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Our reference: IR

Date: 19 October 2020

AGENDA

TO: THE MEMBERS OF THE JOINT AUDIT COMMITTEE

CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT COMMITTEE

A Meeting of the Joint Audit Committee will take place on **Thursday 19th November 2020** via Microsoft Teams, Police Headquarters, Carleton Hall, Penrith, at **10:30am**.

**Vivian Stafford, Gill Shearer
Chief Executive**

**Please note – there will be a private member meeting and External Audit from 9am – 10am
Please note – there will be a Development Session on Treasury Management Developments
following the main meeting**

Note: If members of the public wish to participate in this meeting please contact inge.redpath@cumbria.police.uk by 16th November 2020 for a calendar invitation.

COMMITTEE MEMBERSHIP

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

AGENDA

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

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC

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

3. DISCLOSURE OF PERSONAL INTERESTS

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

4. MINUTES OF MEETING AND MATTERS ARISING

To receive and approve the minutes of the committee meeting held on 24th September 2020.

5. ACTION SHEET

To receive the action sheet from previous meetings.

6. CORPORATE UPDATE

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

7. STRATEGIC RISK REGISTER

To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. *(To be presented by the OPCC CE and Joint Chief Finance Officer)*

- i. OPCC Risk Management Monitoring Report
- ii. OPCC Strategic Risk Register
- iii. OPCC Operational Risk Register
- iv. Constabulary Strategic Risk Register

Note as the Risk Registers for the OPCC and Constabulary were fully updated and presented at the meeting on 24th September 2020 it has been agreed that the next update will be provided at the March meeting as there have been no significant changes in the last few weeks.

8. INTERNAL AUDIT - PROGRESS REPORT

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

9. 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)*

There have been no audit reports finalised since the last meeting.

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

To receive an updated summary of actions implemented in response to audit and inspection recommendations. *(To be presented by the Joint Chief Finance Officer)*

11. ANNUAL REVIEW OF GOVERNANCE

To review the OPCC and Constabulary arrangements for governance; cyclical review over three years. *(To be presented by CE and Chief Officer)*

- (i) Role of the Joint CFO **Verbal Update**
- (ii) Scheme of Delegation (OPCC CC) **Verbal Update**
- (iii) Financial Rules & Financial Regulations **Verbal Update**
- (iv) OPCC Grant Regulations Update
- (v) OPCC Grant Regulations & Procedures

12. ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE

To receive an update on progress against the development and improvement plan within the annual governance statement *(To be presented by JCFO)*

13. COMMERCIAL ANNUAL REPORT

To receive an annual Commercial Report and Dashboard *(To be presented by the Head of Commercial)*

14. AUDIT FINDINGS REPORT

To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. *(To be presented by EL GT)*

15. ANNUAL AUDIT LETTER

To receive from the External Auditors the Annual Audit Letter and reports. *(To be presented by EL GT)* **This report has been delayed to the March 2021 meeting of the committee as the report can only be produced once the audit of the financial statements has been fully finalised.**

16. ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS

To receive a report from the Joint CFO in respect of the PCC's and CC's framework of assurance. *(To be presented by Joint Chief Finance Officer)*

17. ANNUAL STATEMENT OF ACCOUNTS

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

- (i) PCC for Cumbria Statement of Accounts 2019/20.
Incorporating the Summarised Statement of Accounts on Pages 3-20 and the Annual Governance Statement at Annex D on Pages AGS 1-21
- (ii) CC for Cumbria Statement of Accounts 2019/20.
Incorporating the Summarised Statement of Accounts on Pages 3-20 and the Annual Governance Statement at Annex D on Pages AGS 1-23

18. TREASURY MANAGERMENTS ACTIVITIES

To receive for information reports on Treasury Management Activity - Quarter 2.
(To be presented by the DCFO)

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

18 March 2020 @ 10:30 am – Conference Room 2
28 May 2020 @ 10:30 am – Conference Room 2
23 July 2020 @ 10:30 am – Conference Room 2 – (pre-meet 9.15-10.15am)
24 September 2020 @ 10:30 am – Conference Room 2

Future Police & Crime Panel Meeting Dates (For Information)

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

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 Thursday 24th September 2020
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 (Gill Shearer)

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)

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.

588. APOLOGIES FOR ABSENCE

Apologies for absence were received from:

Chief Executive, Office of the Police and Crime Commissioner (Vivian Stafford)

Deputy Chief Constable (Mark Webster)

Head of Commercial (Barry Leighton)

Engagement Manager Grant Thornton LLP (Gareth Winstanley)

Public Sector Audit Associate, Grant Thornton LLP (Hebe Dyson)

589. 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.

590. DISCLOSURE OF PERSONAL INTERESTS

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

There were no other declarations of interest.

591. MINUTES OF MEETING AND MATTERS ARISING

The member queried point 573 corporate update around the arrangement for a meeting with the committee and the DCC to look at governance in the changing world because of covid. The JCFO explained that they felt governance had not really been impeded and the internal audit plan was back on track. He also explained that a new recovery and renewal group was up and running looking into how working will work moving forward.

ACTION, to discuss with DCC at the next meeting as to the effect of covid on the governance arrangements.

RESOLVED, that the minutes be recorded as a true record of the meeting held on 24th June 2020

592. ACTION SHEET

Item 553(ii) – Internal Audit report – Blue Light Collaboration (OPCC)- Dec 2019. The CE gave update, explaining that the scheduled meeting in February 2020 was cancelled and unfortunately another meeting has not taken place, the work highlighted in the report has been completed and the Blue light Board are due to sign this off on 1st October 2020 and ready for the committee to see at the next meeting.

Item 557 – Internal Audit Consideration of value and assurance of consultancy work. The member asked for a new target date to be set for this action, as it has not been completed by June 2020. The Head of Internal Audit updated the meeting in that the draft Fleet Management report had been sent to Stephen Kirkpatrick on 4th September 2020 and a further update report and summary went to Stephen Kirkpatrick on 23rd September 2020. The draft Front Counter report is with the director Corporate Improvement. These are now sitting with the Constabulary for their consideration. The assessment as to the value of these report is a decision for the constabulary to make and not Internal Audit.

ACTION: Item 557 - the assessment as to the value of these pieces of consultancy work need to change from Internal Audit to the Constabulary/OPCC.

ACTION, Item 557 - to change the target date to Mar 2021.

Item 583 – JAC Terms of Reference & Standing Order Update. The DCFO gave a verbal update regarding the increase of members from 4 to 5 and having a shadowing process for new members. Due to the restriction around covid, it is suggested that the recruitment process takes place spring 2021 with advert going out around February 2021, if successful we would look to take on 2 new members at that point to future proof for the following year when 2

members will be leaving. Then there would be a further recruitment in spring 2022 for the final new member. This proposal had previously been agreed by collaborative board. If recruitment were successful, the new member or members would be in place for the May 2021 meeting.

ACTION, to leave as ongoing and to change the target date to Mar 2021.

RESOLVED, that the report be noted.

Item 592 a – Reporting Internal Audit’s Findings (Action 580 update) – The DCFO presented a report for consideration by the Committee. The committee have agreed to go with Option 1 but with a rider on bullet point 6. This would mean that in the progress reports a sentence be added to say, “There are no matters that we wish to bring the committees attention from the reports that have been issued in this period”.

ACTION, to include sentence “there are no matters that we wish to bring the committees attention from the reports that have been issued in this period” in progress reports moving forward

RESOLVED, that the report be noted.

593. CORPORATE UPDATE

The JCFO gave the operational corporate update on behalf of the DCC, and as expected the focus of constabulary activity is around covid. Constabulary sickness levels are not as high as expected which is good news and this has been achieved by putting measures in place around remote working and spreading departments around different vacated offices so that teams where not working as closely together as they would normally.

There is the possibility of a second wave of covid and to that end; the ACC Mr Slattery is currently taking a leading role within the Strategic Co-ordinating Group which is a countywide planning and delivery of covid response group. This could be the arrangement for the next 6 months, which will impact on the constabulary Chief Officer team.

The overall demand for policing services is back to the pre covid levels, with greater demand during this busy summer on parking and wild camping issues around the county.

It is a balancing act for the police and they work on a process called the 4 E’s – Engage, Encourage, Explain and as a final resort Enforcement. Officers are also kept up to date with the latest government changes to covid rules so they can best serve the public.

A new recovery and renewal group has been set up looking at how the Constabulary will work post covid, the use of technology in digital working, remote staff working and the creation of drop in hubs within certain stations.

Operation uplift is a 3-year programme to recruit 20,000 new police officers nationwide and Cumbria have fulfilled their initial recruitment target of 51 in year 1. We have not yet been

given the recruitment target for years 2 & 3 but it is estimated that Cumbria could be allocated an overall target of 170 additional police officers over the three years to March 2023.

The member asked a question around the funding for these extra officers and the JCFO explained that the government will fund uplift for the at least the first 3 years of the officer career.

The JCFO then gave a financial update; all budgets were under pressure and due to covid the Constabulary had had extra expenditure around the provision of PPE, the increased ICT cost for laptops and network availability to allow staff to work from home. Due to covid there has also been a loss on income as events which the force would police and are paid for have not taken place.

The forecast at the end of Quarter1 was a £600k overspend. These additional expenses have been mitigated to some extent by a grant to cover PPE, savings on travel, accommodation and training across the force and some compensation from government for loss of income.

Although the current Quarter2 forecast is slightly up at 800k this has taken into account the loss on interest because the base rate has been reduced to virtually nothing, the JCFO predicted that budgets could come in close to target this year.

The biggest threat faced by the constabulary is the uncertainty around funding streams both grant income the level of council tax in future years. In previous years, the PCC has been given authority to ask for an above inflation rise in council tax. Next year however we could be faced with a reduction in council tax receipts due to the hardship faced by sectors of the public because of covid.

We also have the added costs to the pension liability because of the McCloud judgement and there is pressure on all Constabularies to make more funds available for the national Emergency Services Network project.

The CE then gave an update to the committee, the Commissioner is engaging with communities in a virtual way that is working well.

The PCC review undertaken by government has been segmented in to two reviews the first of which has just been concluded and the second will conclude in May 2021.

The first review was asking the public questions on a range of topics around how they feel the PCC's have engaged, how they feel the election process works i.e. first past the post and then the question of whether fire service governance come under the remit of the PCCs. The OPCC have submitted their review response to the Home office and the Home Office team are expected to bring a paper to the Home Secretary at the end of October.

Devolution is the other emerging issue and this is linked to wider local government reform leading to devolution. The local councils have been asked to submit their papers on local government reform by 14th September 2020 and the government would bring a white paper out in November 2020, at that point, the PCC's would get involved.

Commissioned services have worked well during the covid period resulting in a million pounds of extra funding for domestic abuse and £400k for safer street fund in Barrow to make people more secure in their homes in certain areas of Barrow.

The other concern for the commissioner is around the delays in cases being heard in the local courts they are currently running 12-18 months behind with caseloads, which is of concern to the commissioner through the support offered to victims.

594. INTERNAL AUDIT PROGRESS REPORT

The AM presented the report highlighting the following, works progressing on completion of the 2019/20 audits, and work has started on 4 pieces from the 2020/21 plan however one piece of work in relation to property stores has been stopped as detailed in paragraph 3.13 Changes to Audit Pan.

At this point sufficient coverage is anticipated to allow the Head of Internal Audit to give his opinion. It was noted that the format of the reports has been changed and revised audit opinion definitions have been used as detailed in the report.

The member thanked Internal Audit for the report and liked the new style format and definitions.

The member questioned what decision had been made around a replacement for the now halted property stores report. The JCFO stated that this was discussed at collaborative board and the work on property stores has been done by a consultant with expertise in this field.

The Head of Internal Audit then went on to explain that under the public sector standards it was not advisable to take assurance from someone else's piece of work without investigating who had done the work what qualification etc they have, so in essence it would be quicker for them to do the audit themselves. It is requested that a different audit be put in to use the days set aside for this piece of work.

The JCFO agreed and said another piece of work would be considered.

The chair summarised their views of the Committee that an alternative piece of audit work should sought to replace the review of property stores. The Committee accepted that it was difficult for Internal Audit to rely on assurance from a third party. The Committee queried the cost of the piece of work on the property stores undertaken by the consultant and how was value for money considered?

ACTION, the JCFO to advise what the alternative piece of audit work would be identified.

ACTION, the JCFO report on the cost and rationale around the separate pieces of work on property stores.

The member asked if sufficient work would be done to form an opinion.

The AM gave assurance that despite covid they were in a similar position to previous years and at this moment they envisage sufficient work being done to for the opinion.

RESOLVED, that the report be noted.

595. INTERNAL AUDIT REPORT – CREDITORS

This report was brought to committee due to the timing of the committee.

RESOLVED, that the report be noted.

596. STRATEGIC RISK REGISTER

The CE presented the OPCC monitoring report; OPCC Strategic and Operational risk registers.

The JCFO presented the Constabulary risk register; the biggest risks are as before around Strategic Finance, ESN, Covid and the Custody Medical contract.

The chair question why the score for Risk 2 Cumbria Vision 25 appeared to have been reduced yet all indications would show the squeeze on efficiencies should make this higher.

ACTION, the JCFO to investigate with the risk holder why the score for Risk 2 – delivery of Cumbria Vision 25 has gone down and give an update to next meeting.

RESOLVED, that the reports be noted.

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

The JCFO presented this report and stated that many of the recommendations have been delivered. New risks around Body Worn Video and Creditors have been added to the monitoring report.

A member asked about body worn video and the need for more not less given the covid situation. The JCFO agreed and said it has become a very useful tool in de-escalating confrontations when people realise they are being videoed they would moderate their behavior.

A member asked if the decision on blue light would still be going ahead with the board on the 1st October. The CE confirmed that yes; the Blue Light Strategic Board would be making those decisions on 1 October.

The DCFO asked for the committee's opinion on moving to a digital format for the Action Plan and the Monitoring of Key Audit Recommendation through the MS Teams planner facility.

A member was concerned that the committee needed a version of the reports that they can evidence as a true representation of the report that the given time. This would also be the

version that would be shared on the website.

ACTION, the DCFO to look at more options around using MS Teams for the Action Plan and the Monitoring of Key Audit Recommendation through the Team planner while also providing an overview for committee.

The chair sought clarification that the Estates new staff member was now in place and training for the HMRC Construction Industry scheme (CIS) was being undertaken. The FA confirmed that the new staff member was now in place and because the financial services apprentice was previously the Estates administrator she had been asked to step back in to assist them during the changeover of staffing with such areas, as CIS and would continue to do so until full training has been undertaken in January 2021.

RESOLVED, that the report be noted.

598. TREASURY MANAGER'S ACTIVITIES

The DCFO summarised the report for the committee and officers covering the Quarter 1 Activity to 30th June 2020 and asked for any comments/questions.

The member commented on the new format and how more effective it looked.

RESOLVED, that the report be noted.

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

Encourage in maintaining the number of internal audit days and to replace with audit on property stores with another piece of work.

600. ANY OTHER BUSINESS

- Update on the Final Accounts

The DCFO update the committee on the final accounts, external audit queries are progressing well, and draft report was expected by the end of October. There has been some restating of the figures around Local Government Pension Scheme (LGPS) and Police Pensions. The LGPS was around asset values falling between the end of February because of covid which increased liability by £1.5 million albeit not material it was thought prudent to update the accounts. The police pension was around the McCloud judgement and this was recalculated by £12 million, which is over the materiality threshold so the accounts had to be adjusted accordingly.

EL then confirmed the audit is going very well that most of the testing was now completed. The two big areas are pensions that have now been addressed and Property Plant & Equipment (PPE) that is still work in progress and they do anticipate being complete with the next two weeks and in a position to give the opinion within the above timescales.

- Agenda for the November Meeting

The DCFO spoke of the high volume of work for the November meeting and request the committee allow the update of the Financial Regulations and Financial Rules to be postponed until November 2021.

A member wanted to ensure that any issues or control weaknesses should be dealt with earlier than November 2021.

A member requested a short paper be provided requesting the postponement and that there are no issues or control weaknesses.

The EL confirmed that their IT specialist would be looking at the new cloud-based Oracle system and could provide the committee with some assurance at the November 2021 meeting.

ACTION: the DCFO to provide a short paper setting out the proposals to defer update of Financial Regulations and Financial Rules to November 2021 and covering any control issues.

The member asked for papers to be sent out earlier and if necessary, a phased delivery so member can have enough time to read and given due consideration.

ACTION: the Financial Services Apprentice to send papers out in a phased manor to assist the committee.

The chair brought up the option of the committee be given Constabulary laptops to enable the committee to move to the new way of working.

ACTION: the JCFO to investigate this option with ICT.

Meeting ended at 12:40

Future JAC Meeting Dates (For Information)

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

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

26th May 2021 @ 10.30am – Conference Room 2

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

Future Police & Crime Panel Meeting Dates (For Information)

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

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

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

Signed: _____ **Date:** _____

Joint Audit Committee – Action Update and Plan

Minute Item and date of Meeting	Action to be taken	Person Responsible	Target Date	Comments	Status
521 (19/09/19)	JAC2 - Support and challenge any new governance arrangements	The DCC & Internal Audit	Mar 2020 Moved to Mar 2021	For Officers and Internal audit to consider how the committee can contribute to the review of governance in the collaborative work around the Local Focus Hubs. Following JAC Meeting 18/3/20 target date to be revised the March 2021	Not yet due
524 (19/09/19)	Internal Audit Report - Local Focus Hubs (Constabulary) – Sep 19	Deputy Chief Constable	Nov 2019 Moved to Mar 2021	To update committee regarding the compliance on GDPR within the Local Force Hubs to ensure this is being progressed in a timely manner. DCC – 4 out of 6 now completed final 2 given two more weeks to comply, signed documents to be brought to next meeting – Target date amended to Mar 2020 Following JAC Meeting 18/3/20 target date to be revised the Mar 2021	Not yet due
540(e) (20/11/19)	Constabulary Arrangements for Anti-fraud & Corruption /Whistleblowing	DCI PSD	Nov 2020	To check and update definition of Fraud and Corruption on page 7 if appropriate. 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. November 2020 – This work is still ongoing.	Ongoing (within original timescale)

553(ii) (18/03/20)	Internal Audit Report – Blue Light Collaboration (OPCC) – Dec 19	Chief Executive	May 2020 Moved to Nov 2020	<p>To update on the progress of audit recommendations around Blue Light Collaboration.</p> <p>Performance Framework to be signed off by the Blue Light Board on 1st October 2020</p> <p>Blue light Board approved all documents on 1st October 2020 and all outstanding audit report recommendations have now been completed.</p>	Completed
557 (18/03/20)	Internal Audit: Consideration of the value and assurance of consultancy work	Constabulary or OPCC	May 2020 Moved to Mar 2021	<p>To accept this report and propose the way forward at the next meeting following the delivery of the Fleet Utilisation Report.</p> <p>Due to the COVID-19 outbreak all Internal Audit work was temporarily suspended at management’s request. We obtained the additional information we were waiting for and the findings from our work on the vehicle utilisation review was presented to ‘Fleet Management’ on 4th September 2020. We have requested some additional information so we can reflect current developments and will issue our updated draft findings presentation and summary report to the Director of Corporate Support in week commencing 21st September.</p> <p>Update at Meeting 24/09/20 - Fleet Utilisation now with Director of Corporate Support and Front Counters now with Director of Corporate Improvement</p> <p>November 2020 – Fleet Utilisation and Front Office Counters work now complete. To assist with the OPCC / Constabulary’s assessment of the value and benefit of Internal Audit’s advisory work, the Group Audit Manager will provide the Joint Chief Finance Officer with copies of the output and names of key contacts in the Constabulary who were involved in the work.</p>	Not yet due

