June 2021 will receive the report.

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

Executive Summary

Background

This report summarises the findings from the audit of **Sickness Management**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Sickness management is important to the organisation because it contributes directly to the strategic priority of spending money wisely and to efficient and successful service delivery against of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025. Effective sickness management arrangements help the organisation to understand and manage sickness absence so that provisions can be made for a healthier and more productive workforce, resources can be maximised, and costs reduced. Thus, minimising the potential impact on service delivery so that Cumbria Constabulary can provide the highest standards of policing.

The percentage of contracted hours lost to sickness in Cumbria Constabulary has remained consistently below the national average for police forces in England and Wales since September 2016.

1.1. Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Stephen Kirkpatrick (Director of Corporate Support). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas: -

- Compliance with sickness management policies and procedures.
- Interactions between Line Managers, the Occupational Health Unit (OHU) and Human Resources (HR) to effectively manage sickness and support the wellbeing agenda.

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

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating around Sickness Management provide **Substantial Assurance**.

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

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- Attendance Support Policy, Procedures and Guidance are in place providing clarity around responsibilities for sickness management. The documents are up to date, fully approved and widely available to staff.
- Additional policy guidance has been put in place for the management of Covid-19 related absence.
- The HR team has arrangements in place to keep up to date with relevant legislation, national guidance and best practice. Any changes are incorporated into policy and are cascaded within the force (as appropriate) through staff bulletins and workforce meetings.

- Clear governance arrangements are in place that provide transparency and reassurance around sickness levels (including Covid-19 sickness). These arrangements include the Workforce Board, which meets on a monthly basis and Operation Lectern (Covid-19) structures where sickness absence rates are discussed at regular meetings (the meeting frequency and level of detail is appropriate to the command level).
- Processes are in place to identify risks around sickness and for these to be assessed and managed on an ongoing basis. The strategic risk register currently includes a risk around Covid-19 which takes account of the impact of sickness.
- The commitment of senior management to the health and wellbeing of their staff and the management of absence is clearly demonstrated through the wide support offering and the achievement of a Bronze Health and Wellbeing Award in 2019.
- A new role of Wellbeing and Performance Inspector has been developed and appointments have been made with one post allocated to each Basic Command Unit (BCU) area. Sickness absence management roles and responsibilities within the post are clearly defined and include working with OHU and HR to implement changes that improve wellbeing. The Inspectors are part of the Senior Leadership Team in each area and attend Workforce Bronze meetings, so they are an integral part of area absence management arrangements.
- Regular data on sickness absence is prepared to highlight any issues or trends for consideration and appropriate action to be taken. The investigation of a recent spike in sickness absence highlighted an issue with 'Return To Work forms' not being completed in the system that was impacting on reported sickness levels. Prompt management action was taken to update the system and remind supervisors of their responsibilities via email and Sergeant / Inspector briefings. Sickness figures returned to within normal range within a week.
- HR and OHU meet regularly to review strategies, discuss issues and share best practice and information. The Absence Surgery initiative (introduced in November 2020) was discussed at a recent meeting because it hasn't been fully rolled out and some BCUs have experienced limited attendance. Actions to address this issue were agreed and logged.
- The level of reporting has stepped up during the Covid-19 pandemic and includes national submissions. Arrangements during the pandemic ensure that sickness data reaches senior management at least three times per week.
- Arrangements are in place to keep the effectiveness of absence management initiatives under review. Examples include undertaking an Annual Wellbeing Survey with action being taken to address areas of concern and the trialling of an updated approach to Absence Surgeries (monthly events in each BCU attended by HR and OHU to provide advice and guidance to managers on an individual basis).

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	0	2	2

The three levels of audit recommendation are defined in **Appendix A**.

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

High Priority Issues: None identified.

Medium Priority Issues: None identified.

Advisory issues:

- Details of dedicated HR contacts are not currently publicised to staff across the force.
- The joint HR and OHU absence surgery initiative has not been fully rolled out across the areas.

Director of Corporate Support Comments

I am delighted to observe that the recent Internal Audit review of Sickness Management has achieved a substantial level of assurance with only two advisory recommendations for consideration, which will both be addressed imminently.

The review highlighted that controls are working very effectively across many areas with clear policies, active case management, regular reporting and management oversight all in place.

The report also noted the significant efforts of all involved to effectively manage Covid-19 related absences which have placed a significant strain across the whole organisation. Throughout the Covid-19 pandemic, the organisation has effectively and proactively managed sickness levels to minimise absences and protect operational policing services to continue keeping Cumbria safe.

The report goes on to note the significant progress that has been made regarding wellbeing and welfare, including the addition of an Inspector level portfolio lead.

The positive findings within this report are a credit to the People department, line managers across the organisation, and all involved in the effective management of sickness.

Stephen Kirkpatrick
Director of Corporate Support
12/05/21.

