

**OFFICE OF THE NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER
&
NORTHAMPTONSHIRE POLICE**

JOINT INDEPENDENT AUDIT COMMITTEE

2nd December 2015 at 10.00am to 13.30pm

Greenwell Room, Wootton Hall, Northampton, NN4 0JQ

If you should have any queries in respect of this agenda, please contact Steve Dainty on 03000 111 222 Ext 347953

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

Further details regarding the process for asking questions or making an address to the Committee are set out at the end of this agenda notice

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AGENDA

1	Apologies for non- attendance	JB	10:00
2	Declarations of Interests	Members	10:00
3	Announcements from the Chair	JB	10:05
4	Minutes and Matters Arising from the previous meeting	JB	10:05
5	Matters Arising Action Log	JB	10:10
6	Treasury Management Update	NA	10:15
7	Closedown Timetable 2015-16	NA	10:25
8	External Audit a) Progress Report b) Appointing Your External Auditor	KPMG	10:35 10:50
9	Annual External Audit Letter (ITEM REMOVED)	KPMG	
10	MTFS and Budget Update	SD/NA	11:00
11	Governance Review (OPCC)	JN	11:20
12	Internal Audit Progress Report	Mazars	11:30
13	Implementation of Audit recommendations a. Force b. OPCC	NA JN	11:40 11:50
14	Joint Meeting with Audit Committee Chairs	JB	12:00
15	Finance Dashboard	NA	12:10
16	Force Strategic Risk Register (inc Risk Management & Procedures)	AF/RB	12:20
17	OPCC Risk Register and Assurance Map	JN	12:30
18	OPCC Risk Policy	JN	12:40
19	HMIC Reports – see www.hmic.gov.uk	AF	12:50
20	Items for escalation to the Commissioner and / or the Chief Constable	JB	12:55
21	Agenda Plan for the next four meetings	SD	13:00
22	Date and venue of next meeting 7 th March 2016 - 10:00am – Greenwell Room	SD	13:05

23	Such other business by reason of the special circumstances to be specified, the Chair is of the opinion is of sufficient urgency to warrant consideration. <i>(Members who wish to raise urgent business are requested to inform the Chairman beforehand).</i>	JB	13:05
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24	Resolution to exclude the public	JB	13:05
	<p>Items for which the public be excluded from the meeting:</p> <p>In respect of the following items the Chair may move the resolution set out below on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them:</p> <p><i>“That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them”.</i></p>		

25	Minutes of the previous private meeting	JB	13:10
26	HMIC Reports	AF	13:10

	Private Meeting of Committee Members with the Auditors (if required)	JB	13:10
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Continued overleaf ...

Further details regarding the process for asking questions or making an address to the Committee

i. General

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

ii. Notice of questions and addresses

A question may only be asked or an address given if notice has been given by delivering it in writing or by electronic mail to the Monitoring Officer no later than noon two working days before the meeting.

Notice of questions or an address to the Committee should be sent to:

Steve Dainty
Office of the Police and Crime Commissioner
West Wing
Police HQ
Wootton Hall
NORTHAMPTON
NN4 0JQ

or by email to:

stephen.dainty@northantspcc.pnn.police.uk

by 12 noon 27th November 2015

Each notice of a question must give the name and address of the questioner and must name the person to whom it is to be put, and the nature of the question to be asked. Each notice of an address must give the name and address of the persons who will address the meeting and the purpose of the address.

iii. Scope of questions and addresses

The Chair of the Committee may reject a question or address if it:

- Is not about a matter for which the Committee has a responsibility or which affects Northamptonshire;
- is defamatory, frivolous, offensive or vexatious;
- is substantially the same as a question which has been put or an address made by some other person at the same meeting of the Committee or at another meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

Continued overleaf ...

Further details regarding the process for asking questions or making an address to the Committee (continued)

- iv. Asking the question or making the address at the meeting**
The Chair of the Committee will invite the questioner to put the question to the person named in the notice. Alternatively, the Chair of the Committee will invite an address to the Committee for a period not exceeding three minutes. Every question must be put and answered without discussion but the person to whom the question has been put may decline to answer it or deal with it by a written answer. Every address must be made without discussion.

- v. The Members of the Committee are:**

Mr J Beckerleg (Chair of the Committee)

Ms G Scoular

Mr M Pettitt

Mr A Knivett

JOHN NEILSON

ACTING CHIEF EXECUTIVE & MONITORING OFFICER

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**NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and
NORTHAMPTONSHIRE CONSTABULARY**

JOINT INDEPENDENT AUDIT COMMITTEE

MINUTES OF MEETING HELD ON

9 September 2015

(Excluding Exempt Items)

PRESENT

Audit Committee Members

J Beckerleg (in the Chair)
G Scoular
T Knivett

Northamptonshire Police and Crime Commission

I Britton Chief Executive
J Neilson Director for Resources, Governance and Transformation
S Dainty Strategic Resources Officer and Deputy Chief Finance Officer

Northamptonshire Police

N Alexander Chief Accountant Corporate Services
R Baldwin Force Risk and Continuity Advisor
D Clark Strategic Exchequer and Corporate Accountant

Auditors

M Clarkson Mazar
B Welch Mazar
A Cardoza KPMG
S Lacey KPMG

1. APOLOGIES FOR NON-ATTENDANCE

M Pettitt

2. DECLARATIONS OF INTERESTS

Members made the following declarations of interest:

T Knivett member of the Police Disciplinary Panel.

J Beckerleg i) works for the Chief Fire Officers Association
ii) member of House of Lords Audit Committee

3. ANNOUNCEMENTS BY THE CHAIR OF THE COMMITTEE

The Chair stated that no requests had been received from members of the public either to address the Committee or to put a question to the Committee.

The Chair drew attention to some of the papers being distributed very late which in consequence gave very little time for members to read and understand them.

ACTION POINTS	
Steve Dainty	All papers to be circulated by the due time i.e. 7 days (5 working days) before the Committee meeting date

4. MINUTES OF THE MEETING HELD ON 24 June 2015

The Committee **agreed** the Minutes of the meeting held on 24 June 2015.

5. MATTERS ARISING ACTION LOG

The Chair updated the Committee on minute 8 of 3 December 2014 stating that the meeting of the Chairs is likely to be held during October 2015.

Subject to below the Committee **noted** the report.

ACTION POINTS	
Meeting held on 3 March 2015	
John Neilson	Item 7 – to include VFM profiles as an item on the workshop on 9 November 2015.
Steve Dainty	Item 12 – Check whether the action of circulating the HMIC questions on Governance and VFM to the Committee has been completed.
Meeting held on 24 June 2015	
John Beckerleg	Item 7 – Offer of help with the preparation of a simplified version of the Statement of Accounts
Steve Dainty	Item 9c – No longer relevant - remove

6. COLLABORATION – GOVERNANCE ARRANGEMENTS

John Neilson gave the Committee an overview of the current work to describe the governance arrangements for collaboration, starting from its origins in a meeting of the 5 Forces' PCCs and CFOs in October 2014 up to the consultancy work undertaken by Baker Tilley in May/July 2015.

Baker Tilley had undertaken a "Proof of Concept" on the Learning and Development collaboration. The blank template used to provide an assurance statement for this particular collaboration was tabled and the Committee was informed that this template had been completed for Learning and Development. A recommendation will be taken to the Joint PCC and Force Collaboration Board to approve the appointment of Baker Tilley as consultants to undertake this work for each of the remaining collaborations.

Following questions raised by the Committee, John Neilson confirmed that each collaboration had a Section 22 Agreement which governed the collaboration. Although merger of forces was not a government policy, the ever increasing financial pressures were bringing forward the likelihood of more collaboration.

It was confirmed that the current collaborations covered the 5 Forces within the region although not all the Forces were in all the collaborations (i.e. they could involve 2, 3, 4 or 5 Forces).

It was noted that Baker Tilley were acting as consultants for this work. Mazars, as internal auditors, may audit the processes on governance.

The Committee **noted** the update and agreed the following actions

ACTION POINTS	
John Neilson	Provide details of all of the current collaborations to the Committee members
	Provide a timeline for the Baker Tilley's work on the remaining collaborations
	Include a report on the outcome of Baker Tilley's work

7. FINAL ACCOUNTS/AGS/ISA 260

(See also Agenda Item 10)

Nick Alexander introduced the two organisations' accounts stating that they were materially finished. He drew attention to the issues affecting the closedown process which had resulted in the late preparation of these accounts including the reduced size of the finance team.

The Chair informed the Committee that Martin Pettitt wished his thanks to be recorded for the work and support of Nick Alexander and Debbie Clark.

John Neilson paid tribute to the Force Finance team's work on the accounts especially when taking into consideration the environment in which they were working and the resourcing pressure.

The external auditor referred to his statement (ISA 260) explaining the significant difficulties he had encountered when trying to audit the financial statements. Further work needed to be undertaken before the audit could be completed and an audit opinion formed. There was expected to be an increased fee from the Auditor as a result of the additional work undertaken. The External Auditor made four recommendations which in summary were:

- That the Audit Committee should receive a complete version of the accounts for review and to raise questions with management
- That the Finance team should ensure that the accounts have been subject to an internal quality and completeness to ensure all Statement of Recommended Practice (SORP) have been met
- That the PCC and CC need to take ownership for the preparation of the financial statements and that the Chief Finance Officers (Section 151) should be accountable to the PCC and CC for the accuracy and completeness of the accounts
- The finance team should include pension information and asset revaluation information in accordance with the SORP requirements during the accounts preparation process.