583 (24/06/20)	JAC Terms of Reference & SO Update	CFO/DCFO	Sep 2020 Moved to Mar 2021	Look to increase membership from 4 – 5 and/or the possibility of a shadowing programme for new members to enable them to ‘learn the ropes’ November 2020 – Increase in numbers approved and recruitment process to be scheduled for spring 2021.	Ongoing (within original timescale)
591 (24/09/20)	Minutes of Meeting and Matters Arising	DCC	Nov 2020	To discuss at the next meeting the effect of covid on governance arrangements November 2020 – verbal update to be provided at the meeting	Completed
592a (24/09/20)	Reporting Internal Audit’s Findings	Internal Audit	Nov 2020	To include sentence “there are no matters that we wish to bring the committees attention from the reports that have been issued in this period” in progress reports moving forward November 2020 - This is now included in the internal audit update report under the heading ‘Matters to be brought to the attention of the Joint Audit Committee’	Completed
594 (24/09/20)	Internal Audit Progress Report	JCFO	Nov 2020	To advise what the alternative piece of audit work would be. November 2020 - The property stores audit has been replaced by a review of sickness reporting procedures.	Completed
594 (24/09/20)	Internal Audit Progress Report	JCFO	Nov 2020	To report on the cost and rationale around the separate pieces of work on property stores. November 2020 – The piece of work was undertaken on our behalf by the Operational Security Manager as part of the Regional and Organised Crime Unit (ROCU). The Constabulary contribute resources to the ROCU and there is no separate additional charge for this piece of work.	Completed
596 (24/09/20)	Strategic Risk Registers	JCFO	Nov 2020	To investigate with the risk holder why the score for Risk 2 – delivery of Cumbria Vision 25 has gone down and give update to next meeting. November 2020 – verbal update to be provided at the meeting.	Completed

597 (24/09/20)	Monitoring of Audit	DCFO	Nov 2020 Mar 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>	Ongoing (original timescale extended)
600 (24/09/20)	Any Other Business	DCFO	Nov 2020 Mar 2021	<p>To provide a short paper setting out the proposals to defer update of Financial Regulations and Financial Rules to November 2021 and covering any control issues.</p> <p>November 2020 – A verbal update will be provided as part of the substantive agenda item 11 (iii). It is requested that this deadline be extended to the next meeting in March 2021.</p>	Ongoing (original timescale extended)
600 (24/09/20)	Any Other Business	FA	Nov 2020	<p>To send papers out in a phased manor to assist the committee.</p> <p>November 2020 – Whilst every attempt is made to issue papers in a timely manner the deadlines for dispatch of papers to committee members is tight and depends on the report authors providing reports to the finance team. This situation is made more difficult under the covid restrictions as the majority of the finance team are working from home and someone has to be in the office to print and post the papers.</p>	Completed
600 (24/09/20)	Any Other Business	JCFO	Nov 2020	<p>To investigate the option of force laptops for committee members with ICT.</p> <p>November 2020 – Options are still being considered will be discussed further at the meeting.</p>	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 current funding environment.	<p>Members to maintain awareness of the national position in relation to the Funding Formula; to receive annual training on the budget and MTFP and consider as appropriate the arrangements flowing from significant changes in funding levels.</p> <p>JAC members to consider efficiency aspects of any recommendations or reports to Committee.</p>	JAC	March 21	In progress
JAC2	Support and challenge any new governance arrangements, for example, from restructuring and capacity reviews including Operation Uplift, greater collaboration with other organisations, joint working on delivery of services or external factors such as COVID19.	JAC to encourage clarity in any new arrangements; appropriate documentation and; ensure governance arrangements considered as part of the risk assessment.	JAC	March 21	In progress
JAC3	Consider the impact of new or emerging developments, such as, COVID19 on internal and external audit work programmes to ensure that they remain relevant.	<p>Members to continue maintain awareness of issues through corporate updates and wider reading and seek to understand how this impacts on governance arrangements.</p> <p>JAC to consider on an ongoing basis how the work of the Committee and the internal and external audit work programmes remain relevant.</p>	JAC	March 21	In progress

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CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT COMMITTEE

Meeting date: 19 November 2020

From: Audit Manager (Cumbria Shared Internal Audit Service)

INTERNAL AUDIT: PROGRESS REPORT TO 5TH NOVEMBER 2020

1.0 EXECUTIVE SUMMARY

1.1 This report provides a review of the work of Internal Audit for the period to 5th November 2020.

1.2 Key points are:

- Work is progressing on the re-assessed 2020/21 audit plan.
- Five risk-based audits from the 2020/21 plan are in progress
- The property stores audit has been replaced by a review of sickness reporting procedures (see paragraph 3.12)
- The 'consultancy / advisory' reviews on Front Office Counters and Vehicle Utilisation are complete and we have reported back and presented our findings to management. We plan to present our findings to Collaborative Board on 19th November.
- At this stage of the year it is anticipated that sufficient coverage will be achieved to enable to Head of Internal Audit to deliver the annual opinions. The plan will remain fluid this year in light of COVID-19. With coronavirus cases increasing in Cumbria, and now in a second national lockdown, we will continue to closely monitor the impact of the COVID-19 situation on the delivery of the 2020/21 plan and report any issues as they emerge to Collaborative Board and Joint Audit Committee.

- The Audit Manager is attending the Police Audit Group Conference in November. It is anticipated that this will provide a picture on how other Police internal auditors are addressing the challenges and impacts arising from COVID-19 on the delivery of their audit work.

OVERVIEW

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

2.0 RECOMMENDATION

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

3.0 BACKGROUND

- 3.1 The PCC and Chief Constable must make proper provision for internal audit in line with the 1972 Local Government Act. The Accounts and Audit Regulations 2015 require that the PCC and Chief Constable must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the PSIAS or guidance.
- 3.2 Internal audit is responsible for providing independent assurance to the PCC and Chief Constable and to the Joint Audit Committee on the systems of governance, risk management and internal control.

- 3.3 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.
- 3.4 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 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.
- 3.5 This report provides an update on the work of internal audit for the period to 5th November 2020. It reports progress on the delivery of the reassessed 2020/21 audit plan, including 2019/20 work in progress.

Status of internal audit work as at 5th November 2020

- 3.6 The table below shows the number of internal audit reviews completed, in progress and still to be started for the 2020/21 reassessed audit plan and 2019/20 work in progress. Further detail on this is included at Appendix 2.

Audit Status	Number of reviews
<u>Audits completed:</u>	<u>3</u>
Financial systems (2019/20 WIP)	1
Advisory work (2019/20 WIP)	1
Advisory work	1
<u>Audits in progress:</u>	<u>5</u>
Risk based audits	5 **
<u>Audits to be started</u>	<u>8</u>
Risk based audits	4
Financial systems	2
Governance work	1
Follow up	1
Audits in plan	<u>16</u>

** This includes the 'Sickness Reporting Procedures' review which replaces the 'Property Stores' audit which has been removed from the 2020/21 audit plan (see paragraph 3.12)

Reviews completed in the period to 5th November

3.7 Audits completed to 5th November comprise the advisory work on Vehicle Utilisation (WIP from 2019/20) and Front Office Counters. We have issued reports and presented our findings to management. We were due to present our findings to Collaborative Board on 5th November 2020 but the meeting was cancelled and will now take place on 19th November. As advisory / consultancy pieces of work these do not receive an assurance rating.

Draft Reports Issued to 5th November

3.8 The following draft report has been issued in the period. We have discussed the report and agreed the management actions to the recommendations in the report which is now with Chief Officers for sign-off, prior to finalisation.

Audit	Date of issue of draft report	Initial audit assessment
Collision Reduction Officers	29/09/2020	Reasonable

Advisory / consultancy work

3.9 As outlined in paragraph 3.7 we have concluded our advisory / consultancy work on Front Office Counters and Vehicle Utilisation. Our findings have been reported and presented to management and we were due to present our findings to Collaborative Board on 5th November. The meeting was cancelled and will now take place on 19th November 2020.

3.10 Now that a further two pieces of advisory work has been completed this will allow the OPCC and Constabulary to consider the value of this type of internal audit activity. To assist with this the Group Audit Manager will provide the Joint Chief Finance Officer with copies of the output and names of key contacts in the Constabulary who were involved in the work.

Matters to be brought to the attention of the Joint Audit Committee

3.11 At the Joint Audit Committee meeting in September 2020 it was agreed that we would highlight any matters to be brought to the attention of members in our progress report. We can report that the two pieces of advisory / consultancy work completed in the period (Vehicle Utilisation and Front Office

Counters) did not identify any issues regarding risk management, governance and internal controls which we need to bring to the attention of the Committee.

Changes to the audit plan

- 3.12 As reported at the September 2020 Joint Audit Committee, the reassessed Internal Audit plan for 2020/21 included a piece of work on property stores but we had become aware that work was being undertaken by a Consultant that would have duplicated the audit scope. The property stores review would have contributed to the Head of Internal Audit annual opinion for 2020/21, so, following discussions at Collaborative Board, the property stores audit has been replaced with a review of Sickness Reporting Procedures. The review has been scoped with management and fieldwork will commence shortly.

Sufficiency of coverage for 2020/21 Annual Opinions

- 3.13 As reported to Joint Audit Committee in June 2020, Internal Audit work was suspended on 23rd March 2020 at the request of the Joint Chief Finance Officer due to the COVID-19 situation. This was considered to be a sensible and pragmatic way forward in the circumstances. Internal Audit work recommenced later in June 2020 and a reassessed Internal Audit plan for 2020/21 was presented to JAC. The reassessed Internal Audit plan provides for 251 days. This is a reduction of 30 days from the original plan presented to JAC on 18th March 2020 which contained 281 audit days. As discussed at the time this was a conscious decision to reflect the impact of COVID-19 in terms of resources and time available until the Head of Internal Audit Opinions are required for 2020/21. At the time of writing this report, work on the 2020/21 audit plan is progressing. However, it is clear that coronavirus cases are rising again in Cumbria, and we are now in a second national lockdown, so we will continue to closely monitor any impact on our ability to deliver the audit plan and report this to management and JAC.
- 3.14 The Chartered Institute of Internal Auditors has recognised that the impact of the COVID-19 outbreak will continue to be felt during 2020/21 and the challenges and potential impact this might have on delivering the Head of Internal Audit Opinions for 2020/21. At a CIPFA Special Interest Group meeting on 14 October 2020 the issue of the need for guidance on Head of Internal Audit Opinions for 2020/21 was flagged and it is hoped that when CIPFA does its internal audit planning update webinar that this issue will be considered.
- 3.15 The Audit Manager is attending this year's Police Audit Group Conference which is being held virtually on 5th and 6th November. This will give a picture of how other police auditors are progressing work and adapting to the challenges of COVID-19 and its impact on their 2020/21 audit plans. We can verbally update the Committee on key issues that are identified.

- 3.16 When we presented the reassessed 2020/21 audit plan to Joint Audit Committee in June 2020 we highlighted that the audit plan would need to remain fluid this year in light of the current COVID-19 outbreak and the potential for a second wave. We will continue to closely monitor progress on the delivery of the 2020/21 audit plan and will provide Joint Audit Committee with updates through the Internal Audit quarterly progress reports, including any changes to the plan, and any potential impact on the delivery of the 2020/21 Head of Internal Audit Opinions.

Emma Toyne
Audit Manager
5th November 2020

APPENDICES

- Appendix 1 : Final reports issued to 5th November 2020***
- Appendix 2 : Progress on all risk based audits from the reassessed 2020/21 plan including work in progress from the 2019/20 plan***
- Appendix 3 : Internal audit performance measures to 5th November 2020***

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Appendix 1 – Final reports issued to 5th November 2020

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 plan to present our findings to Collaborative Board on 19 November 2020.	N/A

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 – presented findings to Director of Corporate Support and Head of Fleet on 22 October 2020. Due to present our findings to Collaborative Board on 19 November 2020.	N/A
Constabulary / OPCC	Financial sustainability		
Constabulary / OPCC	Benefits delivery process	Scoping meeting held on 20 October 2020. Awaiting information so that we can commence our fieldwork.	N/A
Constabulary / OPCC	Risk management and governance		
Constabulary / OPCC	Contract management	Scoping meeting held on 20 August 2020 but asked to delay starting our fieldwork until November 2020 as key client staff involved in the implementation of the business transformation	N/A

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

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
		project. Fieldwork is due to commence on 12 November 2020.	
Constabulary	Sickness management		
Constabulary	Collision Reduction Officers (CROs)	Draft report issued 29 September 2020. Closeout meeting held on 3 November 2020 and report is now with management for sign-off prior to finalisation.	N/A
Constabulary	Professional Standards – Reflective Practice Review Process		
Constabulary	Sickness Reporting Procedures (replaces Property Stores audit)	Scoping meeting arranged for 22 October 2020 but postponed by the Constabulary. Meeting held on 4 November 2020 and fieldwork is due to start shortly.	N/A
Constabulary	New Business Transformation Project (BTP) finance – Phase 1	Work in progress. We are awaiting information to complete the review.	N/A

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

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary	New Business Transformation Project (BTP) finance – Phase 2		
Constabulary / OPCC	Financial systems – Main Accounting System		
Constabulary / OPCC	Financial systems - Pensions		
Constabulary	Front Office Counters (advisory / consultancy)	Completed – Findings issued to the Director of Corporate Improvement on 18 September 2020. Due to present our findings to Collaborative Board on 19 November 2020.	N/A
Constabulary	TRIM (Trauma Risk Incident Management) – follow up		
Constabulary / OPCC	New work resulting from COVID-19		
	Attendance at Police Audit Training & Development event	Day 1 of this year's (virtual) conference attended by the Internal Audit Manager on 5 November 2020 who will also attend day 2 on 6 November 2020.	N/A
	Internal Audit Management	On-going	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	30% 95% (annual target)	19%	<p>Target is based on the same period last year.</p> <p>There were six audits completed at the same point last year. Four of these were WIP from the 2018/19 audit plan. As reported at the September 2020 JAC meeting, WIP brought forward from 2019/20 was lower than in previous years due to the progress that was made in year.</p> <p>Internal Audit work was suspended due to COVID-19 between March and June 2020 at the request of the OPCC and Constabulary. As no work was undertaken in the first quarter of 2020/21 this has impacted on the percentage of reports completed to final stage at this point in the year.</p>
Completion of audit plan	<p>Number of planned days delivered</p> <p>*251 days plus 3 days to complete the creditors WIP from 2019/20. 281 per shared service agreement less 30 days removed from the plan due to COVID-19.</p>	<p>150</p> <p>254*</p> <p>(annual target)</p>	79	<p>Target is based on the same period last year.</p> <p>Internal Audit work delivered has been impacted by the temporary suspension of our work as a result of COVID-19. Internal Audit work recommenced in late Q1.</p> <p>There were four pieces of work in our audit plan to be commenced in Q2. One has been finalised and one is awaiting management sign-off. We are waiting for information from management to complete a further piece of work and the fourth</p>

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
				<p>piece of work on property stores has been removed from the plan due to work being undertaken by a consultant. An alternative review has been identified and a scoping meeting was held on 4 November 2020 and we can now finalise the scope and commence this work.</p> <p>Two of the four audit reviews planned to commence in Q3 have been scoped. We are waiting for information from, or a meeting with, management to progress fieldwork in these areas.</p> <p>The remaining two reviews identified for Q3 are financial systems and we will progress these once the external audit of the accounts is completed to minimise the impact on key finance staff.</p>
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%	
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	100%	

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
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%	
Follow up	% of high and medium priority audit recommendations implemented by target date	100%	N/A	There is only one follow up audit in the 2020/21 internal audit plan (TRiM) which is due to take place in Q4.
Customer Feedback	% of customer satisfaction surveys returned	100%	100%	Based on two forms returned.
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	100%	Based on two forms returned. One form relates to an audit reported in 2019/20.

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	59%	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 23 rd March 2020. Work recommenced in late June 2020.

Monitoring Key Audit Recommendations

Introduction

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

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

Report Summary

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

Summary of Actions	PCC	CC	Joint	Total
Open actions b/fwd from last report	3	2	1	6
New actions since last report	0	0	0	0
Total actions this report	3	2	1	6
Actions completed since last report	3	1	0	4
Open actions c/fwd to next report	0	1	1	2

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

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

Summary of Total Actions by Status	PCC	CC	Joint	Total
Completed	3	1	0	4
Ongoing (within original timescale)	0	0	0	0
Ongoing (original timescale extended)	0	1	0	1
Overdue/ timescale exceeded	0	0	0	0
Not yet due	0	0	1	1
Total	3	2	1	6

Key to Grade:

Cumbria Shared Internal Audit Service

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

External Audit – Grant Thornton

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

Monitoring of Individual Audit Reports 2020/21

Audit Report	CC/ PCC/ Joint	Reported Date	Assurance Opinion				Audit Recommendations (Grade)			
			Substantial	Reasonable	Partial	Limited /None	High	Medium	Advisory	Total
Firearms	CC	19/11/19		✓			0	2	0	2
Blue Light Collaboration	PCC	19/12/19		✓			0	4	0	4
Procurement/ Commercial	Joint	18/12/19		✓			0	2	3	5
TRiM	CC	13/02/20			✓		2	1	1	4
Total to JAC 18/03/20			0	3	1	0	2	9	4	15
Body Worn Video	CC	10/03/20		✓			0	1	1	2
Training	CC	01/04/20		✓			0	1	0	1
Treasury Management	Joint	02/04/20		✓			0	1	1	2
Financial Sustainability	Joint	06/05/20		✓			0	0	0	0
Police & Crime Plan	PCC	04/06/20	✓				0	0	2	2
Total to JAC 24/06/20			1	4	0	0	0	3	4	7
Creditors	Joint	10/09/20		✓			0	2	0	2
Total to JAC 24/09/20			0	1	0	0	0	2	0	2
None										
Total to JAC 19/11/20										

Audit Report	Recommendation Summary	Current Status					For detail see page
		Completed	Ongoing (within original timescale)	Ongoing (original timescale extended)	Overdue/ timescale exceeded	Not Yet Due	
Recommendations B/fwd from Report to JAC 18/03/20							
Local Focus Hubs (CC)	R2) A PMF should be agreed and shared following full countywide consultation that further supports and informs the identification of priorities and targeted interventions.			✓			5
Blue Light Collaboration (OPCC)	R1) Key governance documents such as terms of reference / roles and responsibilities should be regularly reviewed to ensure they remain accurate.	✓					6
Blue Light Collaboration (OPCC)	R2) Appropriate arrangements should be in place to evidence the items considered in determining the governance arrangements for the Collaboration, including where key elements of good governance are not put in place.	✓					7
Blue Light Collaboration (OPCC)	R4) It should be evident how the success of the Blue Light Collaboration agreement will be measured and that this has been agreed by all relevant parties.	✓					8
Body Worn Video (CC)	R1) Annual audits of evidence.com should take place, in accordance with the Cumbria Body Worn Video procedures.	✓					9
Creditors (Joint)	R1) Management should ensure that staff involved with the CIS scheme are fully aware of the CIS requirements and the terms are applied consistently in line with the guidance.					✓	10
Totals B/Fwd Recommendations		4	0	1	0	1	
New Recommendation Since Last Report		0	0	0	0	0	
Total New Recommendations		0	0	0	0	0	
Total All Recommendations		4	0	1	0	1	