Management Action Plan

Advisory

Audit finding	Management response
<p>Supporting Line Managers</p> <p>Arrangements are in place for HR and OHU to support managers to manage the sickness absence of their staff. Throughout the Attendance Support Procedures and Guidance managers are referred to HR for advice and guidance, particularly in relation to support for staff returning to work. HR and OHU provide dedicated inboxes and telephone lines for managers seeking advice and raising queries.</p> <p><u>Dedicated HR Staff</u></p> <p>HR staff are assigned to specific areas / departments and this becomes known through representation at Workforce Bronze meetings and Senior Leadership Teams (SLTs). The HR SharePoint site on the force intranet is not currently used to publicise this information and provide contact details. It is understood that there are plans to do this when the site is next refreshed.</p> <p>The signposting of staff to dedicated HR contacts ensures that they receive informed advice and guidance based on knowledge and experience of a specific area. It also helps to build stronger working relationships between managers and their allocated HR contacts.</p> <p><u>Absence Surgeries</u></p> <p>Absence surgeries were introduced towards the end of 2020 to provide an opportunity for managers to meet with HR and OHU representatives. The intention was for surgeries to be held on a monthly basis in each BCU area to offer managers additional advice and support and discuss OHU reports where necessary. Absence surgeries have not been held in the</p>	<p><i>Agreed management action:</i></p> <p><u>Dedicated HR Staff</u></p> <p><i>The HR SharePoint site is currently being refreshed. It previously had a list of staff within HR.</i></p> <p><i>New structure implemented 1 April 2021 and HR staff assigned new portfolio areas. This has been clearly communicated at senior management level, Workforce Bronze meetings and with the individual departments.</i></p> <p><i>SharePoint site is being updated with the details of the HR staff and areas of responsibility.</i></p> <p><i>This will be completed within 2 weeks.</i></p> <p><u>Absence Surgeries</u></p> <p><i>Due to the scheme being relatively new, not all areas had embedded the process whilst the audit was ongoing.</i></p>

<p>west area and those held in the north and south have been poorly attended. HR and OHU have discussed this issue and a new approach is being trialled in the south area. Any agreed changes to absence surgeries will need to be captured in updated terms of reference and rolled out across all areas, with the full support of senior leadership teams and an appropriate level of communication. The effectiveness of the initiative should be kept under review.</p>	<p><i>The surgeries are discussed in the joint HR/OH bi-monthly meetings which were shared with JAC. At the last meeting in March, it was agreed to take the South TP approach where Inspectors are supporting the scheme and encouraging Sgts to attend and explaining the process and selling the benefits.</i></p>
<p>Recommendation 1: The HR SharePoint site should be used to signpost staff to their dedicated HR contacts.</p> <p>Recommendation 2: Absence surgeries should be fully rolled out across the areas and their effectiveness kept under review.</p>	<p><i>Message was circulated in Crime & TP SLT for management intervention to support the scheme.</i></p> <p><i>Review at the next joint meeting in early May.</i></p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Ineffective sickness management strategies and wasted resources. • Failure to manage sickness levels. • Managers are not supported by HR and OHU and make poor decisions. 	<p>Responsible manager for implementing: Di Johnson, HR Manager</p> <p>Date to be implemented: 05/2021</p>

Appendix A

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

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

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.



Cumbria Shared Internal Audit Service
Internal Audit report for Cumbria Constabulary /
Cumbria OPCC

Audit of Police Pensions

Draft Report Issued: 26th April 2021

Final Report Issued: 12th May 2021

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Audit Report Distribution

For Action:	Ann Dobinson, Head of Central Services Michelle Bellis, Deputy Chief Finance Officer
For Information:	Stephen Kirkpatrick, Director of Corporate Support
Audit Committee:	The Joint Audit Committee which is due to be held on 23 June 2021 will receive the report.

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

Executive Summary

Background

This report summarises the findings from the audit of **Police Pensions**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

The Constabulary contracts out police pension's administration, this includes the calculation of pensions and lump sums. Following the acquisition of Kier Business Services Ltd in 2018 (the police pension administration provider since 2016) the service is now provided by PS Administration Ltd trading as XPS Administration. A twelve-month contract extension, to March 2022, was approved in September 2020.

Pensions are important to the organisation because they are a significant area of expenditure. Pensions benefits payable total around £39m per year.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsors for this review were Michelle Bellis, Deputy Chief Finance Officer and Ann Dobinson, Head of Central Services. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Follow up of the previous audit recommendation
- Data Quality
- Lump sum Payments
- Refunds

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

Assurance Opinion

Each audit review is given an assurance opinion and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating within Pensions provide **Substantial Assurance**.

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

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- Follow up of previous audit recommendation: arrangements are now in place to ensure that, for new starters, there is an independent payslip check to confirm the correct pension contribution rate and the correct pension scheme have been selected. This check is evidenced on standard paperwork completed.
- There is a contract in place for the Administration of the Police Pension Scheme which includes a comprehensive list of roles and responsibilities.
- Central Services Department have documented procedures for internal administration of the Police Pension Scheme.
- There are regular meetings with the pension scheme administrator to discuss service delivery and KPI's. The meetings are minuted, contain notes and actions; the meetings are appropriately attended.
- Checks undertaken prior to authorisation of the monthly pensions' payroll, including lump sum payments, are evidenced on the monthly Team Leader checklist which also serves as a guide to ensure staff are aware of all the required checks.
- Monthly BACS authorisation reports and Payroll certificates (which include pension payroll) are reviewed and approved appropriately. Where errors / warnings are shown on the Payroll Certificate, there is evidence that issues are investigated prior to authorisation.

- Sample testing of new starters confirmed that data prepared for the pension scheme administrator was accurate. Our tests confirmed that the data provided was supported by documentation, independent checks of data were carried out as required, correct pensionable pay, contribution rate and scheme were applied.
- Testing on a sample of leavers confirmed that lump sum payments had been correctly calculated, appropriately authorised, correctly paid and coded in the accounts.
- Pension contribution refunds were sample tested and were found to be eligible for refund with supporting documentation in place to confirm the length of service. Refund value and tax paid are calculated by XPS.

Director of Corporate Support Comments

I am very pleased to observe that the recent Internal Audit review of Police Pensions has achieved a substantial level of assurance with no recommendations being made, recognising the excellent level of controls and governance in place regarding pensions management.

The review highlighted that all previous audit recommendations are now in place to strengthen the checks in place regarding pension provision for new starters.

The report goes on to observe the effective contract and provisions in place around administration of the police pensions scheme and that robust policies and procedures are in place within Central Services.

Crucially, the report also recognises the robust reporting and stringent checks in place to ensure that the pension service continues to be managed effectively.

Independent sample testing undertaken by Internal Audit also confirmed that lump sum payments for leavers had been calculated correctly, appropriately authorised and correctly paid.