Because there were still many issues and questions outstanding which required resolution the Committee was not in a position to recommend the accounts to the Chief Constable and Police and Crime Commissioner for approval. Rather than wait for the next meeting of the Committee, a mechanism was needed to secure the support of the Committee once the issues and questions had been resolved and final set s of accounts had been reviewed by the auditor.

It was resolved to delegate the decision that the Joint Independent Audit Committee was able to recommend the accounts for approval to John Neilson and Gary Jones in consultation with the Committee's Chair.

It was acknowledged that the accounts preparation timetable was being changed so that publication of the 2016-17 accounts would be required by the earlier date of 31 July 2017.

It was agreed that improvements to the process had to be made for the 2015-16 closure of accounts including:

- Early dialogue with Committee member(s) including Martin Pettitt
- Closedown timetable to be produced and reported to the Committee in December 2015
- Early meeting in January 2016 with the External Auditors to plan the process

It was reported that external issues were also affecting the performance of the Force Finance section including the uncertainty around the recently announced Strategic Alliance and Police Business Services. To assist with the workload a new accountant was being recruited.

In response to a question concerning the value for money (VFM) opinion, Andy Cardoza stated that this was about looking at the process for securing VFM rather than verifying actual VFM.

Tony Knivett asked about the process for determining the allocation of the budget and ensuring it was spent in the right areas. It was explained that resource allocation was driven largely by the Police and Crime Plan. The new business planning approach had only just commenced and was expected to improve the preparation of the 2016-17 budget.

The External Auditor was required to draw the Committee's attention to an uncorrected immaterial audit adjustment. This related to the indexed revaluation of the organisations' assets which would increase the value of the reported assets £383,000. The CFOs had decided not to adjust the accounts for this adjustment. The Committee considered this adjustment, the levels of materiality applied by the auditor, the impact on the figures for someone reading the accounts and the work involved in amending the various statements affected, and accepted the CFOs position. This would need to be confirmed in the letter of representation to the Auditors.

ACTION POINTS	
PCC / CC	Completion of the letter of representation including acceptance of not making the immaterial adjustment
ALL	Any comments and questions from Committee members on the accounts to be forwarded to the finance team and External Auditor by 16 September 2015.
CFOs	To produce the final set of accounts for audit by 18 September 2015
CFOs / Committee Chair	CFOs to recommend the accounts for approval in consultation with the Committee's Chair.
CFOs	Early dialogue with Committee member(s) including Martin Pettitt on compiling the 2015-16 accounts
CFOs / Nick	Closedown timetable for 2015-16 to be produced and

Alexander	reported to the Committee in December 2015
CFOs	Early meeting in January 2016 with the External Auditors to plan the process for 2015-16 accounts closure

8. INTERNAL AUDIT PROGRESS REPORT

Brian Welch introduced the report stating that work has commenced on 2 audits: Procurement and Risk Management, and that further discussions were taking place on the Change programme audit.

ACTION POINTS	
Brian Welch	To produce reports on the Change Programme and Collaboration Audits for the Committee as the planned work progresses

9. IMPLEMENTATION OF AUDIT RECOMMENDATIONS

a) Force

The Committee **noted** the report

b) OPCC

The Committee **noted** the report

10. EXTERNAL AUDIT PROGRESS REPORT

This item was taken in conjunction with Agenda Item 7.

11. PROGRESS WITH ANNUAL GOVERNANCE STATEMENT ACTIONS

a) Force

Nick Alexander introduced the item stating that the Chief Constable's Governance Statement was under review.

It was agreed that in general the Committee would no longer expect updates on the actions in the Annual governance statements at each of its meetings. Instead the annual consideration of the AGS would contain a report on the actions undertaken in the previous year and the changes proposed for the following year.

ACTION POINTS	
Nick Alexander	To provide a written report for the December 2015 meeting which details achievements against the programme (looking back) and forecasting future actions.

b) OPCC

John Neilson introduced the report

The Committee **noted** the progress being made with the Governance Statement actions.

ACTION POINTS	
John Neilson	Item 2 of the 2014-15 Governance Statement to be included on the November Workshop Agenda

12. FINANCE DASHBOARD

Nick Alexander introduced the report drawing the Committee's attention to the level of savings required over the next 4 years based on current forecasts.

In response to a question regarding PBS, John Neilson gave the Committee an update regarding implementation and the possibility of a third Force joining. It was likely that the implementation date would be delayed resulting in lower savings in 2016-17.

John Neilson also drew the Committee's attention to potential additional pressures on the Capital Programme:

- Estates Strategy
- Agile Working Phase II

The Committee **noted** the report.

ACTION POINTS	
Nick Alexander	To review the level of detail in the report

13. PERFORMANCE DASHBOARD

No one was available to present the report.

Iain Britton questioned the style of the report drawing attention to some of the information being inappropriate for the public agenda.

A meeting has been arranged between the Chairman, Andy Frost, Iain Britton and John Neilson for 28 September 2015 to discuss the style and content of this report.

The Committee **noted** the report.

ACTION POINTS	
Richard Baldwin	To report the Committee's comments back to Andy Frost

14. FORCE STRATEGIC RISK REGISTER

Richard Baldwin introduced the report drawing the Committee's attention to the new risk CR77 and the increase in the status of CR 71

It is proposed that risk CR69, CR57 and CR63 be closed as these were now covered by CR71.

The Committee **noted** the report.

15. OPCC RISK REGISTER AND ASSURANCE MAP

John Neilson introduced the report pointing out that there had been a reduction in the number of risks, reflecting the Committee's views expressed at the June meeting, and also noting there had been no changes to the scoring since the last report. However updates to the commentary had been highlighted in red.

The Committee **noted** the report.

16. HMIC REPORTS

No one was available to present the report.

The Chair welcomed the formal report

The Committee **noted** the report.

ACTION POINTS	
Richard Baldwin	To report the Committees comments back to Andy Frost
Andy Frost	Future reports to include any recommendations from the HMIC

17. ITEMS FOR ESCALATION TO THE COMMISSIONER AND/OR THE CHIEF CONSTABLE

The Chairman of the Committee suggested the Commissioner and Chief Constable should be alerted to:

- The position regarding the Annual Accounts
- Resourcing of the Force Finance Section
- The importance of strengthening the arrangements for assurance on Collaboration
- The amount of change currently being managed by the OPCC and the Force.

18. STRATEGIC ALLIANCE

Iain Britton introduced the report

The concept had the agreement in principle of the three Forces and there was a desire to converge activities. However there was still a great amount of work to do and 2 workshops had been arranged for further explorations at a high level. It was hoped that the design and sign off of Programme Stage would be achieved by the end of the calendar year.

The Committee **noted** the report.

19. AGENDA PLAN FOR NEXT FOUR MEETINGS

The following amendments were made to the plan for the next four meetings:

December 2015

Skills Audit (CIPFA) for Committee members

Governance Review

Closedown Timetable 2015-16

Chief Constable's Annual Governance Statement – update on review

The agenda for the workshop on 9 November 2015 in the Board Room (9:00 to 13:00) was discussed. The topics potentially to be included are:

- Statement of Accounts (update)
- People Strategy
- Estates strategy and capital programme
- Transformation programme
- Draft Governance Review
- Uses of Assurance Map
- How the PCC holds the Force to account
- Value for Money including Profiles
- Update on current issues
 - Strategic Alliance
 - Collaboration

ACTION POINTS	
Steve Dainty	To action the amendments agreed by Committee
Steve Dainty	Ensure an agreed agenda for the workshop by mid October 2015.

20. DATE AND VENUE OF NEXT MEETING

10:00am 2 December 2015 at Greenwell Room Force HQ Northampton.

21. OTHER URGENT BUSINESS

None

22. RESOLUTION TO EXCLUDE THE PUBLIC FROM THE MEETING

The Chair moved the following resolution:

“That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them”.

The Committee **approved** the resolution.

[The minutes of the remaining items of business are recorded separately in another document]

END

SUMMARY OF ACTION POINTS – 9th September 2015

Minute Item	Item	Action	Officer
3	ANNOUNCEMENTS BY THE CHAIR OF THE COMMITTEE	All papers to be circulated by the due time i.e. 7 days (5 working days) before the Committee meeting date	Steve Dainty
5	MATTERS ARISING ACTION LOG	Item 7 – to include VFM profiles as an item on the workshop on 9 November 2015.	John Neilson
		Item 12 – Check whether the action of circulating the HMIC questions on Governance and VFM to the Committee has been completed. Item 9c – No longer relevant - remove	Steve Dainty
		Item 7 – Offer of help with the preparation of a simplified version of the Statement of Accounts	John Beckerleg
6	COLLABORATION – GOVERNANCE ARRANGEMENTS	Provide details of all of the current collaborations to the Committee members.	John Neilson
		Provide a timeline for the Baker Tilley work on the remaining collaborations	John Neilson
		Include a report on the outcome of Baker Tilley’s work on a future agenda of the Committee when appropriate.	John Neilson
7	FINAL ACCOUNTS/AGS/ISA 260	Completion of the letter of representation including acceptance of not making the immaterial adjustment	PCC/CC
		Any comments and questions from Committee members on the accounts to be forwarded to the finance team and External Auditor by 16 September 2015.	ALL
		To produce the final set of accounts for audit by 18 September 2015	John Neilson/Gary Jones
		CFOs to recommend the accounts for approval in consultation with the Committee’s Chair.	John Neilson/Gary Jones/Committee Chair