Audit Report: Local Focus Hubs			
Date Issued: 09/09/2019	Date Considered by JAC: 19/09/2019	Report of: Shared Internal Audit Service	Report for: CC
Recommendation: R2) A PMF should be agreed and shared following full countywide consultation that further supports and informs the identification of priorities and targeted interventions.			Grade: Medium
Agreed Action: The Local Focus Unit Performance Framework (PF) was developed in consultation with the existing Units and Corporate Support and distributed in early 2018 to each of the developing Units. There has been a different pace of development across the County which made it challenging to implement it in its entirety in each location. The Constabulary now have the added bonus of Power Business Intelligence and support from Corporate Development, combined with the audit expertise of Emma Thompson as the manager of Allerdale LFU. Emma has reviewed the PF to make it more relevant to partners, and Corporate Development are looking to systemise it to make production of a performance document simpler and more user friendly. The national problem solving team are awaiting an update on this issue as Cumbria Constabulary are very much in the driving seat nationally in terms of the development of a representative performance framework.			Due Date: 31 December 2019 Responsible Person: Superintendent South Sarah Jackson
Subsequent Updates: November 2019 - As detailed within recommendation one, the Constabulary has a desire to develop a public health approach to policing. This renewed model will require extensive consultation with public and third sector agencies to facilitate the joint creation of multiagency integrated local focus hubs. An essential task will be the development of a joint performance framework, as well as the generation of risk management and partnership relationship agreements. It will also demand a review of internal cross command operating procedures. In order to realise the full benefits of a truly collaborative arrangement, the creation of a performance management framework cannot be undertaken by the police in isolation. It is essential that any design of the hubs, supporting policy and procedures must be co-produced with interested agencies, many of which are themselves bound by their own target operating models. The task to deliver on this recommendation is complex and will require significant negotiation with multiple partners, at scale. Whilst the task has already begun, it will be several months before the hubs are operating sufficiently well to evidence the delivery of an embedded PMF. Therefore, a request to extend the delivery against this recommendation is sought. February 2020 – On 2nd Feb 2020 Chief Officers committed to delivering a child centered and early intervention approach via the NPT Local Focus Hubs. The revised hubs will support the place based Public Health and Contextual Safeguarding agendas of our county, district and wider partnerships. The change programme will require extensive internal remodeling to rationalise workflows across TPA, CJ and Crime Commands, as well as co-production of data sharing agreements, assessment models, and performance management frameworks (not exhaustive) with partners in the public and third sector. Chief Officers have invested two dedicated Inspectors to develop a pilot delivery site in the Barrow Hub, and subject to review and approval, scale the model up across the other five hubs. Governance will be bi-monthly to the management Board with an estimated completion date of February 2021. September 2020 – Due to this being a piece based entirely on collaboration the action has been impacted by Covid. That said, a draft LFH performance framework is in place, and a draft Child Centred Policing framework has been developed. The ambition is to converge the two separate entities once the CCP teams are established, and their initial referral mechanism has been finalised. The teams only went live on 1/9/20 and so it is too early to finalise. November 2020 – The CCP policing teams are now established and a draft outcomes framework has been agreed. CCP teams will be linked into LFH work. This will be rolled out imminently across each of the 3 TPAs. The revised draft outcome framework from the LFH has also been established and is being launched across the 6 hubs. All hubs are now migrating onto TEAMS for their case management and referral processes. It is envisaged that this action will be completed in February 2021.			
Status:	Agreed Changes to Due Date: (N.B. any changes to due date must be agreed by COG or a Governance Board)	New Date:	Where & When Approved:
Ongoing (original timescale extended)		February 2021	COG 02/02/20

Audit Report: Blue Light Collaboration			
Date Issued: 19/12/2019	Date Considered by JAC: 18/03/2020	Report of: Shared Internal Audit Service	Report for: OPCC
Recommendation: R1) Key governance documents such as terms of reference / roles and responsibilities should be regularly reviewed to ensure they remain accurate.			Grade: Medium
Agreed Action: We will review terms of reference for the Boards and roles and responsibilities for the revised structure. We acknowledge and will incorporate recommendation 2 in developing and making changes to the Blue Light Collaboration governance arrangements going forward.			Due Date: 29/02/2020
Subsequent Updates: February 2020 – Partial completion. Final sign off by Executive Board 1st October September 2020 – Partial completion. Final sign off by Executive Board 1st October November 2020 – Completed Revised Governance and Terms of Reference signed off by Executive Board on 1st October			
Status:	Agreed Changes to Due Date: <i>(N.B. any changes to due date must be agreed by COG or Governance Board)</i>	New Date:	Where & When Approved:
Completed		01/10/2020	

Audit Report: Blue Light Collaboration			
Date Issued: 19/12/2019	Date Considered by JAC: 18/03/2020	Report of: Shared Internal Audit Service	Report for: OPCC
Recommendation: R2 Appropriate arrangements should be in place to evidence the items considered in determining the governance arrangements for the Collaboration, including where key elements of good governance are not put in place.			Grade: Medium
Agreed Action: We will review terms of reference for the Boards and roles and responsibilities for the revised structure. We acknowledge and will incorporate recommendation 2 in developing and making changes to the Blue Light Collaboration governance arrangements going forward.			Due Date: 29/02/2020 Responsible Person: Safer Cumbria Coordinator Wendy Binks
Subsequent Updates: February 2020 – Partial completion. Final sign off by Executive Board 1st October September 2020 – Partial completion. Final sign off by Executive Board 1st October November 2020 – Completed Revised Governance and Terms of Reference signed off by Executive Board on 1st October			
Status:	Agreed Changes to Due Date: (N.B. any changes to due date must be agreed by COG or Governance Board)	New Date:	Where & When Approved:
Completed		01/10/2020	

Audit Report: Blue Light Collaboration			
Date Issued: 19/12/2019	Date Considered by JAC: 18/03/2020	Report of: Shared Internal Audit Service	Report for: OPCC
Recommendation: R4) It should be evident how the success of the Blue Light Collaboration agreement will be measured and that this has been agreed by all relevant parties.			Grade: Medium
Agreed Action: We will ensure the Executive Board acknowledges how the Blue Light Collaboration and individual projects will be evaluated, and clearly set out how we will know that collaboration has been successful.			Due Date: 29/02/2020 Responsible Person: Safer Cumbria Coordinator Wendy Binks
Subsequent Updates: February 2020 – Partial completion - Performance Framework at Executive Board on 1st October. September 2020 – Partial completion. Final sign off by Executive Board 1st October. November 2020 - Completed. Executive Board agreed a Performance Framework on 1st October 2020.			
Status:	Agreed Changes to Due Date: (N.B. any changes to due date must be agreed by COG or Governance Board)	New Date:	Where & When Approved:
Completed		01/10/2020	

Audit Report: Body Worn Video			
Date Issued: 10/03/2020	Date Considered by JAC: 24/06/2020	Report of: Shared Internal Audit Service	Report for: CC
Recommendation: R1) Annual audits of evidence.com should take place, in accordance with the Cumbria Body Worn Video procedures.			Grade: Medium
Agreed Action: The Business Improvement Unit will undertake the first annual audit with assistance from the Superintendent (North). Arrangements will be made to ensure that annual audits are undertaken thereafter.			Due Date: 31/08/2020 Responsible Person: Superintendent (North) Matt Kennerley & T / Superintendent (BIU)
Subsequent Updates: September 2020 – The BIU was re-deployed during the Constabulary response to Covid and as such is now resuming BIU activity, delaying planned work including the Audit. However, this is now tasked to an identified individual with all data reports secured from evidence.com. The work has a completion deadline of 30/09/20. These timescales also support annual refresh as September is more practical for conducting this audit. November 2020 – The audit report was completed by the BIU and submitted on 9/10/20. The audit report findings were then discussed with the operational lead. Feedback has informed ICT training for future system use. There were no reports from the audit that caused concern or lead us into any breaches of data sharing. There were some system discrepancies in how data is recorded which have been reported with a view to resolve or accept as a feature of the system but nothing which then creates any level of risk to either the organisation or partners. The BIU will schedule the work to take place annually in the month of September and the Operational Lead will monitor.			
Status:	Agreed Changes to Due Date: (N.B. any changes to due date must be agreed by COG or a Governance Board)	New Date:	Where & When Approved:
Completed		30/09/2020	Collaborative Board 14/09/20

Audit Report: Creditors			
Date Issued: 10/09/2020	Date Considered by JAC: 24/09/2020	Report of: Shared Internal Audit Service	Report for: Joint
Recommendation: R1) Management should ensure that staff involved with the CIS scheme are fully aware of the CIS requirements and the terms are applied consistently in line with the guidance.			Grade: Medium
Agreed Action: A new member of staff has been appointed within the Estates Team and will start in September 2020. They will receive initial training on invoice processing and then will undertake specific HMRC training on CIS regulations (course booked for 20/01/2021), the Senior Estates & Facilities Maintenance Manager will also undertake CIS refresher training. The spreadsheet maintained by the Team to record orders has been updated to include a check for CIS compliance at the point of ordering. This is checked by the Senior Estates & Facilities Maintenance Manager before payments are made.			Due Date: 31 January 2021 Responsible Person: Senior Estates & Facilities Maintenance Manager. Eggert Fruchtenicht
Subsequent Updates: November 2020 – The new member of staff in the estates team is settling in well and is picking up work in relation to the CIS scheme. A course has been planned for January 2021 but this may depend on availability and covid restrictions at the time. In the meantime, knowledge has been cascaded.			
Status:	Agreed Changes to Due Date: <i>(N.B. any changes to due date must be agreed by COG or a Governance Board)</i>	New Date:	Where & When Approved:
Not yet due			

Joint Audit Committee



Title: Update to Grant Regulations

Date: 9th November 2020

Agenda Item No: 11(iv)

Originating Officer: Jo Woof, Assistant Policy Officer, Cumbria Police and Crime Commissioners Officer

CC: Stephanie Stables, Partnerships and Commissioning Manager, Cumbria Police and Crime Commissioners Officers

Executive Summary:

An internal audit has been conducted on the Contract Management process and procedures within the Office of Police and Crime Commissioners. The primary aim of the review was to identify any key issues within the management of grants and contracts that may have a negative impact on the OPCCs ability to manage and monitor supplier delivery, key performance and outcomes.

A series of recommendations were outlined including the requirement to align the COPCC Grant Regulations 2017-2020 to reflect recent changes to the Open Grant Schemes offered by the PCC and other minor amendments.

The OPCC Executive Team approved the changes to COPCC Regulations 2017-2020 on 4th November 2020.

Recommendation:

The Joint Audit Committee is asked to consider and approve the following minor changes to the COPCC Grant Regulations 2020-2021 as follows:

Amendments to Grant Award section (Page 10 to 11) to reflect the changes to the OPCC Open Grant Scheme, including the implementation of the Covid-19 Community Recovery Fund as a direct response to the Covid-19 pandemic and the Ministry of Justice Covid-19 Extraordinary Fund (Page 11) made available to services within Cumbria supporting victims of sexual violence and domestic abuse to enable them to continue to provide a service during the Covid-19 pandemic.

Moving forward the PCC will have one Open Grant Scheme 'The Property Fund' which will be available to community and voluntary groups to bid for funding. This will allow for increased focus on crime related issues impacting on our county and will enable the PCC to concentrate on thematic areas of crime which will support the delivery of the objectives within the Police and Crime Plan. As a result, the Innovation and Community Funds have now been closed to applications.

Further amendments included an update to terms and conditions (page 15). All organisations and groups that wish to bid for funding through the OPCC must have in place Modern Day Slavery Statements or Anti-Slavery Policies that prevent the exploitation of vulnerable persons, including through supply chains as well as directly within the organisation or any partnerships.

1. Introduction & Background

- 1.1 The grant regulations have been developed to ensure that all services and organisations funded by the PCC maintain a minimum set of requirements throughout the period that they are funded. They ensure that those services, projects or initiatives are operating at a safe and effective level and enables the PCC to hold them to account for delivery and promptly act on concerns raised.

As part of an internal review conducted by the OPCC Partnerships and Commissioning Team relating to the management of contracts and grants. The COPCC Grant Regulations were examined to ensure that the regulations remain relevant and aligned with recent changes to OPCC processes and structures.

The internal review has now been concluded and as a result several recommendations for change and amendments had been put forward to the OPCC Executive Team. The recommendations proposed have now been actioned for completion and allocated to staff within the Partnerships and Commissioning Team. The amendments to the COPCC Grant Regulations 2020-2021 completes one of the Contract Management Actions.

2. Issues for Consideration

- 2.1 None the current contract management processes are aligned with wider organisation governance including 'The Police and Crime Plan 2016-2020'. The high-level objectives within the Police and Crime Plan drives commissioning decisions and allows for an element of innovation when commissioning and developing services. As such the Grant Regulations 2020-2021 have been aligned to the Police and Crime Plan objectives, Commissioning Strategy and wider governance processes.

3. Implications

(List and include views of all those consulted, whether they agree or disagree and why)

- 3.1 Financial
There are no financial concerns or implications.
- 3.2 Legal
There are no legal implications as OPCC Grant Regulations 2020-2021 refer to a set of procedures and processes
- 3.3 Risk

There are no apparent risks as the amendments to the grant regulations have mitigated risks by aligning the regulations to changes to OPCC policy and procedures.

3.4 HR / Equality
Not Applicable

3.5 I. T
Not Applicable

3.6 Procurement
Not Applicable as the 'Regulations' related to open and direct awarding of grants.

3.7 Victims
There are no implications or impact on victims.

4. Supplementary information

List appended documents such as business case, EIA, PID, Media Strategy (remember all key points of information should be summarised within this document)

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Cumbria Office of the Police and Crime

Commissioner

Grant Regulations 2017-2020

Contents

Definitions.....	3
Introduction	4
Purpose, Responsibilities and Policy	5
Purpose	5
Responsibilities	5
Policy	6
Procedure for Grant Awards and Grant Agreements.....	7
Introduction	7
Procedure.....	7
Exemptions to the Open Award Process	8
The Cumbria Compact	9
Award of Grants	10
Open Grant Schemes and Evaluation Criteria	11
Grant Agreement Terms and Conditions.....	12
Publication Requirements.....	13

Definitions

‘Regulations’ – means these Grant Regulations.

‘Commissioner’ – means the Police and Crime Commissioner for Cumbria.

‘Commissioners Monitoring Officer’ – means the Chief Executive.

‘Chief Executive’ – means the person appointed by the Commissioner to be head of the Commissioner’s staff as defined within the Police Reform and Social Responsibility Act 2011.

‘COPCC’ – means Cumbria Office of the Police & Crime Commissioner.

‘Commissioning Strategy’ – the Commissioner’s strategy setting out the overall arrangements for commissioning in accordance with the budget and the priorities within the Police and Crime Plan.

‘Small Grant Scheme’ – The scheme provides funding for initiatives that support objectives in the Police and Crime Plan including community initiatives. In March 2020 the Commissioner introduced the Covid 19 Community Recovery Fund to provide immediate support to providers and community groups, so they can continue to offer support to victims. This fund will end on the 30th September 2020 The Commissioner also has the Property Fund available for community and voluntary groups to access with an aim to reduce crime and disorder at a local level and to support victims to cope and recover.

‘DPA’ – means the Data Protection Act

‘EU Procedure’ – means the set of established, detailed procedural rules which must be observed when awarding works, supplies, and services contracts over the EU monetary thresholds and are intended to promote fair and open competition and a single European Market under The Public Contract Regulations 2015.

‘FOI’ – means The Freedom of Information Act 2000.

‘Organisation’ – means the Cumbria Office of the Police & Crime Commissioner

‘Total Value’ – means the anticipated total spend over the lifetime of a requirement for goods, services or works. This may include implementation costs, ongoing operational costs, and end of life disposal.

‘Value for Money’ – means the optimum combination of whole life costs and quality (or fitness for purpose) to meet the user’s requirement.

‘Cumbria Compact’- a voluntary compact between VCSE groups and public sector bodies to support collaborative working

‘VCSE’ – means the voluntary, community and social enterprise sector

“anti-social behaviour” means behaviour by a person that causes or is likely to cause harassment, alarm or distress to one or more other persons not of the same household as that person;

“crime and disorder reduction” means reduction in levels of:

- (a) crime and disorder (including anti-social behaviour and other behaviour adversely affecting the local environment),
- (b) the misuse of drugs, alcohol and other substances, and
- (c) re-offending.

Introduction

Welcome to the Grant Regulations for the Cumbria Office of the Police and Crime Commissioner. This document sets out for our staff and partners the rules by which the COPCC will award crime and disorder reduction grants and grants to help victims, witnesses and others affected by offences and anti-social behaviour. These regulations alongside the Procurement Regulations aim to support the delivery of the Commissioning Strategy and Plan.

Grant regulations aim to ensure that grant awards are made in a fair, transparent and consistent manner,

Police and Crime Plan

The vision within the Commissioner's Police and Crime Plan is that:

"Cumbria remains a safe place to live, work and visit, where the public has a say in policing and organisations and community groups work together to address the causes of crime, as well as the consequences"

ensuring the highest standards of probity and accountability. They also secure that the processes that underpin decision making are robust and that the terms and conditions applied to grant agreements are appropriate to the amount of the grant award and the purpose for which it has been made. Our regulations aim to safeguard public money, supporting decisions that direct funding towards activity and interventions that will have the greatest impact on reducing crime and disorder and deliver best possible outcomes for victims. In doing this we aim to ensure that a wide range of organisations have the opportunity to work with us in support of the vision within the Police and Crime Plan.

The Grant Regulations apply to the issuing of crime and disorder reduction grants and grants to help those affected by offences and anti-social behaviour. They operate alongside the Commissioner's Procurement Regulations. They do not negate the requirement to comply with procurement regulations for the procurement of supplies, goods and services where the Commissioner receives the direct economic benefit of that supply or where the arrangements are likely to be above the thresholds of the EU procurement directive.

Purpose, Responsibilities and Policy

Responsibilities

The Commissioner is responsible for all awards of grants and decisions to enter into grant agreements. All grant awards and grant agreements must be in the name of the “**The Police and Crime Commissioner for Cumbria**”.

The Chief Executive will be responsible for ensuring that staff of the COPCC comply with these regulations; for securing the safekeeping of registers of grant awards and grant agreements; and for securing that records are maintained of exemptions to the open procedure.

The Head of Partnerships and Commissioning is responsible for:

- Maintaining robust and up to date grant regulations; to ensure the grant regulations are complied with
- Ensuring the exercise of due diligence through effective processes and procedures prior to decision making
- The overall arrangements for assurance when awarding funding, to ensure the safeguarding of public funds and the delivery of priorities within the Police and Crime Plan;
- Ensuring that total funding awarded through grants and grant agreements is within the amount allocated annually within the budget, and for awards across multiple years, within the amounts set out within the Commissioning Strategy;
- Meeting all publications requirements with regards to the award of grants and grant agreements.

The Director of Legal Services will be responsible for the provision of advice on grant agreements including advice on terms and conditions.

All staff employed by the Commissioner must abide by these Regulations in the conduct of the business of the office.

Purpose

The purpose of these Regulations is to:

- Achieve Value for Money and support the priorities within the Police and Crime Plan
- Be consistent with the highest standards of integrity and ensure fairness in allocating grants
- Comply with all legal requirements, particularly in relation to the EU Public Procurement Rules
- Secure good governance in respect of decisions to award grants and enter into grant agreements

Policy

The policy for COPCC grant awards and agreements is that:

- The award of grants is limited to VCSE organisations or other public sector partners for the purposes of partnership working.
- All activity undertaken to develop opportunities for grant awards and grant agreements is undertaken with the primary objective of supporting the Commissioner to deliver statutory responsibilities and achieve the priorities and objectives within the Police and Crime Plan.
- Decisions to award grants and enter into grant agreements should do so to achieve best Value for Money and social value, taking into account the amount of funding being committed and the outcomes that aim to be delivered from that funding, including social, economic and environmental benefits.
- The process to award grants should be proportionate to the amount of the grant award and the purpose for which it is being given. Processes will achieve an appropriate balance between risk, innovation and delivery.
- The award of grants will be undertaken in a transparent, fair and consistent manner, ensuring the highest standards of probity and accountability.
- All staff involved in commissioning activities will adhere to these Regulations and the Procurement Regulations. Consideration will be given to circumstances where members of staff would need to be excluded where their position may be compromised.
- The award of grants will be, where possible, undertaken in accordance with the principles set out in the Cumbria Compact.
- All commissioning activity shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community and relevant Government guidance.



Procedure for Grant Awards and Grant Agreements

Introduction

Police and Crime Commissioners have responsibility for enhancing criminal justice, community safety, reducing crime, and supporting victims. In carrying out those responsibilities the Anti-Social Behaviour, Crime and Policing Act 2017 provides Commissioners with wide powers to provide or commission services that:

- in the opinion of the Commissioner, will secure, or contribute to securing, crime and disorder reduction
- are intended by the Commissioner to help victims or witnesses of, or other persons affected by, offences and anti-social behaviour;

In arranging for the provision of these services the legislation provides that the Commissioner may make grants in connection with the arrangements. The grants may be subject to any appropriate conditions, including conditions as to repayment.