The positive findings within this report are a credit to the Central Services & Finance departments who are committed to ensuring that the pensions service continues to be managed effectively.

Stephen Kirkpatrick
Director of Corporate Support
12/05/21.

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

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

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.



Cumbria Shared Internal Audit Service
**Internal Audit report for Cumbria Constabulary &
OPCC**
Audit of Financial Sustainability

Draft Report Issued: 4th May 2021

Final Report Issued: 13th May 2021

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Audit Report Distribution

For Action:	Roger Marshall (Joint Chief Finance Officer)
For Information:	Mark Webster (Deputy Chief Constable)
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

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

Executive Summary

Background

This report summarises the findings from the audit of **Financial Sustainability**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Financial sustainability is important to both the OPCC and Constabulary because it contributes to the efficient and effective use of resources to support operational policing needs, directly supports the strategic priority of spending money wisely and helps with the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

Robust financial planning is key to financial sustainability and requires an understanding of demand pressures, long term financial resources and how sustainable it is to deliver priorities and services. This is particularly important at a time when Cumbria Constabulary, and the wider public sector, is facing increasing financial pressures, including the ongoing need to identify and deliver savings.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Roger Marshall (Joint Chief Finance Officer). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- Identification and consideration of pressures that impact on financial sustainability
- Review of the budget, forecasts and the Medium Term Financial Forecast (MTFF)
- Risk management, scenario planning and financial modelling

- Plans to address savings gap and robustness of service plans.

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

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating around Financial Sustainability provide **Reasonable Assurance**.

This opinion recognises the level of controls operating around financial sustainability and notable strengths, as set out below. However, an organisation's financial sustainability can change very quickly and historically we have seen that this can sometimes be due to external factors outside of their control (such as the 2008 financial crash or the coronavirus pandemic). Our assessment of 'reasonable assurance' also acknowledges, as does the OPCC and Constabulary in their reports, that there a number of future financial challenges and the uncertainty of whether there will be changes to the Police Funding Formula. As the OPCC and Constabulary are fully aware of these issues, and are working on some areas, we have not included recommendations in this report but have simply highlighted these issues in the section headed 'Recognition of Future Challenges'.

Budget monitoring reports are usually prepared for chief officers of both organisations on a monthly basis but the frequency of this lapsed during 2020/21 due to the implementation of the new main accounting system. However, meeting minutes demonstrate that the Joint Chief Finance Officer continued to provide regular verbal reports on financial matters and that there was discussion of the budget position and longer term plans.

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

Summary of Audit Findings

Controls were operating effectively in the following areas:

- Risks around financial sustainability are captured in the strategic risk registers of both organisations for ongoing review and management. Risk at this level recognises funding uncertainty around government funding levels, potential changes to the police funding formula, inflationary pressures, changes to police pension contributions and the impact of national ICT initiatives
- There is clarity around the approach to medium term financial forecasting and how it covers details of underlying assumptions, risks involved, savings required, costings and potential outcomes
- There is good consideration and assessment of the impact of local, regional and national factors affecting the 2021/22 budget and in the medium term to 2024/25
- There is clear identification and consideration of all income streams and their impact on the 2021/22 budget and in the medium term to 2024/25
- The 2021/22 budget reflects the known pay freeze and the MTFF includes realistic assumptions about future pay awards, averaging 2% per annum over the next three years. There are also reasonable estimates for non-pay inflation within the MTFF from 2022/23 onwards, with a sensibly higher rate for fuel and energy costs
- There is consideration within the 2021/22 budget of the impact of the COVID-19 pandemic in terms of reduced income, additional costs and reduced areas of expenditure to reflect new ways of working
- A detailed spreadsheet is in place which provides a way of building up the 2021/22 budget and MTFF and can be used to assess different scenarios using different rates for pay, non-pay, fuel and energy prices inflation, pension contributions, council tax and government grants
- Savings are clearly identified in the Medium-Term Financial Forecast and are to be achieved through a number of Vision 2025 initiatives. There are no unidentified savings in the 2021/22 budget or for 2022/23
- There is a separate Reserves Strategy in place
- Financial forecasts are refreshed at least quarterly, reflecting new demands and pressures
- Finance presentations and reports show an awareness and understanding of current and future demand and the pressures on the service that impact on financial sustainability
- Financial reports have been prepared on at least a quarterly basis for chief officers of both organisations

- Quarterly budget monitoring is reported to the 'Public Accountability Conference' with a summarised version prepared for the Police & Crime Panel
- The Joint Chief Finance Office provides verbal updates at Joint Audit Committee (JAC) meetings as to latest financial position and longer-term financial outlook as part of the 'Corporate Update' agenda item. This helps JAC members to understand the current and future financial challenges faced by the PCC and Constabulary. Furthermore, a JAC development session took place in March 2021 that included a budget briefing presentation by the Joint Chief Finance Officer and Deputy Chief Finance Officer
- There is a separate Capital Strategy in place that outlines how capital expenditure plans are underpinned by various asset strategies (Digital, Data & Technology Strategy, Estates Strategy and Fleet Strategy) and linked to the Commissioner's Police and Crime Plan and the Constabulary's Vision 2025
- A ten-year capital programme is in place with plans about how it is financed. The report includes a caveat that estimates for years 5-10 of the capital programme become increasingly indicative and should be treated with caution.