SUMMARY OF ACTION POINTS – 9th September 2015

Minute Item	Item	Action	Officer
		Early dialogue with Committee member(s) including Martin Pettitt on compiling the 2015-16 accounts	John Neilson/Gary Jones
		Closedown timetable for 2015-16 to be produced and reported to the Committee in December 2015	John Neilson/Gary Jones/Nick Alexander
		Early meeting in January 2016 with the External Auditors to plan the process for 2015-16 accounts closure	John Neilson/Gary Jones
8	INTERNAL AUDIT PROGRESS REPORT	To produce reports on the Change Programme and Collaboration Audits for the Committee as the planned work progresses.	Brian Welch
11a	PROGRESS WITH ANNUAL GOVERNANCE STATEMENT ACTIONS - FORCE	To provide a written report for the December 2015 meeting which details achievements against the programme (looking back) and forecasting future actions.	Nick Alexander
11b	PROGRESS WITH ANNUAL GOVERNANCE STATEMENT ACTIONS - OPCC	Item 2 of the 2014-15 Governance Statement to be included on the November Workshop Agenda	John Neilson
12	FINANCE DASHBOARD	To review the level of detail in the report	Nick Alexander
13	PERFORMANCE DASHBOARD	To report the Committee's comments back to Andy Frost	Richard Baldwin
16	HMIC REPORTS	To report the Committee's comments back to Andy Frost	Richard Baldwin
		Future reports to include any recommendations from the HMIC	Andy Frost
19	AGENDA PLAN FOR NEXT FOUR MEETINGS	To action the amendments agreed by Committee	Steve Dainty
		Ensure an agreed agenda for the workshop by mid	Steve Dainty

SUMMARY OF ACTION POINTS – 9th September 2015

Minute Item	Item	Action	Officer
		October 2015.	

JOINT INDEPENDENT AUDIT COMMITTEE
2nd December 2015

Matters Arising Log

Minute	Action	Who	Comment	Status
Meeting held on 3rd December 2014				
8	To raise the urgency of the Joint Assurance Framework with his fellow Chairs	JB	Seminar for Audit Committee Chairs held in October 15	Closed
Meeting held on 3rd March 2015				
5	Item 8 3 rd December 2014 – Change the Status from Closed to Open as owing to the postponement of the seminar for Audit Committee Chairs being cancelled, the Chair has not yet had to opportunity to raise this issue with his fellow chairs	JB	A joint meeting was held on 12 Oct 2015 and a report prepared for the 2 Dec 2015 meeting	Closed
7	To arrange a meeting for all interested members to go through the results of the VFM profiles.	GJ	VFM profiles included on November 15 workshop Agenda	Closed
12	To circulate the HMIC questions on Governance and VFM to the Committee.	GJ	Force requested to send hard copy of HMIC questions with police response	Open
Meeting held on 24th June 2015				
4	Circulate the Treasury Management Policy to the members of the committee	SD	Sent by e-mail 13/07/15	Closed
6a	To consult with members on the Governance Statement during the closure of accounts for future years, commencing with 2015-16.	NA	Noted for the 2015-16 closure. Diarised for January 2016	Open
	Statement of Accounts and Governance Statements be included as part of future workshop agenda.	JN	To be included on the January workshop	Open
7	Consider the feasibility of producing a simplified version of the Statement that the public could understand, without consuming	NA	JB offer of help to produce summary	Open

Minute	Action	Who	Comment	Status
	significant resources		statement of accounts. Diarised for January 2016	
9	a) to consider the approach to Ethics b) to include regional activities in the Committee's terms of reference	JN	To be included with the review of JIAC Terms of Reference – June 2016	Open
13	To include sufficient time within the audit timetable for the committee to consider the report and provide feedback.	AG	Still on going	Open
17	To include a topic on how the PCC holds the Police to account on a future workshop agenda	JN	Meeting held between Chair, IB and JN 28/09/15 and included on November 2015 agenda	Closed
Meeting held on 9th September 2015				
3	All papers to be circulated by the due time i.e. 7 days (5 working days) before the Committee meeting date	SD	Actioned	Closed
5	Item 7 – to include VFM profiles as an item on the workshop on 9 November 2015.	JN	Included on Agenda 09/11/15	Closed
	Item 12 – Check whether the action of circulating the HMIC questions on Governance and VFM to the Committee has been completed.	SD	Have requested GJ to resend e-mail 06/11/15	Closed
	Item 7 – Offer of help with the preparation of a simplified version of the Statement of Accounts	JB		
	Item 9c – No longer relevant - remove	SD	Actioned	Closed
6	Provide details of all of the current collaborations to the Committee members.	JN	Include on workshop agenda 09/11/15	Closed
	Provide a timeline for the Baker Tilley work on the remaining collaborations	JN	To be completed by Dec 15	Closed
	Include a report on the outcome of Baker Tilley's work on a future agenda of the Committee when appropriate.	JN	Baker Tilley are currently undertaking assurance mapping exercise on all areas of collaboration. Will report when finalised.	Open
7	Completion of the letter of representation including acceptance of not making the immaterial adjustment	PCC/CC	See below	Open
	Any comments and questions from Committee members on the	ALL		Closed

Minute	Action	Who	Comment	Status
	accounts to be forwarded to the finance team and External Auditor by 16 September 2015.			
	To produce the final set of accounts for audit by 18 September 2015	JN/GJ	Accounts are still awaiting sign off	Open
	CFOs to recommend the accounts for approval in consultation with the Committee's Chair.	JN/ GJ/Committee Chair	See above	Open
	Early dialogue with Committee member(s) including Martin Pettitt on compiling the 2015-16 accounts	JN/GJ	Closedown Timetable included on Dec 15 Agenda. Joint meeting with Notts and joint auditors KPMG	Closed
	Closedown timetable for 2015-16 to be produced and reported to the Committee in December 2015	JN/GJ/NA	Item on Agenda	Closed
	Early meeting in January 2016 with the External Auditors to plan the process for 2015-16 accounts closure	JN/GJ		Open
8	To produce reports on the Change Programme and Collaboration Audits for the Committee as the planned work progresses	BW	Baker Tilley are currently undertaking assurance mapping exercise on all areas of collaboration. Discussions on the best utilisation of the audit plan time are progressing. Reports will be submitted to the JIAC as they are produced	Open
11a	To provide a written report for the December 2015 meeting which details achievements against the programme (looking back) and forecasting future actions.	NA	Item (Force AGS review) removed from Agenda at Chair's request. Will come forward to a future meeting	Open
11b	Item 2 of the 2014-15 Governance Statement to be included on the November Workshop Agenda	JN	Actioned	Closed
12	To review the level of detail in the report	NA	Actioned. New style of report submitted to Dec	Closed

Minute	Action	Who	Comment	Status
			15 meeting	
13	To report the Committee's comments back to Andy Frost	RB	Actioned	Closed
16	To report the Committee's comments back to Andy Frost	RB	Actioned	Closed
	Future reports to include any recommendations from the HMIC	AF	Actioned	Closed
19	To action the amendments agreed by Committee	SD	Actioned	Closed
	Ensure an agreed agenda for the workshop by mid October 2015.	SD	Completed 13/10/15	Closed

JB - John Beckerleg

JN - John Neilson

GJ - Gary Jones

SD - Steve Dainty

NA – Nick Alexander

RB- Richard Baldwin

AC – Andy Cardoza

BW – Brian Welch

PCC – Police and Crime Commissioner

CC – Chief Constable

Author:

Steve Dainty



Report to the Audit Committee

2nd December 2015

Report of the Acting Director of Resources and the Acting Head of Finance

TREASURY MANAGEMENT FORECAST OUTTURN 2015-16

RECOMMENDATION

The Committee is recommended to note this report.

1 PURPOSE OF THE REPORT

- 1.1 This report provides an update on the Interim outturn position on Treasury Management Performance for the Office of the Northamptonshire Police and Crime Commissioner (ONPCC) for the financial year 2015-16

2 BACKGROUND

- 2.1 The Bank of England base rate has remained at 0.50% for over 6 years and, as forecast when the budget was set, is expected to remain at this level for the rest of the financial year. The table on the following page summarises the budget, forecast and variance in respect of Treasury Management income and expenditure for the year 2015-16.

	Budget £'000s	Forecast £'000s	Sums (Invested) Borrowed £'000s	Average Return / Cost %	Variance £'000s
<u>Net Interest (Receivable)</u>					
Managed Funds-Investec - 34N3041	(91)	(150)	(7,649)	1.96%	(59)
Short-term fixed deposits - 34N3041	(50)	(43)	(9,286)	0.54%	7
Total	(141)	(193)	(16,935)	2.5%	(52)
<u>Net Interest Payable</u>					
PWLB - fixed - 34N3061	458	63	1,300	4.82%	(395)
Short-term loans - 34N3061	5	0			(5)
Current Account - 34N3141	20	17			(3)
Total	483	80	1,300	4.82%	(403)
Net Interest - (Rec) / Pay	342	(113)	(15,635)		(455)

2.2 Investec had forecast that interest earned on its managed fund would be 1.16%. Table 1 above shows that we are expecting it to earn 1.96%, resulting in a full year forecast of £150,000, which would be an over-achievement of £59,000 against budget if the investment continues its current trend.