In Cumbria these grant regulations set out the arrangements for making grants and entering into grant agreements for the purposes of exercising those powers and responsibilities. These regulations will apply in supporting the delivery of the Commissioning Strategy other than in cases where commissioning activity is being fulfilled through the Commissioner's procurement regulation

These grant regulations have been developed to ensure that all those services, projects or initiatives funded by the PCC maintain a minimum set of requirements throughout the period that they are funded. They ensure that those services, projects or initiatives are operating at a safe and effective level and enables the PCC to hold them to account of delivery and promptly act on concerns raised.

It is incumbent on those applying for funding that they have fully read and understood these conditions, as the submission of an application form and acceptance of any subsequent funding offer will be accepted as confirmation to the agreement of the conditions.

Procedure

The award of grants and entering into grant agreements can only be made by the Commissioner. Officers involved in commissioning activity that is planned to be delivered through a grant award and agreement must adhere to the following procedures:

- Activity must be consistent with the approved Commissioning Strategy, having regard to the commissioning principles set out within the strategy and the commitment to the Cumbria Compact.
- All commissioning activity, where appropriate should be supported by policy or research that identifies the need to commission further activity or interventions prior to the development of any schemes for the award of grants.

- Grants and grant agreements may only be used where they are in accordance with legislation, including the EU procurement regulations and are not seeking to confer a direct economic benefit to the Commissioner. In any other circumstances the Commissioner's Procurement Regulations must be complied with. Where officers are unsure as to whether these Regulations or the Procurement Regulations apply they must seek the advice of the Director of Legal Services or the Head of Commercial Services.
- Grant awards should be made using an open process, other than for those awards that meet the criteria for exemptions to the open award process.
- An open award process is a scheme that is open to all VCSE providers and publicised through the Commissioner's website and other appropriate media. Open award processes will have a predetermined purpose or set of outcomes and an evaluation model against which funding applications can be assessed. The application process should give careful consideration to the information applicants are asked to provide. Information requirements should not be burdensome but should be sufficient to ensure that the financial standing and delivery capabilities of the applicant can be reasonably assessed.
- The issue of all grants and grant agreements must include terms and conditions appropriate to the amount of the funding and a mechanism through which outcomes can be assessed.
- Grant agreements may be issued to partners on the basis of collaborative and pooled budget arrangements that support the discharge of shared responsibilities. This includes collaborative working with local authority partners to discharge shared responsibilities for community safety and youth offending; collaborative working with health and local authority partners to discharged shared responsibilities for commissioning sexual assault services for victims and collaborative working with probation partners to secure the enhancement of criminal justice and the commissioning of restorative justice services.
- Where partnership arrangements involve collaborative procurement undertaken on the basis of pooled budgets, the lead officer must ensure that the Commissioner's Procurement Regulations are complied with.
- The Commissioner's decision to make a grant award must be documented. This will be through decisions made at the board or through the decision-making process for non-executive decisions for decisions of made by scheme panels or decisions made directly by the Commissioner.
- All decision forms must be signed off by the Chief Executive.

Exemptions to the Open Award Process

The Chief Executive in consultation with the Commissioner may determine exemptions to open award process under specific limited circumstances. Specifically:

- In the event that a VCSE provider experiences financial/other difficulties that places at risk the provision of services to victims and/or at risk client groups, a grant may be provided directly, without an open process, to secure continuity of service delivery either with the existing VCSE provider or an alternate VCSE provider. Direct provision of the grant may not extend beyond a 12-month timeframe.
- In order to manage the transition from national to local commissioning, direct award of grants may be made to an existing or alternate VCSE provider for a maximum of 12 months to secure continuity of service in circumstances where: it is anticipated that the local arrangements will necessitate a full contract tender process and; value for money on the contracting arrangements can be better secured by providing a lead in time for due diligence on the specification requirements or; value for money maybe better secured by providing lead in time to develop collaborative working or different models of service delivery.
- Direct award of funding through a grant agreement can be made where there is a statutory provider and/or where the Commissioner has specific statutory responsibilities discharged through a statutory body or partnership and/or where a group of statutory partners determine to discharge shared statutory responsibilities jointly

through a board or governance structure; for example Safer Cumbria Partnership.

- Direct award of funding through a grant agreement can be made to secure collaborative arrangements on the basis of pooled budgets with other public sector partners to discharge shared responsibilities where to do so secures value for money from the commissioning process in respect of outcomes and/or the efficiency of the commissioning process e.g. single tender process, economies of scale, single contract management arrangements, pooling of expertise/experience.
- A direct Grant award may be made where there is a clear business imperative to making the award. Examples could include funding of a time limited nature that would be lost to the Commissioner by following an open grant process; risk of delivery of key/specific elements of the police and crime plan; the requirement for very specialist services where there are a limited number of providers; pilot/research based projects seeking to develop the capacity/capability of new providers and/or test new initiatives with a view to scheme roll out on an open Commercial Services award basis.

The Cumbria Compact

The Commissioner is committed to the Cumbria Compact, an agreement between public sector bodies, voluntary and community sectors To support working together more effectively to strength community's and improve people lives. Our

grant regulations and strategy will be delivered in accordance with the key principles of the Cumbria Compact.

Officers engaged in commissioning activity will, where appropriate, ensure they are aware of the commitments made by signatories to the compact and seek to operate within the compact agreement

Award of Grants

Grant awards can be made against specific funds set out within the Commissioning Strategy.

Covid-19 Community Recovery Fund: following the outbreak of Covid-19 March 2020 the commissioner provided an immediate response to assist and support organisation and community groups to help them manage the new issues arising in light of the Coronavirus pandemic and as restrictions eased.

The fund helped those groups that were struggling to maintain their vital support to victims by helping them to continue to provide services remotely. The fund is for particular organisations that can have an impact on the priorities within the Police and Crime Plan

This specific fund will end September 2020 and is currently not to applications.

The Police and Crime Property Fund: The police and crime property fund is a Fund that is awarded by the Commissioner with the aim of funding communities and organisations to work together to reduce crime and disorder locally. The types of applicants/organisations that can apply for a grant are Local Community groups, Neighbourhood Watch Schemes, Parish Councils, Charities, Voluntary Groups, and Schools. Groups must have the support of their locally based Police Officer and/or Police Community Support Officer who will help with the application. Applications for the police and crime property fund will be awarded for schemes that support the following priorities:

- Helping to keep children and young people active and safe
- Improving the support for vulnerable people to help them feel safer such as the elderly, victims of crime (e.g. abuse or discrimination), and also antisocial behaviour.
- Bringing together parts of the community that find it difficult to talk to or access each other.

The Victims' Services Fund: The victims' services fund is a specific ring-fenced fund backed by a central Government grant to commission the widest possible range of services for victims and by the widest possible

means. The fund will commission a victims referral service helpline from April 2015 and local support services in addition to a victim's information hub. The fund will primarily support collaborative partnership arrangements to transition nationally commissioned services to a regional/local commissioning model. The fund will also support arrangements for small grant awards with a specific focus on victim's advocacy and capacity building within the VCSE sector. In 2020 the Ministry of Justice launched the MOJ Covid-19 Extraordinary Fund to enable PCC's to help local organisation who support victims of sexual violence and domestic abuse to continue providing vital services. The Commissioner conducted a grant application process in line with MOJ guidance to enable a transparent and fair process to award funding. The grant has been provided by the MOJ on a short term funding basis up to 31st March 2021.

The Partnership Fund: The partnership fund is a fund that provides for collaborative working and pooled budget initiatives to support the discharge of areas of shared statutory responsibility with our wider public sector partners across health, probation and the local government sectors. The fund provides for the implementation of agreements in support of partnership working across shared responsibilities for victims and witnesses, community safety, crime reduction and anti-social behaviour.

Open Grant Schemes and Evaluation Criteria

All Open Grant Schemes will provide sufficient information to target organisations in respect of the purpose of the scheme and any criteria or specification information against which applications will be considered. Application forms should be easily downloadable from the Commissioner's website and application packs should detail contact information for further advice and/or support. Schemes should specify the evaluation criteria against which bids for funding will be considered. The criteria will be bespoke to each scheme but should include, as a minimum:

- A clear description of the proposal demonstrating how it meets the purpose of the scheme
- The quality of the submission in relation to performance measures, outcomes or outputs and how they will be monitored and reported.
- The quality of the applicant's proposal against a detailed scoring and evaluation framework that supports the scheme specification or purpose.
- The quality of financial information and a review of the financial standing of the bidding organisation. For small grant schemes financial standing can be assessed on the basis of submission of the statement of accounts and/or bank statement information.

Specifications and evaluation criteria for schemes of significant value can be complex and will need to be as robust as those developed for a procurement exercise. Officers developing schemes of significant value should seek support and input from the relevant procurement business partner.

Grant Agreement Terms and Conditions

Once a decision has been taken to award grant funding, the arrangements must be set out in writing in an offer letter. The letter must be appended with a grant agreement that sets out the terms and conditions that apply to the funding. The agreement must be sent out with the letter in duplicate and signed by the Commissioner. No payment of funding can be made until the agreement has been signed and returned by the party to which the offer has been made. It is the responsibility of the person leading on the grant scheme and/or implementing the decision to award a grant to ensure the grant agreement has an appropriate set of terms and conditions. The following considerations must be applied:

- a) Where the agreement is being funded from government grant, the terms and conditions of funding must include the terms and conditions that the government grant is subject to. For all other funding the terms and conditions of the agreement should be proportionate the amount of the grant award and the risk/complexities of the activity being funded.
- b) Terms and conditions for open award grant schemes should be advertised alongside details of the scheme or within the scheme application form. Prior advertisement of terms and conditions will not preclude a grant offer being made with terms that are supplemental to those advertised where this is appropriate to the grant offer/scheme being funded. In these circumstances the additional terms should either be set out in the offer letter or referenced in the offer letter and highlighted in the funding agreement.
- c) . As a minimum all agreements will include standard legal terms and conditions that seek to protect the Commissioner's interests and ensure public money is properly administered and spent for the purposes for which the grant is awarded. Whilst the agreement provides a baseline of terms, officers developing schemes must still consider carefully the need for additional/bespoke terms and conditions to supplement the agreement. Legal services advice should be sought on any additional/bespoke terms.
- d) All funding agreements will need to describe the purpose of the funding. These are the specific reasons for the funding award and should clearly detail any requirements upon which funding is conditional, including where applicable, the scheme specification. This section of the agreement should also include information requirements, for example in respect of performance measures, outcomes and/or outputs expected to be achieved from the funding in addition to information as to how recipients of funding are expected to evidence their compliance with the agreement. This will include the frequency and format of monitoring reports and information.
- e) All funding agreements will need to set out the basis for payment of the agreed funding. Consideration must be given to the timing of funding and any evidence of expenditure or monitoring information that should be submitted prior to the release of funds. Generally, grants should be paid in arrears, with evidence

of expenditure, other than for small grant schemes. Funding agreements that are funded from government grants should provide a payment and evidence schedule that takes into account the requirement for the OPCC office to submit and draw down funds from government. Advice should be sought from financial services in respect of these requirements.

- f) Approval must be sought from the Head of Partnerships and Commissioning for any exceptions to the standard provisions within these regulations for payment schedules that seek to reduce the requirements. This includes agreements (excluding small grant schemes) that make payment in advance of expenditure or small grant schemes that pay all funding in advance
- g) .Funded organisations must take steps to ensure that modern slavery and or human trafficking is not taking place within the organisations own business or within those services or organisations that it funds. These steps may include a Modern-Day Slavery Statement, an Anti-Slavery Policy and Whistleblowing Policy and those that it employs either directly or indirectly are on the national minimum wage or national living wage.
- h) This section on terms and conditions does not apply to the Police and Crime Property Fund. The Police and Crime Property Fund will be administered in accordance with the scheme for that fund.

Publication Requirements

Decisions to award grants and enter into grant agreements are subject to publication under the Elected Local Policing Bodies (Specified Information) Order. Grant schemes and offer letters should make these requirements clear to applicants and/or partners and provide an opportunity for either party to clearly identify any information that may be classed as confidential and subject to redaction. Any decision to redact is made by the Commissioner and advice should be sought from the Monitoring Officer where there appears to be a conflict between compliance with information requirements and confidentiality.

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Joint Audit Committee
19 November 2020
Agenda Item No 12



Annual Governance Statement 2020/21 Development and Improvement Plan Update

Introduction

This report is designed to provide members with an update on the progress made to date in respect of the action plans developed for both the Constabulary and the Office of the Police and Crime Commissioner as part of the production of the Annual Governance Statement (AGS).

The update is being provided to provide members with information regarding progress on the implementation of the AGS action plan for the OPCC and Constabulary.

The following appendices provide details of the actions included in the action plan, the target timescale for completion, current progress against the action and the lead officer responsible for that action.

- Appendix A – Annual Governance Statement Action Plan 2020/21 – Constabulary
- Appendix B – Annual Governance Statement Action Plan 2020/21 – OPCC

CUMBRIA VISION 25



LOCAL POLICING / WORKFORCE / SPECIALIST CAPABILITIES / BUSINESS SUPPORT / DIGITAL POLICING

Report Summary – Constabulary AGS (Detail included at Appendix A)

Summary of Actions	Constabulary	
	No	%
Actions included in the AGS	22	100%
Actions completed since last report	7	32%
Open Actions C/fwd	15	68%
Summary of Total Actions by Status		
Completed	7	32%
Ongoing (within original timescale)	12	54%
Ongoing (original timescale extended)	3	14%
Overdue/ timescale extended	0	0%
Not yet due	0	0%
Total	22	100%

Report Summary – OPCC AGS (Detail included at Appendix B)

Summary of Actions	Constabulary	
	No	%
Actions included in the AGS	14	100%
Actions completed since last report	9	65%
Open Actions C/fwd	5	35%
Summary of Total Actions by Status		
Completed	9	65%
Ongoing (within original timescale)	2	14%
Ongoing (original timescale extended)	2	14%
Overdue/ timescale extended	0	0%
Not yet due	1	7%
Total	14	100%

Constabulary AGS Action Plan 2020/21

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by	Action Update as at 31 October 2020	Revised Implementation Date	Status
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.							
CPA/1	N/A	Implementation of New Police Conduct Regulations	Head of People	31st July 2020	Completed, regs fully embedded, Cumbria is a beacon force for the new regs, we've had in excess of 15 forces visiting us for guidance and to review our procedure.		Completed
CPA/2	N/A	Implementation of electronic Business Interest registration process	Head of People	31st July 2020	Completed, fully working embedded into the workforce.		Completed
CPA/3	N/A	Consider the development of a Digital Ethics Panel	Head of ICT & Information Management	31st March 2021	The terms of reference for the digital ethics board have been agreed with both Chief Officers and the OPCC, the process has been delayed through Covid, work ongoing to recruit the panel, but is expected to be implemented in the next three months.		Ongoing (within original timescale)
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.							
CPB/1	CPB/1	Review and recommend the approach required to update and improve the Constabulary's website.	Director of Corporate Improvement	30 December 2020	Requirements have been drawn up and a joint business case with Durham is being developed for COG approval which will recommend the approach required.		Ongoing (within original timescale)
CPB/2	CPB/2	Understand the lessons learned from the pilot of the new policy management arrangements, make adjustments as required. Implement a prioritised plan for all Constabulary policies.	Director of Corporate Improvement	31st March 2021	HR are piloting the new approach		Ongoing (within original timescale)
CPB/3	N/A	Undertake a review of ForceNet (the Constabulary's intranet) to improve productivity and accessibility of the information the workforce needs to deliver policing services	Director of Corporate Improvement	31st March 2021	Work is ongoing intermittently as communications and marketing resources are spending significant time supporting the Constabulary's Covid response. Currently on track but this is being constantly reviewed.		Ongoing (within original timescale)
Core Principle C: Focusing on defining outcomes in terms of sustainable economic, social and environmental benefits							
CPC/1	CPC/1	Develop a Strategy for the affordable storage of Digital Data	Head of ICT & Information Management	31st March 2021	This forms part of the infrastructure strategy review and forms part of major supplier discussions that are ongoing at the present time, which include Microsoft and AWS amongst others. The review is ongoing and due to report in mid-December 2020, with a view to trialling a concept in the early part of 2021. The data strategy is being developed by the joint Chief Information Officer, which will impact on how data is managed and retained going forward.		Ongoing (within original timescale)
CPC/2	CPC/2	Conduct an options evaluation for future Estates provision in West Cumbria	Head of Estates and Fleet	31st March 2021	Initial discussions have taken place with the COG, Director of Corporate Support and Head of Estates and Fleet to determine a route forward for the West Cumbria, including exploring options, timescales, dependencies and collaboration opportunities. The Head of Estates and Fleet is also undertaking an exercise to review the current PFI contract.		Ongoing (within original timescale)
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.							
CPD/1	CPD/1	Continue Re-design business processes in relation to the Control Room as part of the implementation of the SAFE system to deliver business benefits.	Superintendent - Organisational Business Delivery	31st March 2021	A significant upgrade of the SAFE system within the control room which will facilitate business enhancements including webchat, call back and email is now scheduled to take place by 30 November, following this work will be undertaken to implement the enhanced functionality.		Ongoing (within original timescale)

Constabulary AGS Action Plan 2020/21

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by	Action Update as at 31 October 2020	Revised Implementation Date	Status
CPD/2	CPD2 +	Undertake further analysis of current and future demand to inform strategic business planning, the Force Management Statement and the resource allocation process for 2020/21 and 2021/22.	Director of Corporate Improvement	31st October 2020 then 31 March 2021	An interim RAM has been developed and proposed to COG for both years. Further work has been identified as a result of that. The work around activity analysis has been delayed due to Covid and may not be possible in this calendar year, although other options are being explored. Resourcing in the current situation is very fluid in order to respond effectively to the new and regularly changing demands the Constabulary faces and is being managed via the GSB structure.	31st March 2021	Ongoing (original timescale extended)
CPD/3	CPD/4	Plan and implement actions to demonstrate increased visibility to communities. The original work will be extended to incorporate the deployment of additional officers recruited through Operation Uplift	Deputy Chief Constable / Director of Corporate Improvement	30th September 2020	Additional staff recruited through UPLIFT have allowed for the opening of a number of rural deployment stations which has increased visibility. Much positive local media comment on this development. Staffing levels on shifts in more urban areas are in excess of that last year which has enabled a 'task force' approach to various crime issues which has been also highly visible to the public.		Completed
CPD/4	N/A	Develop a Covid-19 Recovery Plan to exploit any opportunities arising from changes to working practices during the Covid-19 Pandemic.	Deputy Chief Constable	30th September 2020	Recovery & Renewal group meets regularly to use the response to COVID as a means of driving adaptation to the current operating context and wider organisational change. Records of actions, opportunities and progress are held in meeting records and teams actions for that meeting, along with a force-wide Microsoft Teams live event and associated papers. Convened Gold Recovery and Renewal Group – identified the key principles for Recovery and Renewal. Staff survey conducted to garner Officer and Staff experiences and feedback following the Constabulary response to COVID. In depth analysis of the staff survey results which identified the key issues and improvements, these were then aligned to the key principles, created 'pots' of work and actioned. Challenge and Support session lead by Chief Officers with external scrutiny – listened to prototypes of ideas and their potential benefits. Identified the Top 10 learning points to focus and capitalise on.		Completed
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.							
CPE/1	CPE/1	Develop and deliver the strategy to improve digital capability in the organisation and, deliver improvements to productivity	Head of ICT & Information Management	31st March 2021	The Constabulary has worked with Durham Constabulary to jointly develop and launch a Digital Leadership Programme, which will be an ongoing programme. This will build Digital Competence through knowledge, embed digital capability through skills. It will empower leaders and build digital confidence through professional development, and ensure leaders and teams demonstrate compliance and legitimacy in all they do. It is being delivered at three levels: Gold, Silver & Bronze. To date it has been delivered to 39 people in Cumbria(38 in Durham). The first cohort complete the 15 week programme week commencing 15/12/20. The programme will deliver 227		Ongoing (within original timescale)
CPE/2	N/A	In conjunction with Higher Education partners, implement the new PEQF arrangements for new officer recruits.	Head of Learning & Development	30th September 2020	In partnership with UCLan, our contracted delivery partner, the Constabulary has successfully completed University validation and College of Policing quality assurance for the PCDA (Police Constable Degree Apprenticeship) and the DHEP (Degree Holders Entry Programme). The Constabulary has successfully recruited Police Officers onto the PEQF Programmes: PCDA (36 Officers, with another 18 to start Dec 2020) DHEP (38 Officers). For both programmes the Initial Teaching block has been developed, delivered and assessed successfully, with the first cohort of student Officers recently completing their operational tutor phase. The development of the PCDA Module 3 at the end of year 1 is underway, as is the DHEP Module 2. Both of these modules will be delivered solely online; as a result Police Trainers are currently developing curriculum materials to support online delivery and gaining experience in using the technology. The second year of the programmes have three core policing placements, CAST, Traffic and Community Hub which are currently being developed with the appropriate departments. The University is in the process of applying to be the End Point Assessment (EPA) organisation for the degree apprenticeship synoptic EPA, which is at the end of the	30th September 2021	Ongoing (original timescale extended)