Recognition of Future Challenges

As previously stated the OPCC and Constabulary clearly recognise they face a number of future financial challenges as outlined below:

- An Innovation Programme has been drafted that sets out plans to deliver efficiencies and savings required in the Medium Term Financial Forecast. The plan has been populated in very broad terms and there are still gaps and areas that require further consideration and discussion. The priority in 2020/21 was to deal with Covid-19 and ensure the recruitment of officers as part of Operation Uplift. Savings plans are now being further developed as part of a strategic work programme managed by the Deputy Chief Constable
- It is still unclear whether a new Police Funding Formula will be introduced and if so when and if it would be phased. The PCC and Chief Constable are clearly aware of this and the potential impact it would have if damping was removed. The position is monitored and awareness maintained through constant references in updates to JAC, strategic risk registers, financial reports and budget papers and presentations
- It is clearly stated in the capital programme report that by the end of 2022/23 historic capital grant and general capital reserves will have been fully utilised. Increasing reliance is being placed on revenue contributions to fund the capital programme. Historically, the annual contribution from the revenue budget was set at £1.2m but this has risen in recent years and now stands at £3.8m for 2021/22. The capital programme is virtually fully reliant on revenue funding from 2024/25 onwards. Capital spending from 2024/25 onwards is on relatively short-lived assets. This represents a challenge as to the size and scale of the capital programme as borrowing to finance short-lived assets is not considered viable.

Deputy Chief Constable Comments

I note the positive audit comment on the range of effective controls in place. The majority of the challenges arise from external factors which are clearly recognised by the Constabulary, and plans are in place to deal with or mitigate. An Efficiency Plan is being developed jointly by the Chief Financial Officer and the Head of Corporate Services which will seek to develop a range of efficiencies to contribute to financial sustainability. There are also early steps in place to examine the potential implementation of a priority-based budgeting approach to further drive efficiency, effectiveness and continuous improvement. Potential changes to the Police Funding Formula are recognised, and the force has developed options for severe cuts to budgets should this be necessary in extremis. The reduction in capital grant has presented a difficult challenge to the force but this continues to be effectively managed through increasing contributions from revenue. I am content that plans are in place to ensure the force can maintain its financial sustainability through the controls currently in place, and the responses outlined to identified current challenges.

DCC M Webster
13th May 2021

Appendix A

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.



Cumbria Shared Internal Audit Service

Internal Audit report for

Cumbria Constabulary

Audit of Contract Management

Draft Report Issued: 12th May 2021

Final Report Issued: 1st June 2021

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Audit Report Distribution

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For Information:	Stephen Kirkpatrick (Director of Corporate Support)
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

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

Executive Summary

Background

This report summarises the findings from the audit of **Contract Management**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Contract management is important to Cumbria Constabulary because it contributes to the efficient use of resources to support operational policing needs and the delivery of the objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025. Contract management covers all business processes involved in managing the creation, implementation and evaluation of contracts and is crucial to the delivery of benefits, objectives and value for money. Poor contract management can result in a failure to meet contractual obligations, reduced performance, financial losses, broken relationships and disputes. A separate report has been prepared for the OPCC's arrangements.

Cumbria Constabulary spends around £34 million per year. There are over 200 suppliers receiving more than £10k per year, the majority of which is through formal contracts. 99% of annual supplier spend above £100k is covered by 48 separate contracts or agreements.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Stephen Kirkpatrick (Director of Corporate Support). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas: -

- Governance

- Managing contract performance
- Supplier relationship management
- People - Acting with Professionalism

The review includes detailed testing of one of the Constabulary's significant contracts.

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

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating around Contract Management provide **Reasonable Assurance**.

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

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- Governance structures provide for reporting on contract management issues and performance, with appropriate escalation routes. Examples include the Custody Medical Contract being escalated to the Constabulary's strategic risk register for senior management attention and chief officers being briefed on issues with the Control Room Futures Contract.
- The Commercial Team provides contract management support and guidance to colleagues across the force and within the OPCC. Staff in the OPCC have commented positively on the level and quality of support they receive from the Commercial Team.

- A number of staff in the Commercial Team are undertaking procurement apprenticeships which includes formal contract management training from the Chartered Institute of Procurement and Supply (CIPS). Constabulary staff (Commercial and Finance) also received contract management training and supporting documentation from CIPFA in 2020.
- Internal Audit noted clear developments in the attitudes and behaviours of Commercial Team staff during the review, displaying professionalism throughout.
- Arrangements are in place to ensure staff involved in contract management are aware of and understand expectations regarding standards of professional behaviour and integrity.
- There is a clear and demonstrable commitment to collaborative working with suppliers. The level of work undertaken with the Custody Medical supplier to generate service improvements reflects this approach. Clear progress is being made towards the development of a supplier status system based on behaviours that encourages professional, collaborative working.
- Arrangements are in place for risks around contract management to be captured, managed, addressed and reported. There are a number of examples of contract management risks featuring in the strategic risk registers.
- There are some good examples of contract performance management across the organisation. This includes service levels and performance measures being developed and incorporated into contracts to ensure there is clarity around objectives and service standards, contractors providing timely information on contract operations for performance to be assessed and, regular contract review meetings with suppliers to discuss contract operation and performance levels.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	3	1	4

The three levels of audit recommendation are defined in **Appendix A**.

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

High Priority Issues: None identified.

Medium Priority Issues:

- A standardised documented approach to contract management is not in place across the organisation.
- Contract management roles, responsibilities and accountabilities are not clearly defined and documented.
- Arrangements are not in place to determine what contract management training is required, by whom and to ensure that it is delivered.

Advisory issues:

- Arrangements are not in place to document and share lessons learned.

Director of Corporate Support Comments

I am pleased that the recent internal audit review of Contract Management that has provided Reasonable Assurance and recognises the continued positive progress being made across a wide range of commercial activities for both the Constabulary and OPCC.

The review has identified many areas of good practice where controls are working effectively, including governance and oversight for both the overall process and for specific major contracts such as Custody Medical, together with recognition of the continued professionalisation of the Commercial Solutions staffing, clear collaborative working with partners, and evidence of effective performance and risk management.

Understandably, there is still more to do with the report noting three medium and one advisory recommendation that are all accepted and will be addressed within the timescales agreed.