2.3 In terms of interest earned, the Investec portfolio effectively earned 1.98% in the year to September 2015, whereas internally managed fixed term deposits earned an average of 0.54% during the year. When the budget was set cash reserves were expected to reduce significantly during the year and it was expected that temporary internal borrowing would be required to support the capital programme.

2.4 In reality the OPCC and CC revenue budget has continued to under spend and as a result provided an additional cash balance of nearly £0.2m. Capital expenditure was only £5.3m, against a year to date budget of £20.2m.

2.5 Treasury Management investment options have been limited by the financial environment & the Force has had restricted cash balances to invest throughout the year to date. Consequently the forecast outturn is expected to be an under achievement on interest earned of £7,000 on internally managed fixed term deposits due to reductions in interest rates and restrictions on investments available to the in house team.

With decreases in returns being offered from financial institutions to Public Bodies and with the Bank of England maintaining the base rate at 0.5% it is expected that returns will continue to slow compared to Year to Date. We are continuing to expect it to be

difficult to identify appropriate financial institutions within which to invest.

- 2.6 All lending has been maintained within the maximum criteria for amounts and days as defined within our approved investment criteria. Additionally, no investments are made in instruments whose capital value may fluctuate in order to comply with the objective of principal security first.

2.7 Counterparties Limits

Shown below are the counterparty limits, as per the Treasury Management Strategy.

	Use	Max £ of total investments	Max. maturity period
Contracted Bank Group (Natwest)	In-house	£30m	364 days
Contracted Bank Group Short Term Interest Bearing Account (SIBA)	In-house	£8m	364 days
UK banks	In-house	£5m	364 days
UK banks	Fund Managers	£5m	364 days
Banks high credit rated (sovereign rating) countries – non UK	In-house and Fund Managers	£5m	182 days

As at 30th September 2015 there has been no breach of the counterparty limits. If this should occur then members would be notified and informed of the appropriate action that was taken.

2.8 Long-term borrowing

No long term borrowing has been required during 2015-16, as we currently forecast that there will be sufficient capital reserves, capital grant and revenue budget available. This is resulting in a forecast under-spend on interest paid of £396,000, but this is volatile depending on the changes to the Capital programme.

2.9 **Short-term borrowing activities**

During 2015-16, it has not been necessary to borrow any short-term funds.

2.10 **Conclusion**

The Force has over achieved against its forecast on Treasury Management Activity for the Year to Date position of 2015-16, this is predominantly due to the surplus on externally managed funds of £45,000.

In the remainder of the financial year, the gain is expected to reduce, however, with control of nearly 40% of the investable fund outside of the remit of the OPCC, the forecast is difficult to predict, but is expected to be an over achievement, with the internal funds improving slightly to achieve the forecast assumptions, due to likely interest rate changes and the availability of a new short term investment facility.

STEVE DAINTY - Acting Director of Resources

PAUL DAWKINS - Section 151 Officer

Author: Nick Alexander – Acting Head of Finance

Background Papers: None



cutting through complexity

2014/15 External audit progress report and technical update

Office of the Police and Crime Commissioner for
Northamptonshire

Northamptonshire Chief Constable

November 2015

This report provides the Joint Internal Audit Committee (JIAC) with an overview on 2014/15 audit progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the organisation and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

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This report is made solely to the PCC/CC in accordance with the document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

This report has been released to the PCC/CC on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without prior written consent. We consent to its disclosure in full within the public domain, but without accepting or assuming any responsibility or liability to any such persons in connection with our work for the PCC/CC or our report made to the PCC/CC. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the PCC/CC for our work, for this report, or the opinions we have formed.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza, the engagement lead to the PCC/CC, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This document provides the Joint Independent Audit Committee (JIAC) with a high level overview on progress in delivering our responsibilities as your external auditors.

Area of responsibility	Commentary
<p>Financial statements, Value for Money and Auditor Opinion.</p>	<p>We presented our 2014/15 ISA260 report to the previous meeting of the JIAC and explained the significant difficulties encountered when trying to audit the financial statements. There were many issues that needed to be resolved and as a result the Committee Members were not in a position to recommend the Police and Crime Commissioner (PCC) and Chief Constable (CC) 2014/15 financial statements for approval, and Committee Members resolved to delegate the approval of the accounts.</p> <p>Since the previous meeting of the Committee on 9 September 2015 we provided comments and questions based on the 2014/15 statement of accounts presented at the JIAC on the 9 September 2015. On the 18 September 2015 we received revised financial statements for the PCC and CC. We reviewed both sets of statements and consulted with the Chair and Vice Chair of the JIAC regarding the completion of amendments that they had requested. It was identified that the version of the accounts provided on the 18 September 2015 had not been fully revised to reflect all the amendments identified by Members. In addition we also identified further inconsistencies which reflected those previously identified and reported in the 2014/15 ISA260 report.</p> <p>This was acknowledged by Officers and further work commenced to produce a further revised version of the 2014/15 PCC and CC financial statements. A further set of accounts was prepared and provided to Members and ourselves on the 16 October 2015. The deadline for completion of the accounts, 30 September 2015, had now passed and as required we reported this fact to the Public Sector Auditor Appointments Ltd (PSAA). Members and ourselves reviewed the revised version of the accounts and as a result provided further comments and queries to the Finance Team as they still contained casting, cross referencing and consistency errors between the PCC, CC and Group accounts. The accounts also included comments and queries from Members that did not appear to have been addressed. This again was acknowledged by Officers and further work commenced to produce another revised version of the 2014/15 financial statements for the PCC and CC.</p> <p>On the 2 November 2015 we provided officers with a list of the inconsistencies we identified on the set of financial statements dated 16 October 2015. In the mean time we had received a further set of financial statements on the 30 October 2015 and received the latest revised version of the 2014/15 financial statement on the 3 November 2015. However, when we commenced our review of these latest financial statements we again identified further inconsistencies, Members also provided a schedule of issues they identified on this setoff accounts that had been raised previously that still appeared to be outstanding. This schedule of issues is currently with the Finance Team.</p> <p>As a result, and as identified in our 2014/15 ISA260 report, we have incurred delays with the completion of the audit and have continued to experience delays and incur additional audit costs since the previous audit committee. To date we have incurred additional fees of £15,000 and continue to incur additional costs associated with the completion of the 2014/15 external audit.</p>

Area	Level of Impact	Comments	KPMG perspective
<p>Pension Ombudsman’s decision – Government Actuary’s Department (GAD) commutation factors</p>	<p style="text-align: center;">● Medium</p>	<p>In May 2015, the Pension Ombudsman determined that the calculation of pensioners’ lump sum amounts on commutation since 1998 was based on out-of- date actuarial data. This means that some pensioners may have received too little lump sum in return for commuting some of their pension, or may have commuted more of their pension than was necessary in order to secure a particular lump sum.</p> <p>The Ombudsman’s determination was in respect of a retired firefighter, but the issue also applies to police pensions. A formal decision is yet to be made as to how these additional costs will be funded.</p> <p>The Ombudsman’s decision can be found on the Pension Ombudsman website at www.pensions-ombudsman.org.uk/determinations/2015/po-1327/firefighters-pension-scheme/</p> <p>The Home Office issued guidance to local police bodies on 17 July. This will enable local bodies to calculate the necessary provision for their 2014/15 accounts. A spreadsheet tool to help police bodies with their calculations is expected to be issued shortly.</p> <p>In respect of Fire and Rescue Authorities, equivalent guidance is expected to be issued by the Department of Communities and Local Government (DCLG) in August 2015.</p>	<p><i>The Committee may wish to seek assurances that the impact for their Authority is understood and the required provision for the 2014/15 accounts has been made</i></p>