Constabulary AGS Action Plan 2020/21

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by	Action Update as at 31 October 2020	Revised Implementation Date	Status
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.							
CPF/1	N/A	Review the current risk management arrangements to ensure relevance and effectiveness	Director Corporate Improvement	31st December 2020	Given the support provided to the Constabulary's Covid response from the individual who oversees risk management, this action needs to be postponed	31st March 2021	Ongoing (original timescale extended)
CPF/2	N/A	Develop the Constabulary's performance dashboard to reflect the National Outcomes Dashboard which is required to support Operation Uplift	Director of Corporate Improvement	31st October 2020	A dashboard is presented to COG weekly, based on the first iteration of the National Outcomes Dashboard as presented. Obviously, the internal product is continuously evolving as required.		Completed
CPF/3	CPF/3	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	31st March 2020	The benefits strategy has been developed further to include widening scope of benefits' identification, tracking (using existing processes), and reality on the ground - although this approach is still in very early stages of implementation		Ongoing (within original timescale)
CPF/4	CPF/4 & CPF/6	Further develop an information management strategy incorporating GDPR, MOPI and RRD.	Head of ICT & Information Management	31st March 2021	Work is ongoing to implement decisions previously taken by COG arising from the review of information management functions within the Constabulary. A separate, but intrinsically linked piece of work, is also underway to review existing information management policies and procedures with a view to ensuring these support a wider Information Management Strategy which reflects available resources, the Constabulary's appetite for risk and legislative and national police policy requirements. This work is being overseen by the Joint Chief Information Officer and the Implementation Manager appointed to implement the decisions taken by COG in June 2020.		Ongoing (within original timescale)
CPF/4	N/A	Undertake an audit of No Further Action crime outcomes, which will inform improvement work on both the appropriate use of outcomes and improvement in the quality of investigation for victims.	Director of Corporate Improvement	30th September 2020	The audit has been completed and results have informed the quality of investigation improvement work		Completed
CPF/5	N/A	Continue to develop and implement the Recovery and Renewal Plan which has resulted from the police response to the Coronavirus pandemic	DCC	31st March 2021	Duplication with CPD/4 – suggest this action is amalgamated with the above.		Completed
CPF/6	N/A	Arising from the 'Achieving Financial Excellence in Policing' self assessment and linked to the Business Transformation Programme develop an action plan to improve financial management and accountability within the Constabulary.	Joint Chief Finance Officer	31st March 2021	The AFEP self assessment has been completed and a report presented to the Chief Officer Group. The report includes a draft action plan, which will be further developed during the remainder of the financial year.		Ongoing (within original timescale)
CPF/7	N/A	Enhance the Medium Term Financial scenario modelling in light of the potential financial impact of the Covid-19 Pandemic.	Joint Chief Finance Officer	31st March 2021	Some re-modelling of the MTFF has taken place focusing on the potential implications for council tax receipts. The results of this work have been discussed by a joint meeting of the Constabulary and OPCC. A high degree of uncertainty remains in relation to the implications of the Covid pandemic on the funding outlook. The MTFF will therefore be subject to further detailed modelling as part of the budget setting process for 2021/22.		Ongoing (within original timescale)

Office of the Police and Crime Commissioner Action Plan 2020/21

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by	Action Update 31 October 2020	Revised Implementation Date	Status
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and							
CPA/1	N/A	Embed the Complaint Regulation changes within the OPCC and develop a review oversight procedure for the Ethics and Integrity Panel.	Head of Communications and Business Services	31st December 2020	The process is now well embedded into working practices. As part of their dip sample programme the Ethics Panel are looking at the review files on a six monthly basis. The first time was on 29 October 2020		Completed
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.							
CPB/1	N/A	Establish a stronger link between individual QSPIs and work with the Constabulary to influence strategic actions with a view to improving the policing service in the county.	Head of Communications and Business Services	31st October 2020	All issues raised are fed into the local policing teams by the Staff Office to understand the issues and identify resolutions where possible. At Collaborative Board the OPCC Exec Team will raise re-occurring trends and themes to enable strategic input and oversight. Ethics Panel receive six monthly reports on complaints and QSPI's.		Completed
CPB/2	CPB/2	Arising from the review of communications and engagement, develop an Engagement Strategy 2020-2024	Head of Communications and Business Services	30th June 2020	The PCC elections were postponed until May 21 as a result this action should be moved to June 2021.	30th June 2021	Ongoing (original timescale extended)
CPB/3	N/A	Develop a communications and engagement strategy for 20/21 that reflects the government COVID-19 restrictions at the time and embraces new ways of communicating. Timescale Oct 20	Head of Communications and Business Services	31st October 2020	This strategy has been completed however, it is a dynamic document due to the changes in government legislation as a result of COVID-19.		Completed
Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental							
CPC/1	N/A	Produce a plan to outline what the Commissioner and the OPCC are doing to support communities and the Constabulary during the Covid-19 emergency.	Partnerships and Strategy Manager (Performance)	31st May 2020	A Plan has been developed outlining how the Commissioner and his team are supporting the countywide response to the Covid-19 pandemic. Chief Officers and the Police & Crime Panel have all been sighted on the Plan		Completed
CPC/2	N/A	Review the Commissioning Strategy and implement recommendations.	Partnerships and Strategy Manager (Performance)	30th September 2020	The Commissioning Strategy has been reviewed and approved by Executive Team (05.11.2020). No recommendations arising from this review		Completed
CPC/3	N/A	Review the Grant Regulations and implement recommendations.	Assistant Policy Officer	30th September 2020	The Grant Regulations have been reviewed and approved by Executive Team (05.11.2020). This review was informed by findings / recommendations arising from a recent internal review of our contract management arrangements conducted by the Partnerships & Commissioning Team.		Completed

Office of the Police and Crime Commissioner Action Plan 2020/21

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by	Action Update 31 October 2020	Revised Implementation Date	Status
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended							
CPD/1	N/A	Review the Accountability Framework to ensure that the Commissioner is assured that the Constabulary is responding to the Covid-19 pandemic in a measured and consistent way.	Partnerships and Strategy Manager (Performance)	30th June 2020	Although, the Accountability Framework has been reviewed and changes have been incorporated to ensure the Commissioner is assured that the Constabulary is responding to the pandemic, this revised framework has not yet been signed off by Executive Team. The Commissioner receives weekly updates from the Chief Constable in his one to one meetings, and has received further assurance through his Public Accountability Conferences (on 20th May 2020 and 6th October 2020).	30th November 2020	Ongoing (original timescale extended)
CPD/2	N/A	Continue to work in collaboration with Cleveland, Northumbria and Durham OPCCs and NHS England / NHS Improvement to jointly commission an integrated Sexual Assault Referral Centre (SARC) model across these areas.	Partnerships and Strategy Manager (Commissioning)	31st January 2021	The collaboration is currently considering options to progress with future service delivery.		Not yet due.
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the							
CPE/1	N/A	Review the impact of the Covid-19 lockdown on the OPCC and implement recommendations to help shape the future of the organisation. Identify what has worked well, what can be improved and what the organisation can stop doing.	Chief Executive	30th September 2020	At the beginning of the pandemic the OPCC invoked its Business Continuity Plan and staff worked from home. The OPCC has changed the way in which it works and is still able to fulfil all its statutory and other functions. IT connection was initially a problem, however this has now been resolved and recently laptops have been upgraded which has provided greater connectivity.		Completed
CPE/2	CPE/2	Review contract management arrangements and implement recommendations.	Partnerships and Strategy Manager (Performance)	30th November 2020	Review completed and findings / recommendations approved by Executive Team October 2020. Implementation of all recommendations on target		Ongoing (within original timescale)

Office of the Police and Crime Commissioner Action Plan 2020/21

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by	Action Update 31 October 2020	Revised Implementation Date	Status
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial							
CPF/1	CPF/1	Scope the approach and put in place arrangements to support the development of the Police & Crime Plan 2020/2024 following postponement of the PCC elections in May 2020 and the outbreak of coronavirus.	Partnerships and Strategy Manager (Performance)	31st March 2021	Following postponement of the Police & Crime Commissioner elections, the Commissioner has determined that his priorities set out in the current Police & Crime Plan will remain in place for the next year. To support this, an Action Plan has been developed to sit alongside the Police & Crime Plan, setting out the key pieces of work that will be delivered during this extended period of time. The Action Plan is a living document that will be updated, as required, to ensure it reflects emerging trends and issues arising both locally and nationally from the Covid-19 pandemic. It is also possible, following Police & Crime Commissioner elections in May 2021, that the lifespan of the Action Plan is extended to drive business until March 2022.		Ongoing (within original timescale)
CPF/2	N/A	Develop a new Covid-19 Fund to assist voluntary and community groups to either carry on providing existing services or launch new projects to help people during the Covid-19 lockdown period or afterwards when restrictions are relaxed.	Partnerships and Strategy Manager (Performance)	30th June 2020	At the start of June 2020, the Commissioner launched the Covid-19 Community Recovery Fund to provide short-term financial assistance of up to £5,000 to local charities, community and voluntary groups to help them to continue to offer vital support to victims or to look at different ways of working to continue to achieve their aims. The fund ended on the 30th September 2020 but those in receipt on the funding have until 31st March 2021 to spend the money they received in its entirety.		Completed
CPF/3	N/A	Implement the revised Safer Cumbria governance structure and work collaboratively to deliver its overarching strategy and joint initiatives.	Partnerships and Strategy Manager (Performance)	31st July 2020	The revised Safer Cumbria governance structure commenced April 2020. The overarching strategy was presented at the Safer Cumbria Board in August 2020 and will provide strategic direction for the Partnership to 2025.		Completed

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Annual Commercial Solutions Report and Dashboard

Presentation to JAC

19 November 2020















 101

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KPI's

Category Management			Process & Procedure		
	Cost Reduction	Yellow		Improved Process Efficiency and Quality	Green
	Reduced Risk			Improved Process Data Quality	
	Improved Value			Improved Commercial Regulation Compliance	
Pipeline Management			Improved Commercial Awareness Training		
	Improved Pipeline Coverage	Yellow		Improved understanding of procurement, policy, processes and tools	Green
	Improved Pipeline Reporting			Guidance	
	Improved Pipeline Delivery	Red		Saved Time	Red

Progress to date

Audit report – Two reports provide Reasonable Assurance. Recommendations implemented. 3rd report commencing.

Oracle Finance and Procurement System Implementation

Collaboration Schedule & Supplier Status pilot with G4S. Others to follow.

Contract Award Board routine

Collaboration with Bluelight Commercial – Energy & Fleet

CIPS Apprentices Progressing.

Spend Analysis and Segmentation

Risk Management – G4S...

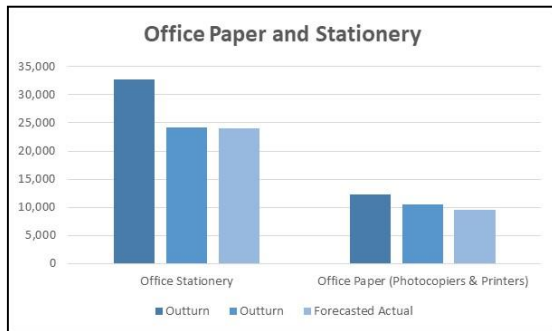
Savings and Demand Management

Stores Performance/PPE

2019/20 savings = £350k, 2020/21 savings = £916k

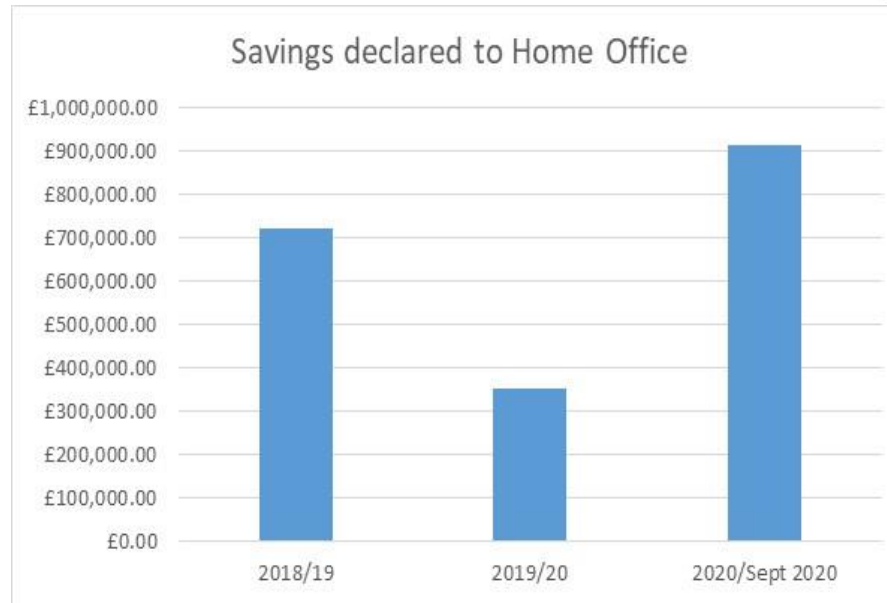
Managing Demand

Trends in uniform, and materials budget



Efficiency and Saving

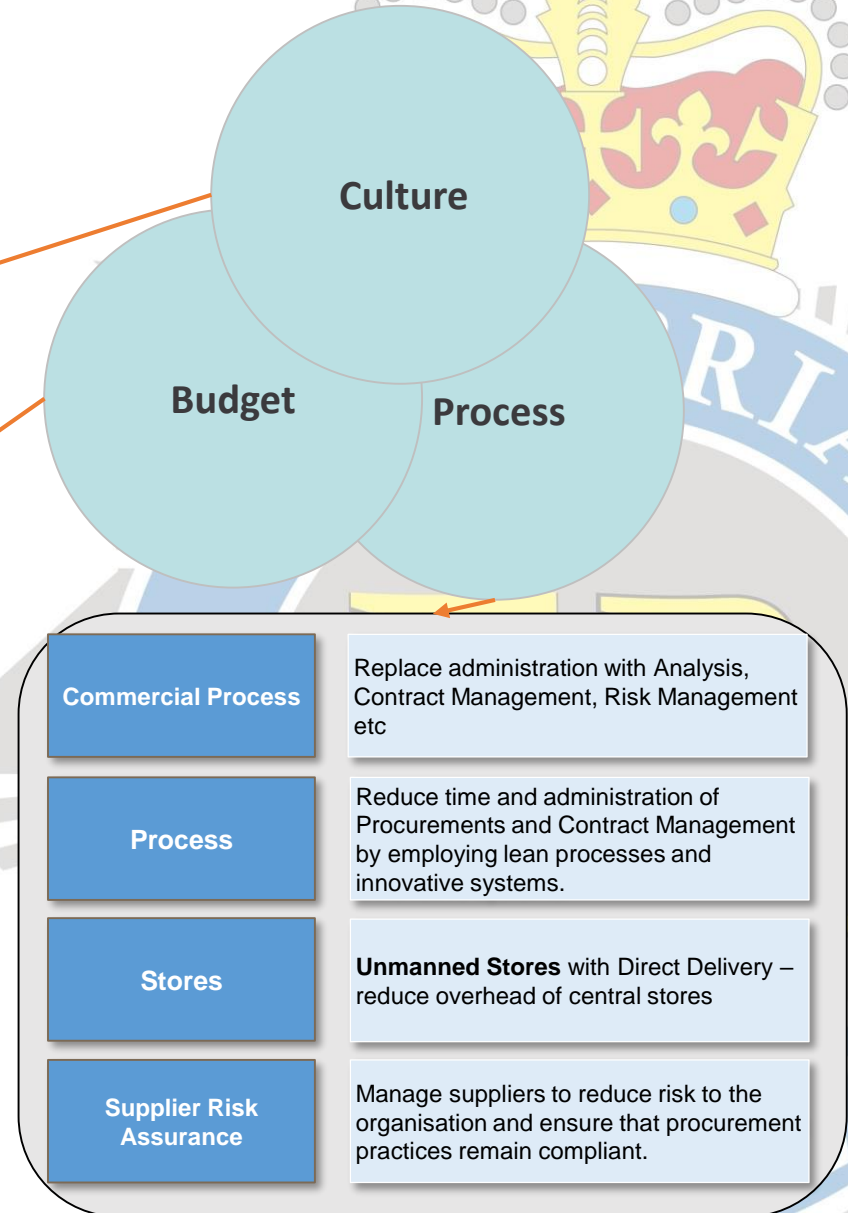
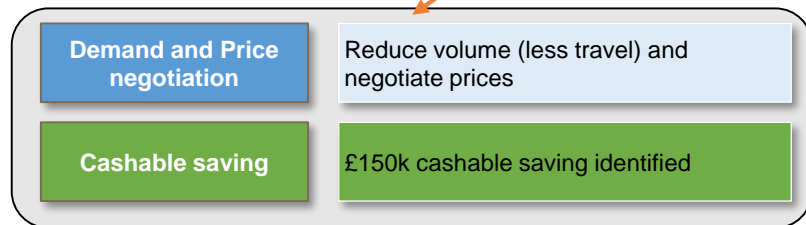
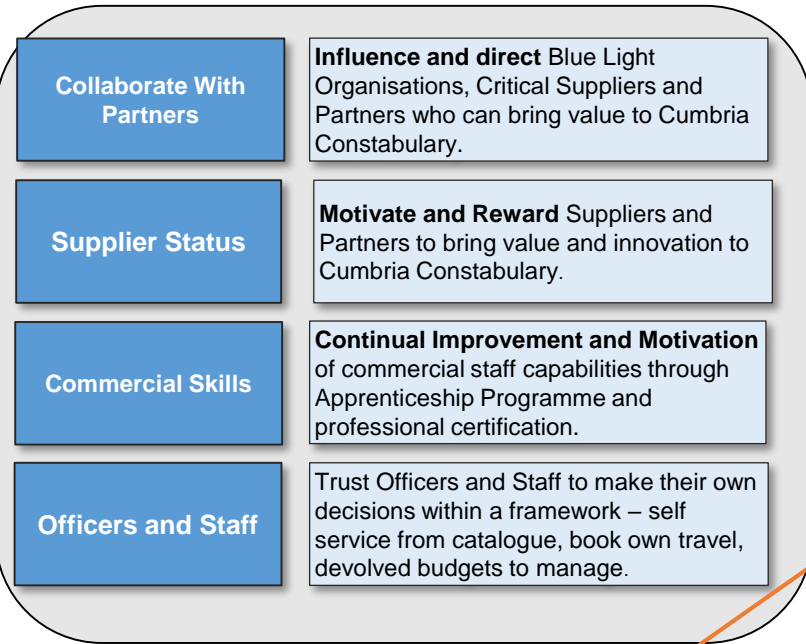
Cumbria Constabulary Declared Savings



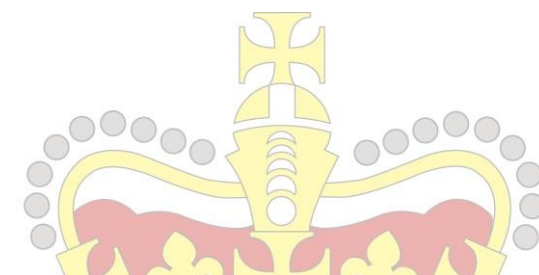
ANNUALISED CASHABLE Savings By FORCE £m

Force	20/21 Q1 (£m)	20/21 Q2 (£m)	20/21 Q3 (£m)	20/21 Q4 (£m)	20/21 Total
Metropolitan Police Service	5.46	2.18	0.00	0.00	7.64
Thames Valley Police	2.09	2.10	0.00	0.00	4.19
South Wales Police	3.73	0.00	0.00	0.00	3.74
West Yorkshire Police	1.12	0.00	0.00	0.00	1.12
Merseyside Police	0.40	0.17	0.00	0.00	0.57
Warwickshire Police	0.21	0.35	0.00	0.00	0.56
Cumbria Constabulary	0.22	0.33	0.00	0.00	0.55

Commercial Change Programme – 3 Ball Model

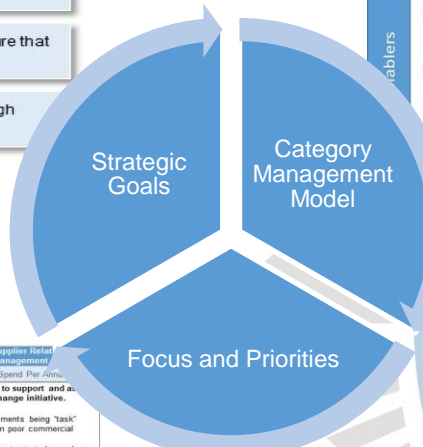


2020/21 Program



Strategic Goals	
Deliver Commercial Value	Obtain the best value for money on all procured goods, works and services through the application of the commercial approach principles and methods.
Collaborate With Partners	Collaborate with Blue Light Organisations, Critical Suppliers and Partners who can bring value to Cumbria Constabulary.
Process	Reduce time and administration of Procurements and Contract Management by employing lean processes and innovative systems.
Category Process	To include: Analysis – Market, Spend, Supplier, Pipeline, Risk. Need and Options. Simplify the process. Supplier Management. Contract Management.
Supplier Risk Assurance	Manage suppliers to reduce risk to the organisation and ensure that procurement practices remain compliant.
Commercial Skills	Continual development of commercial staff capabilities through Apprenticeship Programme and professional certification.