The strengths and progress identified within this report are due to the collective efforts of all involved in commercial activities.

Stephen Kirkpatrick, Director of Corporate Support

Management Action Plan

Medium Priority

Audit finding	Management response
<p>Contract Management Approach</p> <p>A Contract Management Strategy or Policy is not in place to establish a clear direction and plan of action to achieve long term objectives. The Commercial Strategy 2019-22 mentions contract management on a few occasions throughout the document, but not in any detail. It highlights contract management as one of six areas requiring action that will be addressed through planned improvement initiatives.</p> <p>Similarly, contract management guidance material has not been developed to steer contract management activity and support practitioners in different situations. There is limited clarity regarding the activities expected of staff and the tools that might assist them. Joint Procurement Regulations and a Procurement Guidance Handbook are available to staff during the procurement phase to guide them down the most appropriate route and clarify the rules in place. However, this guidance material does not extend into the contract management phase of the procurement process.</p> <p>The Head of Commercial has developed a ‘scorecard’ approach to plan and guide contract management activity on an individual contract basis. It is a spreadsheet that captures the key elements of the contract (e.g. risks, KPIs, service levels, quality, commercial assurances) for ongoing monitoring and RAG rating. The scorecard is currently being piloted with a business-critical contract before being finalised and rolled out to other key contracts.</p> <p>The Head of Commercial has also developed a supplier status system that links into the supplier scorecard and is based on expected behaviours, as outlined in a Collaboration Schedule. It is designed to foster a more collaborative approach based on leadership and</p>	<p>Agreed management action:</p> <p>Within the current Commercial reorganisation all Business Partners will be “owners” of a Professional activity. As such there will be a lead for Contract Management. Training will be provided and an assessment for suitability is underway of the Government Commercial Function Contract Management Training Program.</p> <p>Implementing the actions described (Scorecard and Supplier Status) are to be progressed commencing with critical suppliers.</p> <p>A Contract Management Handbook (practitioner guidance) to complement the Procurement Guidance Handbook will be developed.</p>

<p>mutual trust. The approach has been presented to a number of critical suppliers and a new contract schedule has been drafted for Chief Officer Group approval.</p> <p>The audit review highlighted many examples of good practice in respect of contract management. These included the use of performance measures, scrutiny of performance data, regular contract review meetings with suppliers and the use of penalties / service credits. However, without formal documentation establishing clear expectations, a plan of action, and supporting guidance, senior management cannot be assured that contract management activity across the organisation is proportionate, consistent, efficient and contributing to overall aims and objectives.</p>	
<p>Recommendation 1:</p> <p>A standardised documented approach to contract management is required to establish a clear direction, clarify expectations and provide guidance and support to practitioners so that there is a consistent approach across the organisation which contributes to long term objectives.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to achieve strategic policing priorities because of inadequate supporting contract management arrangements • Critical contract failure impacting on the delivery of safe policing. • Poor quality goods and services because of a failure to monitor supplier performance and address issues arising. • Wasted resources arising from unnecessary or disproportionate contract management activity. 	<p>Responsible manager for implementing: Head of Commercial</p> <p>Date to be implemented: 09/2021</p>

Medium Priority

Audit finding	Management response
<p>Roles, Responsibilities & Accountabilities</p> <p>A designated lead for contract management with a clearly defined oversight role within the constabulary hasn't been identified. The Head of Commercial's job profile makes reference to contract management, but in terms of supporting stakeholders. Staff in the Commercial Team have undertaken contract management training and development activity so that they can adequately fulfil this role.</p> <p>Without a contract management framework (strategy, policy or guidance material) there is limited clarity around how individual contract ownership is made clear, the responsibilities of contract managers, expectations around how they manage each contract, outcomes and reporting lines.</p> <p>In practice contract managers appear to be in place for each contract and are supported by the Commercial Team, but they are not formally assigned with clear objectives, obligations and accountabilities. Responsibility for deciding what contract management training is required, by whom, and that it is delivered is also not clearly defined. The current arrangements do not provide senior management with assurance that contract managers (within the relevant business areas) understand their role and have the appropriate contract management skills and commercial awareness to undertake it properly.</p>	<p>Agreed management action:</p> <p>A Contract Performance dashboard, based on the Central Government model, is to be produced for critical contracts as a pilot. This will be populated by "contract managers" from the business (with designated Commercial Team support) and presented to Business Board each quarter.</p> <p>Training will be provided and an assessment for suitability is underway of the Government Commercial Function Contract Management Training Program. This program provides training at introductory, intermediate and advanced level and could be adapted for Police Forces. The intention is for Commercial Business Partners to receive intermediate level training and then train nominated contract managers within the business.</p>
<p>Recommendation 2:</p> <p>Contract management roles, responsibilities and accountabilities should be clearly defined and documented.</p> <p>Recommendation 3:</p> <p>Arrangements should be in place to determine what contract management training is required, by whom and ensure that it is delivered.</p>	

<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to deliver aims and objectives because of a lack of clarity around roles and responsibilities. • Inefficiency, contract failure and poor value for money arising from strained relationships with suppliers. • Trust and confidence in Cumbria Constabulary is undermined because of a failure to manage contracts with consistently high standards of integrity and professionalism. 	<p>Responsible manager for implementing: Head of Commercial</p> <p>Date to be implemented: 09/2021</p>
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Advisory Issue

Audit finding	Management response
<p>Improvement Activity</p> <p>Arrangements are not in place to formally document good practice and areas for improvement that can be taken forward to strengthen and inform future contract management activity. There is some sharing within the Commercial Team and with other forces but not across the constabulary as part of an ongoing improvement activity and training.</p> <p>The recording and communication of lessons learnt (both positive and negative) can prevent mistakes being repeated and allow best practice to be maximised.</p>	<p>Agreed management action:</p> <p>To extend Business Board meetings on a quarterly basis to discuss the procurement pipeline for the next quarter and raise any lessons learnt for wider sharing across the business (formally to COG or informally via management teams).</p>
<p>Recommendation 4:</p> <p>Opportunities to identify and share learning from contract management activity should be maximised as part of a commitment to continuous improvement.</p>	

<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Opportunities are not taken to learn lessons and improve. • Failure to train and develop staff to provide more efficient and effective contract management. 	<p>Responsible manager for implementing: Head of Commercial</p> <p>Date to be implemented: 09/2021</p>

Appendix A

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

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

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.