Area	Level of impact	Comments	KPMG perspective
New local audit framework	 Medium	<p>The Local Audit and Accountability Act 2014 included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20.</p> <p>DCLG have now announced that the audit contracts for large local government bodies (including district, unitary and county councils, police and fire bodies, transport bodies, combined authorities and national parks) will be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies will need to appoint their own auditors; it is not yet clear whether there will be a sector-led body that is able to undertake this role on behalf of bodies.</p> <p>NHS and smaller local government bodies (town and parish councils, and internal drainage boards), will not have their contracts extended, and will have to appoint their own auditors for 2017/18, one year earlier than for larger local government bodies.</p>	<p><i>We understand guidance is being prepared by CIPFA on the request of the NAO.</i></p> <p><i>We will also be preparing a briefing note for clients.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015</p>	<p>● Low</p>	<p>With effect from 1 April 2015, certain provisions of the <i>Local Audit and Accountability Act 2014</i> (LAAA 2014) came into force and are applicable to auditors’ work for the year 2015/16. Whilst the <i>Audit Commission Act 1998</i> is transitionally saved for audit work on 2014/15, insofar as auditors are engaged in planning work for 2015/16, or possibly considering public interest reports (PIRs) to be made during 2015/16, they need to be aware of the provisions of LAAA 2014 that are already in force.</p> <p>Provisions affecting auditors’ work with effect from 1 April 2015 are:</p> <p>1) <i>New duty to publish PIRs on audited bodies’ websites</i></p> <p>Under the new audit regime, there is an emphasis on the publication of relevant information on the relevant authority’s website. The following provisions are relevant to auditors carrying out work on 2015/16 if they decide to issue a public interest report during the audit.</p> <p>Under Schedule 7 LAAA 2014, the following matters must be published on the relevant authority’s website (if it has one):</p> <ul style="list-style-type: none"> ■ PIRs (relating to the relevant authority or a connected entity); ■ notice of a meeting to consider a PIR/written recommendation; and ■ notice summarising those decisions approved by the auditor as a result of consideration of the PIR/recommendation. <p>Where the relevant authority does not have a website, it is instead generally required to make the relevant publication “in such manner as it thinks is likely to bring the notice or report to the attention of persons who live in its area”. This could be, for example, in a local newspaper (as was required in certain cases under the previous legislation).</p>	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015 (continued)</p>	<p>● Low</p>	<p>2) Prohibition on disclosure</p> <p>The prohibition against disclosure that was previously to be found in section 49 of the <i>Audit Commission Act 1998</i> has been repealed and replaced by provisions in Schedule 11 of LAAA 2014. This change has not been transitionally introduced and auditors and local authority bodies need to be aware that this applies to all audits, irrespective of the year. Thus, any reference to the prohibition against disclosure needs to be to Schedule 11 and not section 49. There are no material differences between the two sets of provisions.</p> <p>3) Connected entities</p> <p>LAAA 2014 introduces a new concept into the audit regime, “connected entities”. Connected entities are bodies that are separate to the relevant authority, but are associated with the authority in such a manner that requires the authority to record financial information relating to the entity in its accounts.</p> <p>The full definition of “connected entities” is set out in paragraph 8 of Schedule 4 LAAA 2014.</p> <p>For the purposes of this Act, an entity (“E”) is connected with a relevant authority at any time if E is an entity other than the relevant authority and the relevant authority considers that, in accordance with proper practices in force at that time:</p> <ul style="list-style-type: none"> ■ The financial transactions, reserves, assets and liabilities of E are to be consolidated into the relevant authority's statement of accounts for the financial year in which that time falls; ■ The relevant authority's share of the financial transactions, reserves, assets and liabilities of E is to be consolidated into the relevant authority's statement of accounts for that financial year; or ■ The relevant authority's share of the net assets or net liabilities of E, and of the profit or loss of E, are to be brought into the relevant authority's statement of accounts for that financial year. 	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015 (continued)</p>	<p>● Low</p>	<p>3) Connected entities (continued)</p> <p>Authorities have a number of duties in relation to their connected entities under LAAA 2014 beyond those which are expanded on below:</p> <ul style="list-style-type: none"> ■ Auditors have a right to access documents (at all reasonable times) relating to connected entities, as well as those relating to the “parent” relevant authority. The auditor can inspect, copy or take away documents. The auditor can also require people who are in possession or are accountable for the document (or have been in the past) to provide the auditor with any information or explanation that may be needed, and can require a meeting with such persons. Where a document is stored electronically, the auditor can require assistance from the relevant person at the connected entity or relevant authority in accessing the document. The connected entity must provide the auditor with such facilities and information as are reasonably required to carry out the audit functions. ■ The right to information and explanation, or to require a meeting, extends in relation to connected entities to: <ul style="list-style-type: none"> – Any persons elected or appointed to an entity; – Any employee of the entity; and – An auditor of the accounts of the entity. <p>Many of the provisions on PIRs and written recommendations in Schedule 7 apply to connected entities. Accordingly, auditors must consider whether a PIR should be made on any matter coming to their attention during the audit and relating to the authority and/or a connected entity. Similarly, an auditor may make a written recommendation to a relevant authority relating to a connected entity.</p>	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015 (continued)	<p style="text-align: center;">● Low</p>	<p>4) Power to call for information: exception for legally professionally privileged information</p> <p>Section 22(12) LAAA 2014 clarifies that the auditor’s right to information and documents cannot be used to compel disclosure of legally privileged information. If a person would be entitled to refuse to produce documents in legal proceedings in reliance on the doctrine of legal professional privilege, they are equally entitled to refuse to provide the relevant information or documents to the auditor. This is a notable new provision and auditors will need to bear this in mind in requesting sight of an audited body’s own legal advice. Any provision of such will be voluntary and cannot be compelled.</p>	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year.	April 2015	Complete
External audit plan	Outline our audit strategy and planned approach. Identify areas of audit focus and planned procedures.	January 2015	Complete
Substantive procedures			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the PCC/CC's value for money arrangements.	September 2015	Complete
Completion			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2015	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2015	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2015	TBC



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Appointing your external auditor

Background

In August 2010 the then Secretary of State for Communities and Local Government, Eric Pickles, announced that he intended to close the Audit Commission, the body that appointed external auditors to Northamptonshire Police. As part of this announcement, he also stated that organisations whose appointments were previously controlled by the Audit Commission should have the freedom to appoint their own external auditors.

The Audit Commission closed on 31 March 2015. At that time contracts were already in place for local government and NHS external audit appointments that covered audits up to and including the financial year 2016/17. Within these contracts there is an option to extend for a maximum of three further years, i.e. up to and including the financial year 2019/20.

A consultation exercise with key stakeholder groups has recently been concluded on whether, and if so for how long, to extend these contracts. The Government decided that for police bodies the contracts will be extended by one year, so incorporating the audit of the 2017/18 financial year. Contracts for NHS bodies will not be extended.

What does this mean for your organisation?

This decision means that you will assume the power to appoint your external auditor from the 2018/19 financial year onwards. This will be the first time you have made such an appointment. External auditors provide an important professional service and play a critical role in the stewardship of public spending, so it is vital that this new decision making power is exercised after careful consideration on how to proceed. Whilst you have different options open to you on how to approach this new power, you will need to comply with some specific requirements.

Appointing your external auditor

What should local authorities be considering?

In deciding what to do there are a number of considerations.

Do your current external auditors provide you with a good service?	If yes, do you need to change? If no, now you have an opportunity to do something about it.
How could we procure an external audit service to ensure we get best value?	You will have a number of options on how and when to procure your external audit service – these are summarised later in this document. Given the range of options it will be important to consider the best approach for your organisation.
What do we need to do before we start a procurement process?	The new regulations require you to have an Audit Panel, which will be responsible for recommending who your external auditor should be. This Panel must include a majority of independent (i.e. not elected) members and an independent chair. It makes sense for the Panel to have links with your audit committee.
When do we need to undertake a procurement exercise?	The regulations require you to have appointed your external auditor by 31 December in the year preceding the year of audit. As 2018/19 is the first year of these new arrangements, you will need to have appointed your auditor by 31 December 2017. You will need to undertake whatever procurement process you follow in good time – sometime between the Spring and Autumn of 2017. And before doing that you will need to have established your Audit Panel – by early 2017 would be sensible.
Who can I appoint to be our external auditor?	You will only be able to appoint an audit firm that has been authorised by the ICAEW to undertake ‘local audit work’. Local government auditing is highly specialised and you will need to ensure that your auditor has the necessary capability, experience and capacity to fulfil the statutory duties of a local government auditor.

Appointing your external auditor

Procurement options

Although local government bodies will all assume the same power to appoint their external auditor, it is likely that various options will be followed on how they go about doing this. The main options are set out below.

Re-appoint incumbent auditor	One option might be to continue with your current audit provider for a short period, say between one and three years. This would delay testing the market, although you could benchmark proposed fees for reasonableness against published data or by comparing to similar bodies. This would provide stability of service in the short term and also avoid the 'rush to market' as large numbers of local authorities undertake procurement exercises within a short period of time, allowing you to procure later in a more settled audit market.
Stand-alone tendering	As with any other service, you could run your own procurement process. This allows complete autonomy over how and when you want this to be done, although you will need to ensure you follow the Regulations and consider any guidance issued by DCLG or other relevant bodies. However, you should consider whether you will have sufficient purchasing power on your own to obtain best value.
Combined procurement	You could join together with one or more neighbouring authorities to undertake a collective procurement exercise. This would enhance your purchasing power, but would diminish your autonomy over the process and you would need to consider how to retain sufficient sovereignty over decision making and whether this might complicate auditor independence considerations.
Existing frameworks	You could use one of the many existing government or public sector frameworks. These list firms who have already been shortlisted and therefore might speed up the process. You will need to ensure that the firms on any framework have been authorised by the ICAEW for local audit work, however.
Sector led procurement	The new audit legislation allows for a sector-led body (referred to as a 'specified person' in the Regulations) to undertake a bulk procurement process. If such an organisation emerges then this option provides an administratively easy route and would most likely have the greatest element of specialist audit procurement expertise. It would also provide good purchasing power, although with less autonomy than some other options, and might afford easier management of potential auditor independence issues than other combined procurements approaches. It will be the most similar option to the current arrangements.

Appointing your external auditor

What other factors should you consider?

When you are deciding who to appoint as your external auditor you will need to consider a range of factors. Key areas to consider are as follows:

- **Quality:** This is a vital consideration and should be appropriately weighted in any scoring methodology for assessing tenders. Relevant considerations include audit methodologies, systems and processes, staff training and expertise, and quality monitoring arrangements.
- **Experience:** Local government auditing is a specialist business and your auditor must have the necessary skills and sector experience. This is not just about understanding local authority financial reporting, but extends into auditors' value for money audit responsibilities and 'challenge' work.
- **Independence:** You will need to consider possible relationships with audit firms via non-audit work such as consultancy and tax advice. Independence is also an important mind-set for auditors to adopt, where you should be satisfied that your future auditor will be sufficiently challenging (and your current auditor should not be constrained in exercising their duties by any tendering process).
- **Organisational fit:** As with any service it is important to consider how the people you see in the audit team fit with your own organisational culture – i.e. can you work with these people.
- **Price:** Like any other out-sourced service you need to obtain good value through a competitive audit fee. However, best value does not mean the cheapest quote. The fee must be sufficient to provide a good quality service taking account of the scale, nature and risk profile of your organisation, and also the requirement for your external auditor to comply with auditing standards and other statutory duties.
- **Other services:** Although ethical standards provide limitations, you should consider what other services you might want your auditor to perform, whether that is other assurance services (e.g. certifying grant claims) or more added-value services.