Strategies	Activities	Enablers															
Government/HO Strategy																	
CC Strategy/Vision 25																	
Corporate Support Strategy																	
	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Delivery</th> <th>Management</th> </tr> </thead> <tbody> <tr> <td>Analysis and Intelligence</td> <td>Market Engagement</td> <td>Identify Needs and Commercial Options</td> </tr> <tr> <td></td> <td></td> <td>Procurement Process Alternative Solution</td> </tr> <tr> <td></td> <td></td> <td>Supplier and Contract Management</td> </tr> <tr> <td></td> <td></td> <td>Performance Management</td> </tr> </tbody> </table>	Strategy	Delivery	Management	Analysis and Intelligence	Market Engagement	Identify Needs and Commercial Options			Procurement Process Alternative Solution			Supplier and Contract Management			Performance Management	
Strategy	Delivery	Management															
Analysis and Intelligence	Market Engagement	Identify Needs and Commercial Options															
		Procurement Process Alternative Solution															
		Supplier and Contract Management															
		Performance Management															
Resource Management		<ul style="list-style-type: none"> Recruitment & retention Skills & capabilities Resource allocation/management Performance management Workforce planning Budget management 															
Governance, Control and Assurance		<ul style="list-style-type: none"> Governance structures Risk management Compliance policy Assurance activities Reporting Performance management Guidance 															
Technology		<ul style="list-style-type: none"> eProcurement solution Automation of existing process P2P process improvements Sub-contractor database Commercial Intelligence 															
Commercial Support		<ul style="list-style-type: none"> Analytical support Market research facilitation Strategic Supplier Relationship Management approach Supplier engagement activities 															



Key Strategies and Categories to create a Step Change in Performance

Commercial Activity and Change Leadership - Categories

ICT	Corporate	Operations
<ul style="list-style-type: none"> Policy, Governance, Strategy, Cross-Category Digital Technology (Business Services and Applications) Corporate Operational Goods & Services Business Support Operational Goods & Services Business Support Operational Goods & Services Business Support 	<ul style="list-style-type: none"> Policy, Governance, Strategy, Cross-Category Digital Technology (Business Services and Applications) Corporate Operational Goods & Services Business Support Operational Goods & Services Business Support Operational Goods & Services Business Support 	<ul style="list-style-type: none"> Policy, Governance, Strategy, Cross-Category Digital Technology (Business Services and Applications) Corporate Operational Goods & Services Business Support Operational Goods & Services Business Support Operational Goods & Services Business Support

Category Management Approach

Critical Suppliers

- Analysis
 - Market Analysis
 - Spend Analysis
 - Supplier Analysis
 - Pipeline Analysis
 - Risk Analysis
- What is (ICT) need and options
- Standard Process & Simplify
- Eg Amazon Business Account
- Supplier Management
- Contract Management

Complexity/Risk

Frameworks	CCB	Police ICT	Vodafone	Samsung	Lenovo	Catalogues	Amazon	Bus account	Quotes
QJEU	Saab	Crown	Orside	MidSangR	ANPR	Alignment	Pen Taste	Consulting	Retailers
Frameworks	Globeud								

ICT

-£8m Spend Per Annum

Manage a multi vendor agile supply chain to support the Force requirements through Transformation and BAU. Key Categories Projects (Inc NEPI, Networks, End User Services, Hosting and Applications).

Strategy:

- Design new supply chain
- Supplier Partnerships
- Clear, Proactive Procurement Programme
- Pipeline view
 - Automate/simplify low value procurements
- Extend relevant contracts
- Re-design pipeline to ensure maximum value and eliminate surplus/urgent renewals.

Critical Category

Corporate

-£5m Spend Per Annum

Empower teams by improving both quality and lead time.

Strategy:

- Car club
- Self service travel
- L&D
- Marketing & Comms
- Services Partners to support strategic procurements and improve long term in house capability - Relationship with YPO and Apprenticeship provider
- Strategic Sourcing (GAS, etc)
- POC Contract delivery

Priority Category

Tool Kit: Supplier Relationship Management

-£3m Spend Per Annum

Supply chain to support and drive the overall Change Initiative.

Strategy:

- Avoid agreements being 'task' focussed, on poor commercial terms
- Contracts to have clear deliverables
- Open Book clauses.

Toolkit:

- RASCI
- Segmentation
- Supplier Status Programme
- Scorecard
- Governance

Strategic Category

Fleet, Estates & Facilities

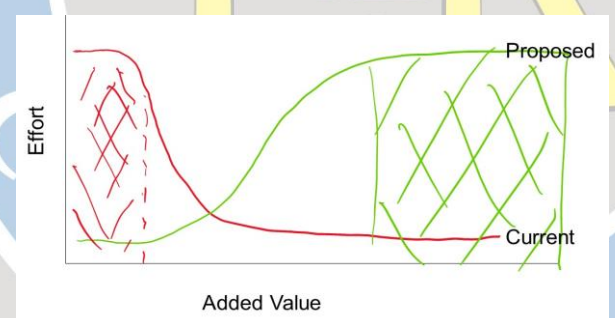
-£7m Spend Per Annum

Seeking a step change in performance and support more flexible and agile working

Strategy:

- Link to Blue Lite category leads and Directors
- Many existing Contracts (Powertronic, utility, etc) expire in 2020
- Other areas have never had contracts
- Replacement project will determine supply chain strategy (one vendor / multi vendor) and revised delivery model.
- Recomplete Services and then Staggered Transformation

Leverage Category



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The Joint Audit Findings for Police and Crime Commissioner for Cumbria and The Chief Constable for Cumbria Constabulary

Year ended 31 March 2020

02 November 2020



Contents



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Section	Page
1. Headlines	3
2. Financial statements	5
3. Value for money	17
4. Independence and ethics	19
Appendices	
A. Action Plan	20
B. Audit Adjustments	21
C. Fees	23

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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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Headlines

This table summarises the key findings and other matters arising from the statutory audits of Cumbria Police and Crime Commissioner ('the PCC') and The Chief Constable for Cumbria Constabulary and the preparation of the PCC's and Chief Constable's financial statements for the year ended 31 March 2020.

<p>Covid-19</p>	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the PCC and the Constabulary.</p> <p>The PCC and CC is still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p>	<p>We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 22nd April 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 6.</p> <p>Restrictions for non-essential travel has meant that PCC and Constabulary staff, as well as your audit team have had to adapt to new remote working arrangements, including use of teams calls and screensharing in order to obtain audit assurance. This approach to working has resulted in the audit taking longer than anticipated .</p>
<p>Financial Statements</p>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the entity's (and where relevant, the group's) financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the entity and the entity's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed remotely during July-November. Our findings are summarised on pages 5 to 16. Two adjustments to the primary financial statements have been made by management, one following the publication of the proposed remedy in respect of the McCloud legal judgement in 2019, which resulted in a reduction in the net pension fund liability of £11.550m and another relating to a reduction in the fair value of LGPS pension fund assets (£1.208m) arising from the uncertainties in financial markets due to Covid 19. There is no impact to the useable reserves of the PCC's and Chief Constable as a result of these adjustments. A small number of disclosure adjustments have been agreed with officers as detailed on page 22.</p> <p>The financial statements were prepared to a good standard, and working papers were available on time at the start of the audit. Responses to our samples and other queries were comprehensive and timely.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the outstanding matters listed on page 5.</p> <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.</p> <p>Our anticipated audit report opinion will be unmodified, including an emphasis of matter paragraph, highlighting property, plant and equipment and pension fund property valuation material uncertainties.</p>

Headlines (continued)

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, both entities have made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').	We have completed our risk based reviews of the PCC's and Chief Constable's value for money arrangements. We have concluded that both Cumbria PCC and Cumbria Chief Constable has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19. We therefore anticipate issuing an unqualified value for money conclusions, our findings are summarised on pages 17 and 18.
Statutory duties	The Local Audit and Accountability Act 2014 ('the Act') also requires us to: <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audits. 	We have not exercised any of our additional statutory powers or duties for either entity. We have completed the majority of work under the Code and expect to be able to certify the completion of the audits when we give our audit opinion.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Audit approach

Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of the PCC and Chief Constable to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the PCC, and the Chief Constable.

As auditor we are responsible for performing the audits, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the PCC and Chief Constable. The audit of the financial statements does not relieve management or the PCC and Chief Constable of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Group's/PCC's and Chief Constable's business and is risk based, and in particular included:

- An evaluation of the PCC's and Chief Constable's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audits of your financial statements and anticipate, issuing unqualified audit opinions following the Joint Audit Committee meeting on 19 November 2020.

The key outstanding items include:

- receipt of management representation letters;
- completion of a small number of outstanding audit procedures, including awaiting responses from the valuer and areas of testing;
- receipt of the final report from the auditor of Cumbria Local Government Pension Scheme; and
- review of the final set of financial statements and subsequent events procedures.

Our approach to materiality

The concept of 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.

Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality

PCC/Chief Constable/Group Amount (£)

Materiality for the financial statements	£2.873m	<ul style="list-style-type: none"> • This equates to 2% of your gross operating expenditure for 2018/19 year and is considered to be the level above which users of the financial statements would wish to be aware in the context of overall expenditure.
Performance materiality	£2.155m	<ul style="list-style-type: none"> • Based on 75% of materiality derived from the risk of misstatement
Trivial matters	£0.144m	<ul style="list-style-type: none"> • Based on a 5% of materiality

Significant findings – audit risks

	Risks identified in our Audit Plan	Relates to	Commentary
1	<p data-bbox="113 292 238 321">Covid – 19</p> <p data-bbox="113 364 756 564">The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul data-bbox="113 578 756 1235" style="list-style-type: none"> <li data-bbox="113 578 756 721">- Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation <li data-bbox="113 735 756 878">- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates <li data-bbox="113 892 756 1063">- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and <li data-bbox="113 1078 756 1235">- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p data-bbox="113 1249 756 1330">We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	Group, PCC and CC	<p data-bbox="922 335 2009 449">We worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation’s ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 1 July 2020. We also</p> <ul data-bbox="922 464 2009 863" style="list-style-type: none"> <li data-bbox="922 464 2009 549">• liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the PCC’s property valuation expert/ PCC/group’s actuary; <li data-bbox="922 564 2009 621">• evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic; <li data-bbox="922 635 2009 664">• evaluated whether sufficient audit evidence could be obtained through remote technology; <li data-bbox="922 678 2009 735">• evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and pension fund net liability valuations; <li data-bbox="922 749 2009 806">• evaluated management’s assumptions that underpin the revised financial forecasts and the impact on management’s going concern assessment; and <li data-bbox="922 821 2009 863">• discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence. <p data-bbox="922 878 2009 963">The results of our work concluded that appropriate arrangements had been put in place to manage the COVID 19 situation which included establishing a response command structure with Gold, Silver and Bronze levels which meet daily to discuss and review Covid19 issues.</p> <p data-bbox="922 978 2009 1149">Due to the potential impact that Covid-19 has on the value of your land and buildings at 31 March 2020, your valuer has disclosed a material valuation uncertainty within their valuers report (in line with VPGA 10 of the RICS Red Book Global). You have disclosed this material uncertainty within Notes 4 and 9b. We will reflect your disclosure within an “emphasis of matter” paragraph in our opinion. This is not a modification or qualification of the opinion and is consistent with other audited bodies where the valuer has highlighted a material valuation uncertainty.</p> <p data-bbox="922 1163 2009 1330">Similarly, there is also an impact of Covid-19 on the valuation of the Local Government Pension Fund (LGPS) property assets. Cumbria’s LGPS accounts include a material uncertainty around the valuation of property assets and the fund auditor intends to include an emphasis of matter in their auditor’s report in this regard. Your financial statements disclosures have been updated (Note 4) to reflect this and our audit report will also contain an “emphasis of matter” paragraph relating to this matter.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>2 The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>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>Group, PCC and CC</p>	<p>Auditor commentary</p> <p>As detailed in our Joint Audit Plan, we do not consider this to be a significant risk for the PCC and the Chief Constable.</p> <p>Having considered the risk factors set out in ISA 240 and the nature of the revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted for both the PCC and Chief Constable because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • for the PCC opportunities to manipulate revenue recognition are very limited as revenue is principally grant allocations from central and local government; • for the Chief Constable opportunities to manipulate revenue recognition are very limited as revenue is principally an intergroup transfer from the PCC, with no cash transactions; and • the culture and ethical frameworks of both the PCC and Chief Constable, mean that all forms of fraud are seen as unacceptable. <p>Therefore and as reported in our Audit Plan, we do not consider this to be a significant risk. Whilst not a significant risk we have performed audit procedures and testing of material revenue items. Our work did not identify any matters that would lead to a change in our risk assessment.</p>
<p>3 Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The PCC and Chief Constable faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Group, PCC and CC</p>	<p>Auditor commentary</p> <p>We have:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determine the criteria for selecting high risk unusual journals; • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our audit work has not identified any evidence of management over-ride of controls.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>4 Valuation of land and buildings</p> <p>The PCC revalues its land and buildings on a two yearly basis. In the intervening years to ensure the carrying value is not materially different from the current value at the financial statements date, the PCC requests a desktop valuation from its valuation expert to ensure that there is no material difference. The valuation of land and buildings represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	Group and PCC	<p>Auditor commentary</p> <p>We have:</p> <ul style="list-style-type: none"> • reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out in order to ensure that the requirements of the Code are met; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; and • tested revaluations made during the year to see if they had been input correctly into the PCC's asset register. <p>Findings</p> <p>We are currently finalising our procedures in this area, awaiting responses to a number of queries from the external valuer. Based on completion of procedures to date, we have no matters to report to you other than in relation to the impact on property valuation of the Covid-19 pandemic and resultant uncertainties.</p> <p>Disclosures regarding material valuation uncertainty</p> <p>The outbreak of Covid-19 has caused uncertainty in property markets. As a result, the PCC's valuers have included reference to a material uncertainty in their valuation report.</p> <p>The estimation uncertainty has been disclosed in Notes 4 and 9b to the financial statements.</p> <p>We consider the disclosure is sufficiently detailed to meet the requirements of the accounting standards and that it is important to a readers understanding of the financial statements. As such, we plan to draw attention to the uncertainty through the inclusion of an Emphasis of Matter within the audit report.</p> <p>We are satisfied that the value of Property, Plant and Equipment is not materially misstated within the financial statements.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>5 Valuation of pension fund net liability</p> <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 (the 2019/20 pension fund liability is £1.266bn 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>	Group, PCC and CC	<p>Auditor commentary</p> <p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the PCC and CC's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management experts (actuaries) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuaries who carried out the pension fund valuations; • assessed the accuracy and completeness of the information provided by the PCC and CC to the actuaries; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports; and • undertaken 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. <p>Findings</p> <p>At the time of drafting this report, we are yet to receive the information and assurances requested from the auditor of Cumbria Pension Fund that will enable us to conclude our procedures in this area.</p> <p>We are aware that there is a possibility that the Pension Fund Auditor will include an emphasis of matter in the audit report drawing attention to a material valuation uncertainty relating to the Fund's real estate portfolio. Where this is the case, we will need to consider the impact on our own report and the need for associated disclosure within the financial statements.</p> <p>Subsequent to the publication of the draft financial statements, the proposed remedy to the McCloud judgement was published for consultation. Pension fund actuaries notified management that this could have an impact on the calculated net pension fund liability and that the liability was likely to be overstated. Management therefore obtained a revised IAS19 report which quantifies the potential impact as £11.5m reduction in Pension Liability. This represents a non-adjusting post balance sheet event but management have adjusted the financial statements to reflect the revised valuation. We have discussed this with management and considered their rationale for adjusting. We conclude that the basis for adjusting is reasonable and that proposed disclosures within the financial statements are appropriate. We have included the impact of this matter within the adjusted misstatements on page 21.</p> <p>Other than the matters identified above, our work in this area has progressed and to date we have not identified any significant issues.</p>

Significant findings - other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Relates to	Commentary
<p data-bbox="72 399 694 471">IFRS 16 implementation has been delayed by one year</p> <p data-bbox="72 471 694 682">Although the implementation of IFRS 16 has been delayed to 1 April 2021, audited bodies still need to include disclosure in their 2019/2020 statements to comply with the requirement of IAS 8 para 31. As a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases.</p>	<p data-bbox="694 399 901 682">Group, PCC and CC</p>	<p data-bbox="901 399 1813 471">Note 33 (PCC) and Note 21 (CC) made brief reference to IFRS16. The note has been updated to adequately disclosure of the likely future impact of IFRS16.</p> <p data-bbox="901 471 1813 682">We are satisfied that your disclosure is consistent with the requirements of IAS 8.</p>

Significant findings - Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

Going Concern Commentary

Management’s assessment process

PCC:

The Statement of Accounts has been prepared on a going concern basis, on the assumption that the functions of PCC will continue in operational existence for the foreseeable future.

Chief Constable:

The Statement of Accounts has been prepared on a going concern basis, on the assumption that the functions of the Chief Constable will continue in operational existence for the foreseeable future. Management’s assessment of whether or not Cumbria Police is a going concern is based on its ability to discharge liabilities in the normal course of its business. In this case the Force is reliant upon the PCC to discharge its liabilities in the normal course of its business. This expectation is necessary to enable the PCC to continue as a going concern.