Cumbria Shared Internal Audit Service
Internal Audit report for Cumbria Constabulary
Audit of the New Business Transformation Project:
Finance

Draft Report Issued: 10th February 2021

Final Report Issued: 1st June 2021

Audit Resources

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Audit Report Distribution

For Action:	Roger Marshall (Joint Chief Finance Officer)
For Information:	Mark Webster (Deputy Chief Constable)
Audit Committee:	The Joint Audit Committee which is due to be held on 23 rd June 2021 will receive the report.

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

Executive Summary

Background

This report summarises the findings from the audit of the **New Business Transformation Project: Finance (phase 1)**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Business transformation activity is important to the organisation because it helps to make organisational savings and address inefficiencies in ways of working. This contributes directly to the strategic priority of spending money wisely and the delivery of objectives in the Police and Crime Plan for Cumbria 2016-20 and Vision 2025.

The Finance and Procurement Project is one workstream of the wider Business Transformation Programme originally approved in November 2018 and revised in July 2019. The project is in place to facilitate the move from end of life systems, where support dates are due to expire, to new, fit for purpose technology and a full Oracle cloud solution. The project's original 'Go Live' date was 5th October 2020 but due to various data quality and technical issues identified during data migration, on the 4th October 2020 the Project Board approved a recommendation from the delivery partner to move from a direct cutover to a phased approach. The phased approach ended on the 23rd November 2020 once the final modules went live, 7 weeks behind the original go live date of the 5th October 2020. This impacted on the business creating backlogs in Central Service Department and Commercial Department but also Finance due to the additional resources required to assist the Project. Reports at the time suggested it would take some time for the backlogs to clear and departments to return to normal.

The issues identified during the user testing phase and the various data quality and technical issues resulted in the Project Board having to make some quick and difficult decisions in order to keep the project moving forward. This included:

- the phasing of the Go Live stage (as outlined above)
- the conscious move to a daily briefing structure with key senior project board members to allow greater focus and support quicker decision making during the phased implementation approach. These meetings were documented through a situational report which was shared with the key staff and short daily verbal updates to the team
- agreeing that several pieces of functionality, de-scoped from the Go Live period, would be delivered post go live.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Roger Marshall (Joint Chief Finance Officer). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:

- **Phase 1** – management of the finance stream of the business transformation project. This will include project objectives, governance arrangements, risk management, decision making, monitoring and reporting of progress and feedback received on finance elements specifically, or generally from the peer review covering the wider transformation programme
- **Phase 2** – this will be undertaken during quarter 1 of 2021/22 as a Post Implementation Review and will include arrangements for ensuring that once implemented the systems are delivering what was expected with an adequate level of internal control. This audit review was originally scheduled for quarter 4 of 2020/21 but project implementation delays mean that the post go live phase of the project will not be ready for review at this time. Specific elements such as balance transfers have been picked up as part of main financial system audit review included in the 2020/21 reassessed internal audit plan.

There were initially delays in receiving some information due to the impact of project implementation delays and the backlog of work created. Further information was supplied to finalise the report.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating around the New Business Transformation Project: Finance provide **Reasonable Assurance**.

Our opinion recognises the significant challenges that were faced in implementing the Finance and Procurement project. The project team had to operate in a Covid environment (home working) making communication within the team and with the delivery partner more difficult, with the team having to work in different ways and adapt quickly to situations as they arose. Testing and implementing the new system mid-year brings with it its own challenges at the best of times never mind having to work in such unusual times and to tight timescales. Despite these challenges, the new system is in place and operating and we recognise this in our assessment. However, there also needs to be recognition that not everything has gone to plan and that the handover to business as usual, planned for 30 October 2020 was still ongoing in mid-January 2021. Not all of the agreed scope has been achieved within the timelines of the project with the remaining tasks to be delivered in Phase 2.

There are clear lessons to be learnt from the implementation of this project, even after taking into account the impact of Covid. These need to be shared widely so that other transformation projects can learn as from this and consider what changes they may need to make. It is noted that several of the senior members of the project board for this project are also on other BTP boards which should help sharing relevant learning.

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

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- There is clear business justification for the project, providing clarity around what is required from the system and how the project aligns with strategic objectives
- Chief Officer Group approved the Terms of Reference for the Finance and Procurement Project that fully explain governance arrangements
- A Project Board has been established to provide direction, oversight and leadership of the project. The Project Board met on a monthly basis to oversee project progress and feeds regularly into the Business Transformation Programme Board within the wider governance structure. Some members of the Project Board moved to daily meetings when the live implementation date was exceeded in early October 2020, then twice weekly and returning to monthly meetings in mid-December 2020
- Decisions at key stages of the project were documented
- A Finance and Procurement Project Plan has been developed. It includes the tasks to be undertaken at each stage, the timing of each task, resources allocated, and percentage of task completed.
- Nominated staff across Finance, Procurement, Central Services and ICT have been allocated to the project to provide an appropriate mix of skills and knowledge.
- Project risks are captured within a RAID Log (Risks, Assumptions, Issues and Decisions) for ongoing consideration and management. The RAID Log is presented to the Project Board on a monthly basis and minutes confirm that full discussions take place.
- A peer review of the wider transformation programme was arranged to identify potential areas for improvement and develop the Constabulary's approach to business transformation
- A closure report was produced which includes a section on lessons learned.