Appointing your external auditor

What next?

There is still plenty of time before you appoint your external auditor for the first time, but there will be a long lead up to that decision. It is therefore important to think about how your organisation should approach this in good time. We would suggest that you should be developing your procurement strategy and selecting your preferred approach during 2016.

It is likely that further guidance and support will be issued by DCLG, and potentially other organisations such as CIPFA, to help you with the decisions you need to make and how you proceed. We will continue to update you on key developments.

If you want to discuss this further please contact your audit Engagement Lead, Andrew Cardoza.

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AGENDA ITEM 10

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE CONSTABULARY

JOINT INDEPENDENT AUDIT COMMITTEE

2 DECEMBER 2015

REPORT BY	Acting Director for Resources and Acting Head of Finance Corporate Services
SUBJECT	Medium Term Financial Strategy (MTFS) 2015-21
RECOMMENDATION	To note the report and progress made on the MTFS

1. INTRODUCTION

- 1.1. The purpose of this report is to inform the Committee of the financial position, both revenue and capital, of the Northamptonshire Police (including the Office of the Police and Crime Commissioner) to 2021, including the period covering the next Comprehensive Spending Review (CSR) 2016-20. It is intended this position statement will be transitional in the development of the Commission's MTFS to be approved by the Commissioner in February 2016.

2. BACKGROUND

- 2.1. The national background with regard to the government's spending plans for this period has been in the public arena for some time and it is expected to be formally announced on November 25th. It is expected that "cash cuts" of between 20% to 40% will be announced for 2016-20.
- 2.2. It has therefore previously been agreed that financial scenarios for Northamptonshire Police will be a cash reduction in the government funding level of 5% and 8.75% in each of the next five years.
- 2.3. A government consultation paper published in July 2015 proposes changes to the way the Formula Grant is calculated and distributed. Although there

was no detailed information as to the effect these proposals will have for individual commissions, it is widely accepted that the losers will be London and the winners will be the more rural areas.

- 2.4. Consequently Northamptonshire are likely to be a winner if the proposals are implemented. The consultation also sought views on implementing these new proposals as early as 2016-17, but with transitional arrangements, which again were not detailed. The consultation closed on 15th September 2015. Since then an error in the calculations has come to light, and the implementation of the changes as to how the Formula Grant is calculated has been deferred until 2017-18. No allowance has been made for these changes in the plans detailed below.
- 2.5. However funding from **precept income** can be expected to increase as a result of the increase in the tax base, driven by population increases. Currently a prudent assumption of an annual increase of one percent each year is assumed.
- 2.6. No increase in precept is now assumed for 2016-17. This is a change to the assumption hitherto made. The effect of this is to reduce the planned funding base by almost £1m each year. An increase of 1.99% is assumed for the remaining years of the MTFP period to 2021. Recent announcements by the Chancellor indicate the continuance of the 2% referendum limit and the introduction of an additional 2% for “social care”. The Chancellor is expected to announce more details on Wednesday 25th November 2015.
- 2.7. The current funding assumptions are summarised below:

Key Assumptions		Effect of variation
1	Precept increase of 1.99% 2017-18 to 2020-21	1% = £0.46m
2	Formula Grant decrease 2016-17 to 2020-21 -5% or -8.75%	1%= £0.75m
3	No change in funding formula floors and ceilings	
4	Collection Fund surplus nil	
5	Increase in tax base (housing growth) of 1% 2016-17 to 2020-21	1% = £0.42m
6	No use of reserves beyond 2015-16	

- 2.8. At the same time as we are experiencing funding reductions there will also be pressures on expenditure through pay awards, price inflation and

demography. The following key assumptions have previously been agreed by the Commissioner and Chief Constable.

Key Assumptions		Effect of any variation
1	Pay Awards of 1% 2016-17 to 2020-21	1% = £1.0m
2	Price Inflation of 1.8% 2016-17 to 2020-21	1% = £0.2m

2.9. A key financial management tool to alleviate some of the consequences of reduced or volatile funding/spending levels is the use of Reserves. As at 1st April 2016 it is forecast the level of reserves will be £14.495m. These are detailed in Appendix 2. All of these reserves other than the General Reserve (£4.508m) and the Employee Benefit Reserve (£1.145m) are earmarked for projects, transformation and change programmes.

2.10. The General Reserve has been created to cover unforeseen overspends and risks it is prudent for this reserve to be at between 2% and 3% of revenue expenditure.

2.11. A 3% level would result in a General Reserve of £3.6m leaving an 'excess' sum of £0.9m and thus a total level of uncommitted reserves of £2.045m.

3. CURRENT YEAR 2015-16

3.1. The forecast out-turn position for 2015-16 as at September 2015, before and after the use of reserves, is as detailed below

	Cash Limit	Forecast	Variance
	£000	£000	£000
PCC	3,985	3,858	-127
Force	114,872	117,372	2,500
Reserves	1,123	1,123	0
TOTAL	119,980	122,353	2,373
Use of Reserves	0	-2,604	-2,604
NET POSITION	119,980	119,749	-231

3.2. Of the £2.5m overspend for the Force, £1.212m will be funded through the Carry Forward Reserve, a further £1.292m will be funded from the reserve created in 2014-15 for Specials, and £0.1m from the Restructuring Reserve resulting in an underspend of £104k for the Force and a forecast overall underspend of £231k.

4. 2016-17 to 2019-21 REVENUE

4.1. **Based on a 5% government funding level reduction** and applying the key assumptions as detailed in 2.4 the assumed funding available 2016-17 to 2020-21 is as detailed below:

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000	£000
Police Grant	67,737	64,350	61,130	58,070	55,170	52,410
Council Tax Grant	6,644	6,310	6,000	5,700	5,410	5,130
Collection Fund Surplus	818	0	0	0	0	0
Precept	44,781	45,230	46,590	47,990	49,440	50,930
TOTAL FUNDING	119,980	115,890	113,720	111,760	110,020	108,470
%age reduction		-3.41%	-1.87%	-1.72%	-1.56%	-1.41%
Precept	£200.96	£200.96	£204.96	£209.04	£213.20	£217.44

4.2. Based on a **8.75% government funding level reduction** the equivalent figures are:

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000	£000
Police Grant	67,737	61,810	56,400	51,470	46,970	42,860
Council Tax Grant	6,644	6,060	5,530	5,050	4,600	4,190
Collection Fund Surplus	818	0	0	0	0	0
Precept	44,781	45,230	46,590	47,990	49,440	50,930
TOTAL FUNDING	119,980	113,100	108,520	104,510	101,010	97,980
% reduction		-5.73%	-4.05%	-3.70%	-3.35%	-3.00%
Precept	£200.96	£200.96	£204.96	£209.04	£213.20	£217.44

Cash Limits for Spending 2016-2021

4.3. A key strategic decision to be determined by the Commissioner in February 2016 is the allocation of overall spending totals (cash limits) for both the OPCC and the Force for each year 2016-21.

4.4. That decision will be informed by the spending forecasts for the OPCC and the Force on the basis of current policy and plans, summarised below.

OPCC

- 4.5. It has previously been agreed that the OPCC will generate year on year savings of 3%. Given this policy position and taking in to account the transfer of responsibilities between the Force and the OPCC (e.g. Communications) **the current planned spending levels for the OPCC are:**

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000	£000
OPCC	4,030	4,110	3,950	3,820	3,710	3,590

Force

- 4.6. Similarly on the basis of current policies and plans **the planned spending levels for the Force are:**

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000	£000
Force	114,827	119,320	114,620	112,380	110,600	108,800

Overall current spending plans

- 4.7. Taken together this gives the following:

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000	£000
OPCC	4,030	4,110	3,950	3,820	3,710	3,590
Force	114,827	119,320	114,620	112,380	110,600	108,800
TOTAL	118,857	123,430	118,570	116,200	114,310	112,390

- 4.8 Bringing together the spending and funding forecasts set out above gives:

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000	£000
Spending Plans						
OPCC		4,110	3,950	3,820	3,710	3,590
Force		119,320	114,620	112,380	110,600	108,800
TOTAL		123,430	118,570	116,200	114,310	112,390
Funding						
5% scenario		115,890	113,720	111,760	110,020	108,470
8.75% scenario		113,100	108,520	104,510	101,010	97,980
SHORTFALL						
5% scenario		7,540	4,850	4,430	4,280	3,910
8.75% scenario		10,330	7,260	6,500	6,050	5,410

4.9 As noted above, there is a potential overall revenue shortfall of some £25m to £35m over the period.

4.10 In 2016-17 the potential shortfall is some £7.54m to £10.33m.

5. CAPITAL

5.1. The Capital Programme approved in February 2015 totalled £47.6m and included £30.2m on the Change Programme.

	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
	£000	£000	£000	£000	£000	£000
Spending	16,269	12,101	13,854	2,779	2,598	47,601
Financing						
Capital Grants	1,027	978	995	812	1,029	4,814
Innovation Fund	5,767	0	0	0	0	5,767

Capital Receipts	428	998	2,138		0	3,564
Revenue	755				0	755
Capital Reserve	3,400				0	3,400
Borrowing	4,892	7,420	10,721	1,967	0	25,000
Other Reserves		2,705			1,569	4,274
TOTAL	16,269	12,101	13,854	2,779	2,598	47,601

The latest forecast

- 5.2. Current capital programme is detailed in Appendix 3 and totals £47.384M. The Commissioner has still to approve any variations in costs/additional schemes. The Capital Programme has a direct link to the revenue budget as the loans taken out have to be repaid along with interest and there may also be annual running costs of these assets.