Work performed

Management have provided us with a written assessment of going concern which we have reviewed in conjunction with cash flow forecasts and the MTFs.

Concluding comments

Auditor Commentary

The 2020/21 budget was finalised in February 2020 and in late March the global pandemic of Covid-19 was announced affecting the economy and public sector bodies. The short term effects has resulted in increased costs for public service bodies to meet the needs of the public and uncertainty over future funding as the government looks to support a decline in the economy. This therefore affects the short to medium term budget forecasts for both the Constabulary and Police and Crime Commissioner as budget submissions had been made on the expectation of future growth driven by the increase in recruitment of officers.


Assumptions underpinning the budget forecast in the short term are now uncertain and it is unlikely that precepts and business rates funding will be as high as originally budgeted. Other income has reduced and Q2 shows a reduction in forecast income of £0.181m, this is seen across a number of aspects such as policing of football matches and special events (Kendal Calling, Keswick Convention and Appleby Fair). This is anticipated to continue for much of the remainder of the 2020/21 financial year. Costs may increase for pay if the Government responds to public sentiment to reward key public service workers for their response to the Covid-19 pandemic. The PCC approved a balanced budget for 2019/20. We have assessed the reasonableness of the assumptions underlying this forecast in light of the global pandemic and have reviewed management’s cashflow forecast up to 30 March 2022.

Our work included:

- determining whether the conclusions made by the management regarding the decision not to disclose any going concern material uncertainties in the financial statements were prudent and appropriate;
- we have reviewed management’s assessment in the light of the PCC/CC’s position and the national context and assessed the underlying assumptions used to support management’s preparation of the accounts on a going concern basis;
- reviewing cash flow forecasts up to March 2022 to assess the existence of any material uncertainties related to going concern.

Based on the audit work performed over the going concern assumption adopted by management, we are satisfied that it remains appropriate for the PCC and the Chief Constable to prepare accounts on a going concern basis as at 31 March 2020. Both the PCC and the Chief Constable have a reasonable expectation that the services they provide will continue for the foreseeable future. For this reason we consider it appropriate for both entities to continue to adopt the going concern basis in preparing the financial statements. We do not consider there to be a material uncertainty which would cast doubt on the ability of either entity to continue as a going concern.
































Significant findings – key judgements and estimates

	Relates to	Summary of management's policy	Audit Comments	Assessment
Land and Buildings – Other - £57.5m	Group and PCC	<p>Land and buildings comprises £52.2m of specialised assets such as police stations, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£5.3m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The PCC has engaged Carigiet Cowen to complete the valuation of properties as at 31/3/2020 on a two yearly cyclical basis.</p> <p>The total year end valuation of land and buildings was £57.5m, a net increase of £3.1m from 2018/19.</p>	<p>The PCC's accounting policy on valuation of land and buildings is included in Note 9 to the financial statements.</p> <p>Carigiet Cowen identified a material uncertainty regarding the valuation of land and buildings due to market uncertainty arising from the Covid-19 pandemic. Management have disclosed this as a significant issue in Notes 4 and 9b to the financial statements.</p> <p>Key observations</p> <p>The values in the valuation report have been used to inform the measurement of property assets at valuation in the financial statements.</p> <p>The PCC has disclosed the estimation uncertainty related to the year-end valuations of land and buildings to the financial statements as set out above.</p> <ul style="list-style-type: none"> • We assessed the qualifications, skills and experience of the Valuer and determined the service to be appropriate; • The underlying information prepared by the PCC and supplied by the Valuer was considered to be complete and accurate; • The Valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates; and • Following the update to reflect the material valuation uncertainty, we consider the level of disclosure in the financial statements to be appropriate. <p>All your land and buildings have been appropriately valued by the instructed valuer. There have been no changes in assumptions from the previous years and these are outlined in your accounting policies.</p> <p>Conclusion</p> <p>We are satisfied that the estimate of your land and buildings valuation is not materially misstated.</p>	 Green

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process and key assumptions to be reasonable

Significant findings – key judgements and estimates

Relates to	Summary of management's policy	Audit Comments	Assessment																								
Net pension liability – PCC and Chief Constable Fund £1.266bn	<p>Group, PCC and CC</p> <p>The PCC's and Chief Constable's total net pension liability at 31 March 2020 is £1.266bn (PY £1.350bn) comprising the Local Government Pension Scheme (LGPS) (The LGPS is a funded defined benefit scheme for police staff, administered by Cumbria County Council) and Police Officers Pension Scheme (the Chief Constable operates three pension schemes for police officers, these are the 1987, 2006, 2015 Police Pension Schemes for officers)</p> <p>The PCC and Chief Constable uses GAD and Mercers to provide actuarial valuations of the Group's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>The PCC/Group's actuary disclosed a material uncertainty in the valuation of the Group/PCC's and Chief Constable's pension fund liability at 31 March 2020 as a result of Covid-19.</p>	<p>For both the LGPS and the three police officer pension schemes we have undertaken a review of the relevant actuary's work to satisfy ourselves that the pension liabilities are fairly stated in the financial statements. In doing so we engaged our own independent actuary to assess the methodology and assumptions used by the scheme's actuaries.</p>	 Green																								
		<p>For both the LGPS and the police schemes we have reviewed the information submitted to the actuaries to confirm that it is consistent with underlying records.</p> <p>We have used of PwC as auditors expert to assess the key actuary and assumptions made by actuary.</p>																									
		<table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.25% (Police Schemes) 2.30% (LGPS)</td> <td>2.25% 2.40% - 2.30%</td> <td> </td> </tr> <tr> <td>Pension increase rate</td> <td>2% (Police Schemes) 2.20% (LGPS)</td> <td>2% 2.10%</td> <td> </td> </tr> <tr> <td>Salary growth</td> <td>3.60%</td> <td>3.35%- 3.6%</td> <td> </td> </tr> <tr> <td>Life expectancy future pensioners (Police Schemes)</td> <td>Men 23.6 Women 25.2</td> <td>23.0 -23.6 23.0 - 25.2</td> <td> </td> </tr> <tr> <td>Life expectancy future pensioners (LGPS)</td> <td>Men 24.2 Female 27.1</td> <td>22.5 – 24.7 25.9 – 27.7</td> <td> </td> </tr> </tbody> </table>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.25% (Police Schemes) 2.30% (LGPS)	2.25% 2.40% - 2.30%	 	Pension increase rate	2% (Police Schemes) 2.20% (LGPS)	2% 2.10%	 	Salary growth	3.60%	3.35%- 3.6%	 	Life expectancy future pensioners (Police Schemes)	Men 23.6 Women 25.2	23.0 -23.6 23.0 - 25.2	 	Life expectancy future pensioners (LGPS)	Men 24.2 Female 27.1	22.5 – 24.7 25.9 – 27.7	 	
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		<p>For both LGPS and the police pension schemes we have reviewed the assumptions used for each of these variables. Our own independent actuary has also confirmed that they are comfortable that the assumptions used by Mercers and GAD are reasonable for the purpose of valuing the liabilities at 31 March 2020.</p> <p>There has also been a reduction in the fair value of LGPS plan assets of £1.208m. The change related to the reduction of asset valuations as part of the LGPS re-run which reflected the impact of falls in financial markets between the end of February and the end of March as a result of the Covid pandemic.</p>																									

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

	Significant matter	Commentary
1	The most significant events that occurred during the year was the Covid-19 pandemic.	During the audit we have considered the PCC and Chief Constable's response to addressing the challenges arising from Covid-19. We are satisfied that management responded swiftly and appropriately to the challenges of Covid-19.
2	Business conditions affecting the Group/PCC and CC, and business plans and strategies that may affect the risks of material misstatement.	<p>The PCC's external valuation expert, Carigiet Cowen has raised uncertainty regarding how the impact of Covid-19 on market conditions may affect land and buildings valuations during 2020/21.</p> <p>The LGPS auditor has reported a material uncertainty around the valuation of the Pension Fund's property assets and Cumbria's LGPS auditor intends to include an emphasis of matter in their auditor's report in respect of the effects of Covid-19 on the valuation of its property holding.</p> <p>As noted earlier this has been disclosed in Notes 4 and 9b.</p>
3	Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	No disagreements with management occurred during the audit.
4	Other matters that are significant to the oversight of the financial reporting process.	None to report.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to the PCC and Chief Constable.

	Issue	Commentary
1	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Joint Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the PCC and Chief Constable.
5	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to bank and investment counter-parties. This permission was granted and the requests were sent. All of these requests were returned with positive confirmations.
6	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements other than the adjustment highlighted on page 9 for the national issue associated with the McCloud judgement. A small number of disclosure, presentational and consistency amendments have been made to the financial statements arising from the audit.
7	Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> All information and explanations requested from management was provided.

Other responsibilities under the Code

Issue	Commentary
1 Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
2 Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
3 Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the PCC (on behalf of the group) does not exceed the threshold.</p>
4 Certification of the closure of the audit	<p>We intend to certify the closure of the 2019/20 audit of Cumbria PCC and Cumbria Chief Constable in the audit report.</p>

Value for Money

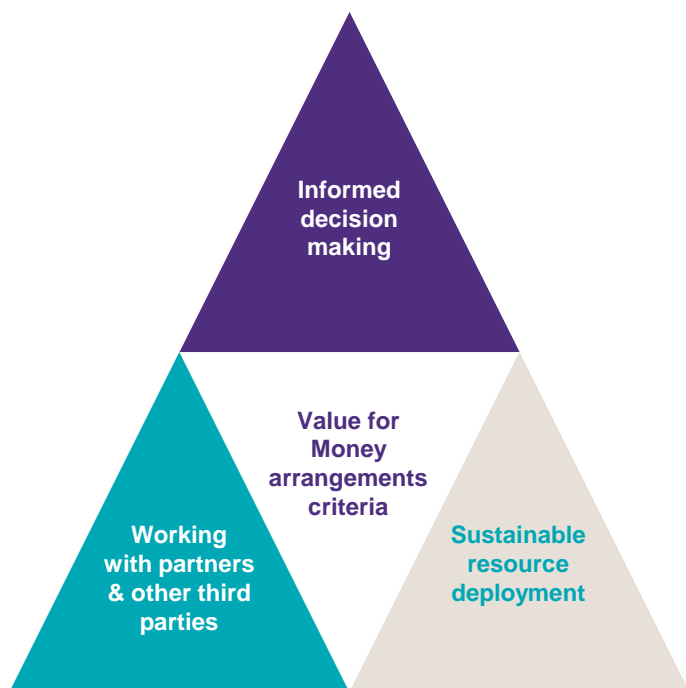
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 identifies one single criterion for auditors to evaluate:

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

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in February 2020 and identified one significant risk in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 21st February 2020.

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

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risk we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Trust's arrangements for delivering economy, efficiency and effectiveness. We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on page 18.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the PCC and Chief Constable each had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or the PCC and Chief Constable.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk

Findings

1 Financial Sustainability

The PCC and Chief Constable, along with many other forces faces increasing financial pressures including the need in the future to deliver savings with £8.9m savings requiring to be achieved by 2023/24. Although the PCC and the CC have a proven track record in managing its finances, the future budget gap represent a serious challenge.

We will review the arrangements that are in place for the regular monitoring of the in year financial position in 2019/20 and assess how the future financial challenges including the need to deliver savings are being addressed.

Budget monitoring reports are produced quarterly and are taken to the Public Accountability Conference attended by both the PCC and Chief Constable and their respective senior management teams.

The office of the PCC and the Constabulary also provide monthly monitoring reports that go to budget holders throughout the year.

Review of the June 2019 budget monitoring report and the March 2020 outturn report shows that the reports highlight the current forecast net expenditure position compared to the revised budget, with sufficient narrative around the reasons for any under or overspends against budget. Details are also provided in graphical format of the planned intakes of police officers that have been included in the year end forecasts. The quarterly monitoring reports also highlight the key changes in forecast during the current quarter along with an explanation of any potential risk areas.

The outturn report is comprehensive with provisional outturn information provided compared to budget for the key areas of expenditure and income. For each key area of expenditure and income there is a detailed summary of the reasons for any under or overspends. There is also a quarterly summary of the reported variance position throughout the year compared to comparators for the previous year. The outturn report also provides details of any sponsorship activity undertaken or received during the year, and details of bad debts written off during the year and the provision for bad and doubtful debts made at year end. The reports are of a good standard and help ensure that the in year financial position is monitored and understood.

Separate quarterly reports are also produced on the capital programme with a forecast outturn position at the end of the financial year. Any significant areas of expenditure slippage are summarised and there is informative narrative provided.

The outturn financial performance for 2019/20 shows that an underspend for the group of £0.327m was delivered based on a Chief Constable underspend of £0.196m and a PCC underspend of £0.131m.

The overall level of usable reserves is £29.417m, including £3m General Reserves (which represents approximately 3% of the 2020/21 net recurrent budget after specific grants & fees and charges).

A national comparison across forces shows that Cumbria has a healthy level of useable reserves as a percentage of gross expenditure compared to a number of other forces. Cumbria's useable reserves stand at 16.44% of its gross expenditure compared to a national average of 9.19%. This supports the view that Cumbria has a relatively healthy level of useable reserves that it can rely on going forward

The overall usable fund balances has remained relatively consistent over the past three years and has fallen only by £0.708m over the last three years. Given the financial climate over this period this is a positive achievement.

The Joint Chief Finance Officer in his 2020/21 reserves strategy acknowledges that the medium term financial forecast shows an annual budget deficit of approximately £3m from 2021/22 onwards. Savings plans are being progressed to address the deficit, however, in the event that this is not achieved, reserves will be required to bridge the gap and will result in the level of reserves depleting more quickly than indicated in this strategy. It remains important therefore that going forward reserves are kept under review.

The PCC and Chief Constable has risen to the challenge of the Covid-19 pandemic and put in place arrangements to manage it including several daily strategic meetings as well as the implementation of COVID 19 governance arrangements.

Conclusion

We conclude that there are appropriate arrangements in place for the in year reporting and monitoring of the financial position of both the Chief Constable and the Police and Crime Commissioner.

Independence and ethics

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 and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard 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.


Details of fees charged are detailed in Appendix C.

Audit and Non-audit services




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. No non-audit services were identified which were charged relating to the 2019-20 financial year.

Action plan – internal control

We identified one recommendation as a result of issues identified during the course of our audit. We have agreed our recommendation with management and we will report on progress on the recommendation during the course of the 2020/21 audit. The matter reported here is limited to those deficiencies that we have identified during the course of our audit and we conclude are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Relevant to	Recommendations
1	<p> IT control issues</p> <p>A number of IT control issues were identified from our review of the Oracle system. The key issues related to access levels, access privileges and defined processes for making changes to batch jobs.</p> <p>We have shared the issues with your IT department and have had positive responses regarding progress made since the audit in addressing these issues.</p>	Both	Management ensured that actions will be agreed to address the Oracle IT controls issues as part of the new Oracle cloud based system introduced in October 2020.

Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice

Appendix B

Audit Adjustments – CC

We are required to report all non trivial misstatements to the PCC and Chief Constable, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
McCloud adjustment The net pension fund liability has been reduced following the impact of the proposed McCloud legal judgement remedy and the updated actuarial valuations obtained after publication of the draft financial statements for audit. Overall impact on the group liability is a reduction of £11.550m .There is no overall impact on overall useable reserves.	11,550 Total Comprehensive Income and Expenditure	(11,550) Pension Liability	0
Change in fair value LGPS plan assets There has been a reduction in the fair value of LGPS plan assets arising from the uncertainties in the financial markets due to Covid 19, which led to an increase in the LGPS pension liability of £1.181m.	(1.181) Actuarial gain/losses on pension assets/liabilities	1.181 Pension Liability	0

Audit Adjustments – PCC

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Change in fair value LGPS plan assets There has been a reduction in the fair value of LGPS plan assets arising from the uncertainties in the financial markets due to Covid 19, which led to an increase in the LGPS pension liability of £0.027m.	(27) Actuarial gain/losses on pension assets/liabilities	27 Pension Liability	0

Audit Adjustments – Group

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Overall impact McCloud and LGPA plan assets			
Total Comprehensive Income and Expenditure	(10,342)		0
Long Term Liabilities - Pensions Liability Police		(11,550)	
Long Term Liabilities - Pensions Liability – LGPS		1,208	

Audit Adjustments – PCC and CC

We are required to report all non trivial misstatements to the PCC and Chief Constable, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Detail	Auditor recommendations	Adjusted?
Events after the Balance Sheet Date (Note 3 PCC and CC)	The note has been updated to include reference to Covid 19.	✓
Assumptions made about the future and other sources of estimation uncertainty (Note 4 PCC and CC)	<p>The note has been updated to reflect “material uncertainty” disclosed by the external valuer in respect of the valuation of property, plant and equipment and to reflect pension property fund valuation uncertainties as disclosed by within Cumbria LGPS’s financial statements arising from uncertainties caused by Covid 19.</p> <p>The note has also been updated to reflect the changes and assumptions made around the proposed remedy to the McCloud judgement and that management chose to adjust the financial statements to reflect the revised valuation, rather than treat this as a non-adjusting post balance sheet event.</p>	✓
Accounting standards that have been issued but not yet adopted (Note 33 PCC, Note 21 CC)	The note has been updated to expand the disclosure with regards to the implementation of IFRS 16 Leases.	✓
Prior Period Adjustment	The draft financial statements originally included a note relating to a prior period adjustment. Whilst management were correct to amend an error from previous years, as this was not for a material amount this does not constitute a prior period adjustment and as a result the note has been removed. The Cashflow statement, and notes on short term debtors and short term creditors had already been restated.	✓
Accounting Policy - Financial Instruments (Annex B PCC and CC)	PCC’s and CC’s shall account for financial instruments in accordance with IFRS 9. The accounting policy on Financial Instruments has been updated to ensure that it complies with IFRS 9, including removing some references that are no longer required such as financial assets being classified as being loans and receivables and available for sale assets, and updating the note to include reference to expected credit losses.	✓

Fees

We confirm below our final fees charged for the audit.

Audit Fees	Proposed fee	Final fee
PCC Audit	£27,560	£27,560
Chief Constable Audit	£13,850	£13,850
Remote working has taken additional time to explain the audit trail of transactions through remote working rather than discussing processes and procedures in person. There has also been additional work undertaken in response to McCloud and the revised IAS 19 reports and through discussions with the external valuer. We estimate that the impact of remote working this has extended the audit process by 7 days.		£4,500
Total audit fees (excluding VAT)	£41,410	£45,910

- The fees reconcile to the financial statements Note 26 subject to roundings. The difference from the final proposed fee relates to the additional fee of £4,500 in respect of costs of remote working and McCloud.



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Item 16

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

Annual Statement of Accounts 2019/20: Assurance Framework

Report to the Police and Crime Commissioner, Chief Constable and Joint Audit Committee

19 November 2020

Report of the Joint Chief Finance Officer

1. Introduction and Background

- 1.1. This report sets out for the Commissioner, Chief Constable and members of the Joint Audit Committee, those areas of governance and audit pertaining to scrutiny and formal approval of the 2019/20 Statement of Accounts. This report covers the single entity financial statements of the Police and Crime Commissioner, the single entity financial statements of the Chief Constable, and the Group financial statements. The report sets out the opinion of the Commissioner's appointed auditor and amendments made to the Accounts, and accompanying governance statement, as a consequence of the findings of the audit. It also sets out information provided to Mr Michael Green, of Grant Thornton UK LLP, the Commissioner's appointed auditor, as part of the regulatory requirement for a letter of representation.
- 1.2. The report includes an appendix that provides a narrative on the financial statements (**Appendix A**). The appendix aims to support members of the Joint Audit Committee in undertaking their assurance role by providing a narrative in respect of the sources of assurance available to them and on the substantive issues that have been considered in respect of the production of the financial statements.