The recommendations arising from this review can be summarised as follows:

High	Medium	Advisory	Total
0	1	1	2

The three levels of audit recommendation are defined in **Appendix A**.

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

High Priority Issues: None identified.

Medium Priority Issues:

- There is a need to share the lessons learned with other Business Transformation Projects as part of continuous learning and improvement.

Advisory issues:

- Commentary in project plans is not always updated to support the RAG rating used and cross referencing between different plans could be clearer.

Deputy Chief Constable Comments

I acknowledge the audit opinion given. I am aware that difficulties were encountered in the transition to new system, primarily due to COVID challenges but also due to other internal factors. Such difficulties are not unexpected, but lessons learned do need to be harvested for future project activity. The project board has reviewed the lessons learned, and the implementation of this will be monitored to reduce the future risk of repetition.

DCC M Webster 28th May 2021

Management Action Plan

Medium Priority

Audit finding	Management response
<p>Improvement Activity</p> <p>An interim peer review of the wider transformation project was arranged with Durham Constabulary to identify potential improvements. The outcomes of the review were presented to Chief Officer Group on 29 July 2020 but we have not seen the evidence to demonstrate how learning from the peer review was incorporated into this project.</p> <p>At the time of the initial draft of our audit report a lessons learned review was being undertaken as part of the Post Go Live Project Plan. At the time it was reported to Internal Audit that some lessons have already been shared verbally with the Duty Management System replacement project.</p> <p>On 27 January 2021 a 'Finance & Procurement Project – Phase 1 Closure Report' was presented to the Finance & Procurement Project Board. This included a section on 'Lessons Learned'. Although some are specific this project there are several which may also provide wider learning for other Business Transformation Projects (BTP) such as:</p> <ul style="list-style-type: none"> • ensuring that contingency time is built into the project timescales / plan • assessing at the start whether there are benefits of a 'phased' implementation approach if resourcing and timescales are constrained • assess whether system to be implemented is well established, or relatively new technology, and assess any additional risks that might need to be considered. 	<p>Agreed management action:</p> <p><i>Many of the actions arising from the peer review of the BTP project relate to work which is planned in phase 2 of the project for example service re-design where the emphasis will be on collaborative working and realising benefits.</i></p> <p><i>In the time between the peer review and audit the focus has been on ensuring that the finance and procurement systems went live and operated as effectively as possible, which is consistent with the recommendations of the peer review.</i></p> <p><i>Opportunities for wider learning are restricted by the fact that there are generally fewer interdependencies between this element of the project, which is centred on the procure to pay process, than the other strands, which are very people focused. Nevertheless, the ICT Business Development Manager, Deputy CFO and Head of Central Services all sit on other BTP boards including Duties and have been to communicate relevant knowledge in these</i></p>

<p>Recommendation 1: Ensure that lessons learned are shared with the wider Business Transformation Project, as part of a commitment to continuous improvement.</p>	<p><i>forums. Members of the Finance and Procurement project will continue to advise and work collaboratively to ensure that all elements of BTP operate as efficiently as possible.</i></p> <p><i>These lessons learnt will also be considered across the portfolio of Projects moving forward.</i></p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to identify shortcomings in the business transformation process. • Opportunities not taken to make improvements. 	<p>Officer responsible for Implementing: Joint CFO</p> <p>Date to be implemented: 06/2021</p>

Advisory issue

Audit finding	Management response
<p>Project Planning Internal Audit was provided with three separate Finance & Procurement Project Plans for review. A project plan within Microsoft Project dated 13/08/20, a Microsoft Excel Cutover Plan prepared in November 2020 and then an updated Microsoft Project Plan dated 29/01/21. It is understood that a Post Implementation Plan is now being initiated. The Cutover Plan was prepared in Microsoft Excel so that it could be shared more widely, with staff unfamiliar with Microsoft Project software.</p>	<p>Agreed management action: <i>The general response to this recommendation is that there was effective and transparent project planning in relation to replacement of the Finance and Procurement systems, which followed Prince 2 methodology. In relation to the specific points raised :</i></p>

<p>An examination of the three plans raised a number of issues:</p> <ul style="list-style-type: none"> • The Cutover Plan shows all but one task 100% complete but the commentary in some instances suggests otherwise and RAG ratings are not utilised. For this reason, it was difficult to gauge progress and the volume of work outstanding. • The updated January 2021 version of the Microsoft Project Plan shows a number of tasks not yet started or incomplete as at 29/01/21 and RAG rated red. This raised questions around the ability to successfully close the project on the 09/02/21, per the plan. • The transfer of tasks from Microsoft Project to Microsoft Excel and reflected back into Microsoft Project for project planning during the project made it difficult to track progress with some individual tasks and the project overall. This was due in part to the Cutover Plan tasks not cross referencing clearly to tasks in the master Microsoft Project Plan. <p>Project issues and delays may have impacted on project plan maintenance and reduced the level of clarity around progress made.</p>	<ul style="list-style-type: none"> • The cutover plan was continuously updated until the end of phase 1 of the project. Comments were retained on the plan to provide an audit trail and in some cases may have been superseded. • It is correct that some elements of the project were incomplete at the closure of phase 1 of the project. These were transferred to phase 2 project and this was clearly documented on the phase 1 closure and the phase 2 terms of reference documents. • Two project plans were maintained a high-level project plan and a more detailed staged plan. This is in accordance with Prince 2 methodology. The plans were fully cross referenced and consistently rag rated, although it is recognised that the versions shared with internal audit could have been expanded to show the detail around the cross-referencing.
<p>Recommendation 2:</p> <p>Ensure that the commentary in project plans is always updated so that it supports the RAG rating used and that any cross referencing between different plans is clear.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • The project fails to deliver expected results. • Deadlines are exceeded. 	<p>Officer responsible for Implementing ICT Business Development Manager</p>

- Inefficient use of resources.
- Lack of clarity over progress.