Reasons for variation

- 5.3. Cost variations and prospective new schemes have been proposed to the approved programme as the schemes are developed through the design stage through to completion. The table below lists these proposals.

Movement	Revised Cost £000
Original Cost of approved programme (Feb 15)	47,601
Schemes where costs have increased (12 schemes)	3,131
Schemes where costs have decreased (15 schemes)	-4,466
Additional Schemes (5 schemes)	1,053
Corrections	65
REVISED COST OF PROGRAMME	47,384

- 5.4. Any further additions to the capital programme will mean the recommended level of borrowing could be exceeded as all internal available financing has been utilised. This will also mean the financing charges for interest will increase along with the Minimum Revenue Provision of 7.75%. The only exceptions will be if the scheme is funded from revenue, external income or currently approved schemes are cancelled.

5.5. The level of borrowing over the 4 year period totals £23.700m which when added to the £1.3m of current outstanding debt totals £25m, the approved Operational Boundary. The revised Programme as detailed in Appendix 3 is underfunded at present by £5.617m. This will be corrected by the use of the following options:

- Defer/cancel schemes within the revised programme. This will be examined paying regard to the proposed Strategic Alliance.
- Re-evaluation of Capital Receipt generation.
- Revision to the Operational Boundary
- Underspending on Revenue
- Generation of additional income/grant

5.6. It should be noted that the Capital Programme does not include any provision for the Estates Master Plan, which is currently being developed.

6 MEETING THE CHALLENGE TO BALANCE THE MTFP 2016-21

6.1 The first step is to review current policies and spending priorities. Although the overall funding available is reducing, re-prioritisation may require increased funding of some initiatives.

6.2 Specific examples of areas for which spending plans should be reviewed include:

- Specials, volunteers and cadets
- Regular police officer numbers
- Victims
- Initiatives to improve Road Safety
- The overall strategy on Police staff
- PBS strategy.
- Overall capital programme.

Steve Dainty
Acting Director for Resources

Nick Alexander
Acting Head of
Finance Corporate
Services

Force – current spending plans

In order to meet these targets the Force and OPCC have already put plans in place which will deliver a substantial proportion of the required savings. Furthermore there is a high confidence level that the savings so far identified will be achieved. The overall position is detailed below

	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000
Savings required to achieve funding level	7,540	4,850	4,430	4,280	3,910
Savings already identified					
Legacy Programme	903	898	858	0	0
Project Balance	2,330	1,611	290	240	0
Plan B	70	0	0	0	0
Long Term Option	632	420	285	139	0
OPCC	201	156	145	141	133
	4,136	3,085	1,578	520	133
Deficit still to be found @5%	3,404	1,765	2,852	3,760	3,777
Deficit still to be found @8.75%	6,194	4,175	4,922	5,530	5,277

It would be prudent to anticipate unidentified savings may increase over the 5 year period.

It is extremely important that the shortfall in 2016-17 (£3.404m at 5%) is identified and secured as soon as possible. It is advisable that any savings identified be permanent and can be staff, supplies and services, property revenue costs and/or income.

Included within the “Project Balance” savings is an estimate of £0.509m for 2016-17 (a further £1.033m 2017-18) from savings resulting from the Police Business Service (PBS) project. The confidence level in the achievement of these savings as quoted has now reduced following work on the Strategic Alliance. This is currently a critical RISK to the MTFP.

The total cumulative savings (at 5%) required over the period 2016-17 to 2020-21 is £25.010m of which £9.452m has already been identified, leaving a balance of £15.598m still to be identified.

Savings already identified include:

SAVING	2016-17 £000	NEXT 4 YEARS £000	TOTAL £000
Winsor Review Phase 2	848	1,728	2,576
Other Ranks	55	28	83
Multi Force Shared Service Expansion	0	200	200
Review of Volunteers Growth	1,125	0	1,125
Police Business Services	509	1,032	1,541
Employment Solutions	217	0	217
Supplies and Services Review	452	421	873
EMOPPS Regionalisation	0	100	100
Workforce Modernisation	0	150	150
Justice Collaboration	0	238	238
Forensics	27	0	27
3% OPCC	201	575	776
Crime Process	50	0	50
FCR Supervisors	20	0	20
Ranking Restructure – TOM P2	402	409	811
PCSO	230	435	665
TOTAL	4,136	5,316	9,452

It is extremely important that the new Business Planning approach understand these figures and the consequential implications

RESERVES 2015-16											
	Carry Forward										
	Force	OPCC	General	Pensions	Transformation	Restructure	Initiatives Fund	Capital	Specials/Volunteers	Other	TOTAL
Opening Balance - 1st April 2015	1,212	929	4,281	1,197	708	2,799	1,362	59	1,684	4,193	18,424
Contributions 2015-16											
Contribution to General Balances			123								123
Child Protection							1,000				1,000
Transfers 2014-15											
Transformation Reserve					-708	0	708				0
Specials/Volunteers							1,684		-1,684		0
Restructuring Reserve							-2,500	2,500			0
Insurance							1,500			-1,500	0
PCC Reserve							22			-22	0
Copy Bureau Reserve							49			-49	0
Movement in Reserves 2015-16											
Carry forward - Niche	-1,000										-1,000
Carry forward - Other	-212										-212
Special and Volunteers							-1,292				-1,292
Redundancy Costs 2015-16							-100				-100
Insurance Res movement 2015-16										-200	-200
Police Pension Underspend				200							200
Initiatives Funding 2015-16							-2,620				-2,620
Capital Spending funding 2015-16								-59			-59
Over/Under Spending 2015-16		127	104								231
Closing Balance 31st March 2016	0	1,056	4,508	1,397	0	199	4,913	0	0	2,422	14,495

CAPITAL PROGRAMME 2015-16 TO 2018-19

PROJECT	APPROVED BUDGET	REVISED TOTAL COST	PREVIOUS YEARS	2015-16	2016-17	2017-18	2018-19
	£000	£000	£000	£000	£000	£000	£000
Transformation Investment							
Capital Programme Management	266	266	39	90	137		
Interoperability Programme	1,971	1,971	1,103	800	68		
Organisational Development	446	446	60	147	239		
Business Intelligence	706	287	102	178	7		
Agile Working	3,664	2,040	417	700	923		
Mobile Data	411	0					
Demand Reduction	39	39	5	34			
Policing the Future Pilots	63	64	24	19	21		
Estates Master plan ~ PCC	0	35		35			
21st Century Estate (NAH)	16,188	16,188	1,433	6,405	8,168	182	
Sharepoint	0	419		417	2		
Regional 4 Force Collaboration							
Police Business Services	385	388	275	74	39		
Strategic Alliance (PBS)	0	335		273	62		
Forensics Centre of Excellence	136	136			136		
Regional Shared Information Services	639	3		3			
Procurement of Body Worn Video	846	1,103	582	146	169	206	
Criminal Justice - Interoperable CJ NICHE	2,121	2,121	357	1,443	321		
Investigate Rapid DNA Testing	58	58			58		
Proof of concept project on live links and virtual courts	97	47	27	6	14		
PBS - OPA – Knowledge/Policy Management	0	110	85	25			
Legacy - IT	0	154	20	32	51	51	
Corporate Services Plan B	1,955	1,870		877	331	331	331

CAPITAL PROGRAMME 2015-16 TO 2018-19

PROJECT	APPROVED BUDGET	REVISED TOTAL COST	PREVIOUS YEARS	2015-16	2016-17	2017-18	2018-19
TOTAL CHANGE PROGRAMME	29,991	28,080	4,529	11,704	10,746	770	331
REPLACEMENT SCHEMES							
Information Services							
IT Replacement Equip.	2,054	2,320	181	309	420	705	705
Comms Replacement Equipment - VOIP	3	16	16				
IT Infrastructure Hardware Replacement	1,622	1,472	324	323	275	275	275
Photocopier Replacement Programme	398	291	23	52	72	72	72
TOTAL REPLACEMENT SCHEMES	4,077	4,099	544	684	767	1,052	1,052
OTHER SCHEMES							
Investment							
Invest to Save Scheme	26	118			118		
Compact - Misper	24	23	10	13			
Corby Fuel Site	18	18	15	3			
Property							
Estates Investment Strategy	567	1,406	110	444	284	284	284
Accessibility Fund	118	100	0	25	25	25	25
Upgrade of FCR	185	185	115	12	58		
Mereway Roundabout	800	800		700	100		
Crime and Justice							
Criminal Justice Centre	63	63	-15	78			
CJC Intercom	33	33		33			
Digital Recording	175	179	13	166			
Information Services							
Microsoft Licensing	250	0					
Enhancement Schemes	340	340	111	229			