2. Formal Approval of the Audited Statements

- 2.1. In March 2020 the World Health Organisation declared the outbreak of Novel Coronavirus (Covid-19) a global pandemic. In order to limit the potential for the virus to cause widespread disruption within the OPCC/Constabulary the decision was taken to enable as many as possible officers and staff to work from home or from dispersed locations within the police estate. A national lockdown was put in place and operated from 16 March until late summer. As a result of the pandemic and resultant lockdown and home working, Government decided to amend the dates for the production of the draft Statement of Account and their subsequent audit. The date for production of the draft statement of accounts was extended from 31 May to 31 August 2020 and the dates for audit were extended from 31 July to 30 November 2020.

The Statement of Accounts for the Commissioner and Chief Constable were authorised by the Joint Chief Finance Officer on **29 June 2020**. The audit has now been substantially completed, the Joint Chief Finance Officer is required to again certify the statements and present them to the Commissioner and Chief Constable for formal approval. Prior to certification the Commissioner and Chief Constable will take into consideration the Audit Findings Report from Mr Michael Green. The Commissioner and Chief Constable will also take into consideration the views of members of the Joint Audit Committee. The Committee will receive the Statement of Accounts and the Audit Findings Report. They will consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Commissioner.

3. Appointed Auditor's Audit Findings Report

- 3.1. Preceding this item on your agenda is the Audit Findings Report from Mr Michael Green, of Grant Thornton UK LLP, the Commissioner's appointed auditor. Mr Green reports on his completion of the annual audit of the Statements of Account for 2019/20. The Commissioner, Chief Constable and members of the Joint Audit Committee will be pleased to see his intention, based on his findings to date, to issue an unqualified audit opinion in respect of the Statement of Accounts for the year to 31 March 2020 and in respect of the Commissioner's and Chief Constable's arrangements to secure Value for Money.
- 3.2. In carrying out their audit, the auditors have considered internal controls that are relevant to the preparation of the financial statements. Where they identify any control weaknesses, these are reported to the Commissioner and Chief Constable. Within their report the auditors have raised no matters in relation to internal control which need to be considered by those charged with governance.

3.3. As noted in the audit findings report there were two adjusted and no unadjusted misstatements identified during the audit:

- ◆ The two adjusted misstatements relate to changes in pension fund liabilities:
 - ◆ In relation to police pensions, the Government in July 2020 provided details of the proposed remedy in respect of the McCloud/Sergeant judgement. The assumptions made by the scheme actuary in relation to the expected remedy were different to those proposed in July. As a result, the scheme actuary performed a recalculation of pension scheme liabilities as at 31 March 2020 which resulted in a reduction in the liability for the Chief Constable and PCC Group accounts of £11.550m.
 - ◆ In relation to the Local Government Pension Scheme, the actuarial calculations were initially performed as at 28 February 2020. The escalation of the Covid-19 pandemic in March 2020 and resultant impact on financial markets meant that the value of the scheme assets within the pension fund reduced from those estimated at 28 February and the balance sheet date of 31 March 2020. As a result, the scheme liability has increased by a total of £1.028. for the Group (CC £1.181m & PCC £0.027m).

3.4. There were a number of disclosure changes identified by Grant Thornton during the audit which have been adjusted in the financial statements, in the member's copy of the financial statements these disclosure changes have been highlighted in green. Other changes highlighted in blue include the updating of the pensions disclosures as outlined in 3.3 above and updating of relevant dates for signing off the statements.

3.5. In their report the auditors have made one recommendation as a result of issues identified during the audit, this relates to the audit of the Oracle EBS financial system. The key issues identified related to access levels, access privileges and defined processes for making changes to batch jobs. These issues will be addressed by the Implementation of the cloud-based Oracle Fusion system in October 2020.

3.6. The auditors have again noted that the financial statements were prepared to a good standard, and working papers were available on time at the start of the audit. Responses to our samples and other queries were comprehensive and timely.

4. Post Balance Sheet Event

4.1. A post balance sheet event is an event, subsequent to the date of the financial statements, and for which International Financial Reporting Standards and the Code of Practice on Local Authority Accounting (the Code) require adjustment or disclosure. As outlined above a post balance sheet event

arose when Government announced the proposed remedy in respect of police pensions in relation to the McCloud/Sergeant judgement. Whilst this did not constitute an adjusting event, the decision was taken to reflect the changes to the estimated pensions liability in the final version of the statement of accounts on the grounds of materiality.

5. 2019/20 Governance Statements

The Police and Crime Commissioner and Chief Constable approved their 2019/20 Annual Governance Statements (AGS) on 9 May 2020 and 14 May 2020 respectively.

6. Letters of Management Representation

- 6.1. At the conclusion of the audit of the Statement of Accounts, but before an opinion can be given, a 'Letter of Management Representation' is provided to the appointed auditors by the Joint Chief Finance Officer on behalf of the Commissioner and Chief Constable. The underlying purpose of the letter is to confirm that the financial statements reflect a true and fair view in accordance with international financial reporting standards. The letters set out that relevant codes, standards and statutory directions have been complied with and that we have made reasonable estimates and judgements in undertaking accounting entries and disclosures. The letters also confirm that there has been full disclosure of all matters requiring disclosure to our auditors. The Letters of Management Representation are attached at **Appendix B**.

7. Acknowledgements

- 7.1. The work undertaken in preparing the Statement of Accounts and supporting the audit for the year places very significant demands on staff within the financial services team. Key amongst those has been Michelle Bellis, Deputy Chief Finance Officer and Lorraine Holme, Financial Services Manager, who have once again secured for the Commissioner and Chief Constable another clean audit. This report also acknowledges the work undertaken by our colleagues in external audit headed by Michael Green and Gareth Winstanley. The production of the Statement of Accounts for 2019/20 and subsequent audit process has been made more difficult for 2019/20 by the Covid-19 pandemic and by remote working adopted by both organisations as a result. The teams have worked well together in these difficult circumstances and have held video conferences to work together and more innovative screen sharing sessions to enable finance staff to walk auditors through the working papers where required.

9. Recommendations

9.1. Following consideration of the findings and conclusions of the Appointed Auditor it is recommended that:

- ◆ Members of the Joint Audit Committee determine whether there are any issues in respect of governance or the statement of accounts that they wish to report to the Commissioner and/or Chief Constable.
- ◆ The Commissioner and Chief Constable sign the audited Statement of Accounts and authorise for publication the Accounts and accompanying Governance Statement.

Statement of Accounts Narrative 2019/20

1. Introduction and Background

- 1.1. The Police and Crime Commissioner and Chief Constable are asked to sign their respective annual statement of accounts following audit and the review process by the Joint Audit Committee. Members of the Joint Audit Committee will receive a copy of the audited accounts and accompanying governance statement for which they have a review and assurance role. The Statement of Accounts are highly complex technical documents. They take a number of weeks to produce and a similar period of time to audit by a team of technical and experienced staff. The audit process will typically involve support from national technical teams who assess and advise on accounting treatment for complex transactions against the requirements of international financial reporting standards and codes of practice. Within the finance profession, the Statement of Accounts is a very specialist field.
- 1.2. In this context, this narrative aims to provide a guide to the considerations that the Commissioner, Chief Constable and Members of the Joint Audit Committee can reasonably be expected to take account of, in carrying out a review process and undertaking to approve the Statement of Accounts. It covers two main areas, sources of assurance for the financial statements and key challenges. These are the areas that influence the dialogue and engagement between the finance staff preparing the accounts and those undertaking the audit. In doing this, the narrative aims to ensure that members have sufficient information to fulfil their assurance role and that the Commissioner can place reliance on this assurance in approving the Statement of Accounts.

2. Sources of Assurance

- 2.1. The Statement of Accounts consolidates financial transactions for a financial year and records the position as at 31 March in respect of assets and liabilities including reserves and cash flow. They include a number of year end accounting entries that ensure income and expenditure is presented on an accruals basis, that assets and liabilities are recorded in accordance with accounting standards and codes and that the financial implications of those assets and liabilities are adjusted such that net expenditure reflects the actual cost funded by external financing (government grants and the council tax payer). They are accompanied by accounting policies that explain how those transactions and balances have been accounted for and a set of notes that provide further detail on amounts included within the main financial statements.

2.2. Those undertaking a review of the accounts will not usually be in a position to determine whether the presented figures are correct based on a reading of the financial statements and notes. The review processes must therefore place reliance on wider sources of assurance from which it is reasonable to make a judgement that the accounts present a true and fair view. The main sources of assurance that support this process are the opinion of the Joint Chief Finance Officer (CFO), the opinion of the Head of Internal Audit (HIA) and the opinion of the Appointed Auditor. These opinions are supported by the statements made by the Joint Chief Finance Officer, on behalf of the Commissioner and Chief Constable, within the letter of representation, by the Commissioner’s Annual Governance Statements (signed by the Commissioner, the Commissioner’s Monitoring Officer and the CFO) and by the Chief Constable’s Annual Governance Statement (signed by the Chief Constable and the CFO).

2.3. **The Joint Chief Finance Officer’s (CFO) Opinion:** The CFO provides to members an annual opinion on the effectiveness of the arrangements for audit. That review, presented to members at their Meeting on 24 June 2020, concluded that “there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2020.” In previous years, further assurance of the effectiveness of internal audit was taken from the opinion provided by the external auditors. The external auditor (Grant Thornton) advised in June that they no longer use the work of internal audit to assist with their work and as such no longer provide an opinion on the work of internal audit. The assurance from the Joint Chief Finance Officer enables the Commissioner and members of the Joint Audit Committee to place reliance on the opinion of the Chief Internal Auditor and the findings of internal audit.

Sources of Assurance

“There are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2020.”

Joint Chief Finance

2.4. **The opinion of the Head of Internal Audit (HIA):** The HIA provides an annual opinion on the internal control environment. The opinion is based on the audit reviews undertaken over the course of the financial year. Audits are risk based and include cyclical reviews of the material financial systems. The findings of the HIA are set out in an annual report which was presented to members at the June meeting. The HIA’s opinion for 2019/20 is that “the PCC and Chief Constable’s frameworks of governance, risk management and internal control are reasonable and audit testing has confirmed that controls are generally working effectively in practice. Where internal audit work has identified scope for improvements, the management response has been positive with agreed action plans in place to address all recommendations.

Sources of Assurance

“In my opinion, the PCC and Chief Constable’s frameworks of governance, risk management and internal control are reasonable and audit testing has confirmed that controls are generally working effectively in practice”

Head of Internal Audit.

2.5. Of the 14 audits finalised during 2019/20 all of which contributed to the Commissioner and Chief Constable's overall assurance with 13 of the 14 (93%) assurance audits achieving reasonable or substantial assurance. The findings of financial audits reported to the Joint Audit Committee and the overall opinion of the Chief Internal Auditor is further supported by annual management assurances across all financial systems that are provided to the Joint Chief Finance Officer for review. Collectively these internal controls provide assurance to members, the Chief Constable and the Commissioner on the integrity of the underlying financial transactions and their representation within the financial ledger that is used to produce the financial statements.

2.6. **The opinion of the Appointed Auditor:** The Appointed Auditor will provide an independent external opinion on the financial statements following the audit process. In forming this audit opinion they will undertake a range of audit work. This will include reconciling the figures within the accounts to the financial ledger, undertaking a computer based analytical review to validate the accuracy of material transactions and undertaking further systems based sample testing of ledger amounts back to the primary financial transactions. The external auditors will also review accounting policies and ensure accounting estimates, manual entries and the presentation of financial information is consistent with policy, financial reporting standards and codes of practice. The external audit is typically undertaken by a team of professionally qualified staff who will audit a number of public and/or private sector clients. They will have access to national technical support and quality controls at a regional and national level to support the integrity of the audit and ensure specialist advice and input is given to the treatment of complex transactions of a technical nature.

Sources of Assurance

"The financial statements were prepared to a good standard, and working papers were available on time at the start of the audit. Responses to our samples and other queries were comprehensive and timely."

"Our anticipated audit report opinion will be unmodified, including an emphasis of matter paragraph, highlighting property, plant and equipment and pension fund property valuation material uncertainties".

"We therefore anticipate issuing an unqualified value for money conclusions"

The opinion of the Commissioner's appointed auditors, Grant Thornton.

2.7. In forming their opinion, the external auditors give consideration to internal controls relevant to the preparation of the financial statements. The external auditors complete walkthrough tests of controls operating in areas where they consider that there is a risk of material misstatement to the financial statements. For the 2019/20 financial statements this has included, an evaluation of the PCC's and Chief Constable's internal controls environment, including its IT systems and controls; and Substantive testing on significant transactions and material account balances, including the procedures outlined in the Audit Findings report in relation to the key audit risks. The annual audit findings report of the Appointed Auditor is made to the Commissioner, Chief Constable and Members preceding this item

on the agenda and presents the Appointed Auditors intention to issue an “unqualified audit opinion” on the financial statements.

- 2.8. **The Letters of Representation:** The letters of representation are provided at **Appendix B** and referenced in the main body of this report. The letters provide assurances from the Commissioner and Chief Constable to the Appointed Auditor. The letters are written on behalf of the Commissioner and Chief Constable respectively by the Joint Chief Finance Officer. That officer, as required under legislation, must be financially qualified. The Joint Chief Finance Officer, Roger Marshall is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA) with a requirement to abide by codes of practice, standards and ethics. These arrangements provide assurance that members can place reliance on the representations made by the Joint Chief Finance Officer in the letters of representation on behalf of the Commissioner and Chief Constable. There have been no specific matters raised by the Commissioner or Chief Constable in the letter of representation for 2019/20 and all appropriate assurances have been provided to the external auditors.
- 2.9. **The Annual Governance Statement:** An Annual Governance Statement (AGS) for the separate entities of the Police and crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary were presented to members on 24 June 2020 with a number of supporting governance papers. The AGS detail how the Commissioner and Chief Constable have complied with the governance framework set out within the Code. The Annual Governance Statement provides members with assurance that the Commissioner has in place appropriate arrangements for financial and wider governance matters including arrangements for managing risks and internal controls.
- 2.10. Collectively, these sources of assurance, where they are operating to the satisfaction of members, can support conclusions in respect of the extent to which the committee is reasonably able to provide the related assurance to the Police and Crime Commissioner and Chief Constable in reviewing the financial statements.

3. Key Challenges

3.1. 2019/20 Financial Year Accounts and Audit Timetable

The most significant factor influencing the production of the statement of accounts for 2019/20 was the Novel Coronavirus (Covid-19) global pandemic, the result of which meant that the Financial Services team has largely been working from home since early March 2020. The work to prepare the statement of accounts was undertaken remotely and although the government allowed an extension to the date for publishing the draft (subject to audit accounts) of three months, the team were able to prepare the statements within a month of the original statutory deadline. The decision was taken to

try to stick as close to original deadlines as possible to facilitate the work of the external auditors and hopefully free up capacity later in the summer to support the implementation of the new Oracle Fusion finance and procurement system which went live in October.

As in previous years several areas of audit work were able to be undertaken as part of the interim audit visit.

This was supported by continuing the practice agreed in 2014/15 for external valuations of land and buildings to be brought forward to the end of the December. The valuer provides a statement from the as at 31st March confirming their continued accuracy.

This work was successful in delivering a sign off date for the financial statements by the Joint Chief Finance Officer on 29th June 2020.

- 3.2. Post publication of the draft statement of accounts the proposed remedy in relation to the McCloud/Pension issue was published by Government, the result of which was to reduce the actuarial calculation of the pension liability in relation to police pensions. Although this represented a non-adjusting post balance sheet event, the decision was taken by management to amend the figures in the statement of accounts due to overall materiality.

3.3. [Changes to CIPFA Code of Practice 2019/20](#)

A change to the code in relation to the application of IFRS16 in relation to leases with the intention of providing increased viability in relation to commitments and to ensure more consistent financial reporting of leased assets has been delayed. The standard was originally due to be implemented on 1 April 2020 i.e. for the 2020/21 Accounts but this has now been postponed for 1 year so will come into effect for the 2021/22 Accounts. There were no other major changes identified as part of the 2019/20 code of practice.

3.4. [Public Consultation](#)

The draft statements of Accounts for the Chief Constable and PCC/Group have been published on the respective websites since 30th June 2020. The notice of publication advises readers of their rights of inspection. There have been no requests to view the financial statements or accompanying papers.

This concludes the substantive matters considered as part of the production of the statement of accounts.

Peter McCall
Police and Crime Commissioner for Cumbria
Carleton Hall
Penrith CA10 2AU



In case of enquiry please
contact: P Coulter
Tel: 01768 217734
Email:
roger.marshall@cumbria.police.uk
www.cumbria-pcc.gov.uk

Mr Michael Green
Director
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

19/11/2020

Dear Sirs

The Police and Crime Commissioner for Cumbria

Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of The Police and Crime Commissioner for Cumbria and its subsidiary undertaking, the Chief Constable for Cumbria Constabulary for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the group and Police and Crime Commissioner for Cumbria financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Police and Crime Commissioner for Cumbria's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Police and Crime Commissioner for Cumbria and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Police and Crime Commissioner for Cumbria has complied with all aspects of contractual agreements that could have a material effect on the group and Police and Crime Commissioner for Cumbria financial statements in the event of non-compliance. There has

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been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Police and Crime Commissioner for Cumbria's financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the group and Police and Crime Commissioner for Cumbria has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosure changes schedules included in your Audit Findings Report. The group and Police and Crime Commissioner for Cumbria's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the group and Police and Crime Commissioner for Cumbria's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Police and Crime Commissioner for Cumbria's needs. We believe that no further disclosures relating to the group and Police and Crime Commissioner for Cumbria's ability to continue as a going concern need to be made in the financial statements

Information Provided

- xiv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the group and Police and Crime Commissioner for Cumbria's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Police and Crime Commissioner for Cumbria via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xv. We have communicated to you all deficiencies in internal control of which management is aware.
- xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Police and Crime Commissioner for Cumbria, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. We have disclosed to you the identity of the group and Police and Crime Commissioner for Cumbria's related parties and all the related party relationships and transactions of which we are aware.
- xxii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Police and Crime Commissioner for Cumbria's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxiv. The disclosures within the Narrative Report fairly reflect our understanding of the group and Police and Crime Commissioner for Cumbria's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Police and Crime Commissioner for Cumbria's Joint Audit Committee at its meeting on 19th November 2020. Management will ensure that the final version of the statement of accounts comprising other information, will be provided to us prior to issuance.

Yours faithfully

Peter McCall

The Police and Crime Commissioner for Cumbria

19 November 2020

Roger Marshall

Joint Chief Finance Officer

19 November 2020

Name
Department Title
Email michelle.bellis@cumbria.police.uk
T 101 ext:
My Reference CC Letter of Rep
Your Reference CC Letter of Rep
www.cumbria.police.uk

Chief Constable
Chief Constable Michelle Skeer
Police Headquarters
Carleton Hall
Penrith, Cumbria
CA10 2AU



Mr Michael Green
Director
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

19/11/2020

Dear Sirs

The Chief Constable for Cumbria Constabulary
Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of the Chief Constable for Cumbria Constabulary (the Chief Constable) and its subsidiary undertaking, the Chief Constable for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the group and Chief Constable financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Chief Constable's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Chief Constable and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Chief Constable has complied with all aspects of contractual agreements that could have a material effect on the group and Chief Constable's financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Chief Constable's financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the group and Chief Constable has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Chief Constable's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the group and Chief Constable's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Chief Constable's needs. We believe that no further disclosures relating to the group and Chief Constable's ability to continue as a going concern need to be made in the financial statements

Information Provided

- xiv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the group and Chief Constable's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Chief Constable via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xv. We have communicated to you all deficiencies in internal control of which management is aware.

- xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Chief Constable, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. We have disclosed to you the identity of the group and Chief Constable's related parties and all the related party relationships and transactions of which we are aware.
- xxii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Chief Constable's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxiv. The disclosures within the Narrative Report fairly reflect our understanding of the group and Chief Constable's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Chief Constable's Joint Audit Committee at its meeting on 19th November 2020. Management will ensure that the final version of the statement of accounts comprising other information, will be provided to us prior to issuance.

Yours faithfully

Michelle Skeer

Roger Marshall

The Chief Constable for Cumbria Constabulary

Joint Chief Finance Officer

19 November 2020

19 November 2020

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