Date to be implemented:
06/2021

Appendix A

Audit Assurance Opinions

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

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

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

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.



Cumbria Shared Internal Audit Service
Internal Audit report for
Cumbria Office of the Police & Crime Commissioner
Audit of Contract Management

Draft Report Issued: 12th May 2021

Final Report Issued: 6th May 2021

Audit Resources

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Audit Report Distribution

For Action:	Stephanie Stables (Partnership & Strategy Manager)
For Information:	Vivian Stafford (Chief Executive of the OPCC / Head of Partnerships & Commissioning)
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

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

Executive Summary

Background

This report summarises the findings from the audit of **Contract Management**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Contract management is important to the Cumbria Office of the Police and Crime Commissioner (OPCC) because it contributes to the efficient use of resources to support delivery of the objectives in the Police and Crime Plan for Cumbria 2016-20 and operational policing needs. Effective contract management is necessary for the OPCC to be able to demonstrate that funds are used and managed in a manner that is accountable and displays both probity and value for money. This report relates to the arrangements for the OPCC. A separate report has been prepared for the Constabulary's arrangements.

The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account. This includes overseeing how the budget is spent and ensuring the Constabulary maximises value for money.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Vivian Stafford (Chief Executive of the OPCC / Head of Partnerships & Commissioning). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas: -

- Governance
- Managing contract performance
- Supplier relationship management
- People - Acting with Professionalism

The review included detailed testing of a significant contract on behalf of the Cumbria Office of the Police and Crime Commissioner.

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

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating around Contract Management within the OPCC provide **Substantial Assurance**. The contract management arrangements within the OPCC demonstrate the commitment and progress within the team to develop and document a standard contract management approach and ensure staff have the necessary training and commercial skills to manage contracts to a consistently high standard. There are strong support links in place with the Constabulary's commercial team for advice and guidance

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

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- Roles and responsibilities for contract management are clearly defined within the OPCC. The responsibilities of each key role in contract management (Contract Owner, Contract Manager, Contract Officer and Victims Advocate) are set out in Contract Management Guidance

with a structure chart highlighting lines of responsibility and the flow of authority. Job profiles provide further clarification around expectations and reporting lines.

- Two members of staff from the OPCC (Partnership & Strategy Manager and Policy Officer) received specific training in January 2021 to develop a standard approach to the management of contracts and grants within the OPCC (including guidance and a checklist). An approach was drafted and presented to the OPCC Extended Management Team in February 2021 and has now been finalised. It will be piloted with two key contracts before being rolled out.
- The governance structure provides for reporting on contract management issues and performance, with appropriate escalation routes. Examples include the Custody Medical / Bridgeway Forensic Medical Contract being escalated to the OPCC's operational risk register for senior management attention. The new Contract Management Guidance covers escalation arrangements.
- Representatives from the Constabulary's Commercial, Finance and Legal teams are invited to attend Partnership and Commissioning Team meetings to provide contract management support and guidance to the OPCC. These meetings are held every three weeks and alternate between a Full Team Meeting where Commercial, Legal and Finance representatives attend and an Interim Team Meeting which is the OPCC Partnerships & Commissioning Team only.
- OPCC members of the Partnership and Commissioning Team meet on a three-weekly basis to raise issues, consider risks, share good practice and discuss future projects. Notes are taken at each meeting to record discussions and capture agreed actions.
- The OPCC is committed to further developing staff knowledge and skills around contract management. Staff often join training events organised for the Commercial Team including a contract management training event delivered by CIPFA in 2020. Learning is shared with the wider team at OPCC meetings.
- Arrangements are in place to ensure staff involved in contract management are aware of and understand expectations regarding standards of professional behaviour and integrity. Regular reminders around ethical behaviour expectations are delivered by the Governance Manager at OPCC staff meetings.
- There is a clear and demonstrable commitment to collaborative working with suppliers. Feedback received from the Victim Support contractor reflects this approach and so does the new standardised approach to contract management that focusses on behaviours that encourage professional, collaborative and constructive relationships with suppliers. There are examples of Victim Support approaching the OPCC for assistance such as raising awareness of the service amongst officers to encourage further referrals. The OPCC responded by arranging for marketing material to be shared across the constabulary.
- Arrangements are in place for risks around contract management to be captured, managed, addressed and reported. The arrangements are set out in new Contract Management Guidance and contract risks were covered in a contract management presentation during a recent staff meeting. There are examples of contract management risks featuring in OPCC risk registers.

- The Victim Support contract provides a good example of contract performance management within the OPCC. Performance measures have been incorporated into the contract to ensure there is clarity around objectives and service standards. The contractor provides timely information on contract operations for performance to be assessed and regular contract review meetings are held with suppliers to discuss contract operation and performance levels. A review is currently underway to determine if the Victim Support contract KPIs remain fit for purpose which demonstrates good practice in contract management.
- It is standard practice within the OPCC to evaluate all contracts that are coming to end. The evaluations include the identification of good practice and lessons learnt that can be taken forward to strengthen future contract management activity. An evaluation of the Turning the Spotlight Programme provided by Victim Support was undertaken in 2019 to review the reach and impact of the service and understand the value for money provided to inform future commissioning decisions.

There are no audit recommendations arising from this audit review.

OPCC Chief Executive / Partnerships & Commissioning Comments

I am pleased to see that the outcome of this audit report provides substantial assurance over management's arrangements for contract management in the areas outlined and that the report can now be finalised and signed off.

Vivian Stafford
CEO Partnerships and Commissioning



2 June 2021

Appendix A

Audit Assurance Opinions

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