CAPITAL PROGRAMME 2015-16 TO 2018-19

PROJECT	APPROVED BUDGET	REVISED TOTAL COST	PREVIOUS YEARS	2015-16	2016-17	2017-18	2018-19
Mobile Data (845) Replacement	861	2,000		500	500	500	500
Airwave - Essential Costs	3,132	3,125	20	71	34	3,000	
Mobile Data Roadmap	1,600	2,035	2,035				
PSN (Public Service Network)	100	150	61	89			
Forensic System Enhancement	28	2	2				
Live Links Software	2	0					
Vehicles							
Vehicle Purchases	4,698	4,018	1,002	166	950	950	950
Operational Equipment							
ANPR Equipment programme (RCU)	269	301	17	104	60	60	60
Other							
Digital Store Front	14	-20	-20				
Titan House	0	218	218				
Aspire Business Intelligence	48	0					
Body Worn Videos	182	0					
IS Transformation Regional Project	0	43	43				
Telematics	0	11	11				
Radio Mast Repair	0	47	47				
Minor Works	0	10	10				
TOTAL OTHER SCHEMES	13,533	15,205	3,805	2,633	2,129	4,819	1,819
TOTAL CAPITAL PROGRAMME	47,601	47,384	8,878	15,021	13,642	6,641	3,202

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS	None
HUMAN RESOURCES IMPLICATIONS	None
ENVIRONMENTAL IMPLICATIONS	None
RISK MANAGEMENT IMPLICATIONS	None
Author:	S Dainty & N Alexander
Chief Officer Portfolio Holder:	S Dainty Acting Director of Resources OPCC; n Alexander Acting Chief Finance Officer; Northamptonshire Police

Northamptonshire Police & Crime Commission

Joint Independent Audit Committee

2nd December 2015

GOVERNANCE REVIEW

Report from the Acting Chief Executive

1 RECOMMENDATION

- 1.1 The Committee is RECOMMENDED to note the progress with the review of the corporate governance arrangements for the OPCC.

2 BACKGROUND

- 2.1 The Commissioner is responsible for ensuring that the business of the Commission is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 2.2 In discharging this overall responsibility, the Commissioner is responsible for putting in place proper arrangements for the governance of the Commission's affairs including the management of risk, and facilitating the effective exercise of its functions.
- 2.3 The Commissioner has approved and adopted a Corporate Governance Framework, comprising the Code of Corporate Governance, Scheme of Governance and the Decision Making Policy, which were approved by the Commissioner through his Executive Order 21 dated 25th April 2013.
- 2.4 It is now timely for those arrangements to be comprehensively reviewed.
- 2.5 CIPFA in its document 'delivering good governance in local government: Guidance Note for Police' states:

"Good governance is about how those responsible for the service ensure they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner"

- 2.6 Governance comprises the systems and processes, culture and values by which the Commission is directed and controlled, and the activities through which success is delivered as measured by the delivery of the outcomes set out in the Police and Crime Plan and the demonstrable confidence of stakeholders.
- 2.7 It enables the Commission to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of effective services and value for money.
- 2.8 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.9 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

3 The governance framework

- 3.1 The Commission's Corporate Governance Framework is grounded in the *Good Governance Standards for Public Services*, which in turn build on the *Nolan Principles*.
- 3.2 The Corporate Governance Framework includes the Code of Corporate Governance, the Scheme of Governance and the Decision Making Policy adopted by the Commissioner.
- 3.3 These documents have been reviewed in order to check and advise on compliance with the relevant statutory requirements, statutory guidance, best practice and "Nolan principles".

3.4 The methodology used for this review was as follows:

- Review of key documents against statutory requirements, including the Police Reform and Social Responsibility Act 2011, the Elected Local Policing Bodies (Specified Information) Order 2011 and the Policing Protocol Order 2011;
- Review of documents against practice identified through a scoping exercise of other comparable bodies; and
- Review of documents against the Seven Principles of Public Life, also known as the "Nolan principles".

4 Next steps

4.1 The review is currently underway and it is intended draft revised documentation will be shared with the Committee in the first quarter of 2016.

John Neilson
Acting Chief Executive

Author:

John Neilson

END



Office of the Police & Crime Commissioner for Northamptonshire and
Northamptonshire Police

Internal Audit Progress Report 2015/16

November 2015

Presented to the Joint Independent Audit Committee meeting of: 2nd December 2015

Contents

- 01 Introduction
- 02 Summary and conclusions from Internal Audit work to date
- 03 Performance

Appendices

- A1 Summary of Reports
- A2 Internal Audit Plan 2015/16
- A3 Definition of Assurances and Priorities
- A4 Contact Details
- A5 Statement of Responsibility

01 Introduction

- 1.1 The purpose of this report is to update the Joint Independent Audit Committee (JIAC) as to the progress in respect of the Operational Plan for the year ended 31st March 2016. The plan was considered and approved by the JIAC at its meeting on 24th June 2015.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Summary of internal audit work to date

- 2.1 We have issued one final report in respect of Risk Management since the previous meeting of the JIAC. We have also issued a draft report in respect of Procurement, the brief for which covered by both local procedures and those within EMSCU. At the time of writing we have received a response from the Force in respect of local procedures, although we await a response from EMSCU. The following table provides a summary of assurances, including the number and categorisation of recommendations, in each report issued to date. Further details, and scheduled work for the rest of the year, are provided in Appendix A1.

Auditable Area	Report Status	Assurance Opinion		Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Risk Management	Final	Force - Limited	OPCC – Limited	2	3	6	11
Procurement	Draft	Local - Satisfactory	EMSCU – Limited	2	6	1	9
Total				4	9	7	20

- 2.2 Work in respect of Payroll, Budget Control, Creditors, Debtors, General Ledger and Cash, Bank & Treasury has recently been completed and will be reported shortly. Similar to Procurement, the work involved reviewing both local procedures within the Force and the operations within the Multi-Force Shared Service (MFSS) in Cheshire and Northampton. In addition, we are currently working with management to agree the scope of work on the remaining schedule of work for Quarter 4 (see Appendix A1).
- 2.3 As reported previously, the OPCC is pursuing a radical agenda of transformational change against a backdrop of financial austerity. The agenda is set out at an aspirational level in the Police and Crime Plan, with delivery of specific objectives to be delivered primarily through a portfolio of change programmes. This is happening against a backdrop of Northamptonshire OPCC and Force pursuing the design and establishment of a 'Strategic Alliance' with Leicestershire and Nottinghamshire.

As a consequence, time has been set aside in the Internal Audit Annual Plan to deliver on-going programme assurance, with the first phase of work consisting of an initial examination of the new governance arrangements against expected good practice. This will involve a review of the terms of reference of the Accountability Board and Transformation Board, together with 1:1 meetings with key stakeholders in respect of what works well / less well with the new arrangements and any issues / concerns with how it will work in practice going forward.

In addition to typical areas, the above scope and approach includes consideration of the following:

- Decision Making: how will key decisions about the prioritisation, design and delivery of transformation programmes and projects take into account the wider and evolving Strategic Alliance / East Midlands context? How will such decisions be documented / evidenced?
- Sources of Assurance: what is the best approach to 1st, 2nd and 3rd lines of assurance for the Transformation Portfolio and related programmes? How effective are the Force / OPCC's internal monitoring arrangements (2nd line assurance) and how do they dovetail to avoid overlaps and gaps?

Following the initial review and decisions on the three lines of defence approach, it is expected that on-going programme assurance will be required, with regular 'health checks' and 'deep dives' (for higher risk areas / around key milestones).

- 2.4 Running parallel to the above, we reported previously that Internal Audit attended the first Business Planning meeting on 11th August in the capacity of 'critical friend'. A further meeting is due to be held on 30th November.
- 2.5 As reported last time, Internal Audit attended a meeting of the OPCC Chief Financial Officers Group at which one of the areas discussed was how Internal Audit could provide assurance with regards the key risks relating to regional collaboration. Since this meeting Internal Audit have attended a further meeting of the Group at which Collaboration was again discussed. It was agreed that Baker Tilly, having undertaken an initial 'Proof of Concept' review of the Learning and Development regional collaboration arrangement, would be commissioned to undertake similar assurance mapping exercises on the other areas of collaboration. As a consequence, at the time of writing, the Group are currently discussing how best to utilise the resources in the internal audit plan set aside for collaboration.

03 Performance

3.1 The following table details the Internal Audit Service performance for the year to date measured against the key performance indicators that were set out within Audit Charter. This list will be developed over time, with some indicators either only applicable at year end or have yet to be evidenced.

No	Indicator	Criteria	Performance
1	Annual report provided to the JIAC	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (2/2)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (1/1)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (4/4)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	N/A

Appendix A1 – Summary of Reports

Brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the reports issued to date are provided below:

Risk Management

Assurance Opinion	OPCC – Limited
	Force – Limited

Recommendation Priorities	
Priority 1 (Fundamental)	2
Priority 2 (Significant)	3
Priority 3 (Housekeeping)	6

Our audit considered the following risks relating to the area under review:

- Clearly defined policies and/or procedures are not in place resulting in ineffective and inefficient working practices.
- Key risks are not identified and recorded which could lead to inappropriate management decisions being made.
- Risks identified do not reflect directorate objectives which could lead to the objectives not being achieved, significantly impacting the Force/OPCC.
- Gaps in the control framework are not identified which could lead to system objectives not being achieved.
- Key risk issues are not identified in a timely manner which could result in poor mitigation.
- There is a lack of coherence between the Force and the OPCC which could result in an ineffective working relationship.
- Known system weaknesses are not addressed, which could lead to a risk of continued exposure to risk.

In reviewing the above risks, our audit considered the following areas:

- Policies and Procedures
- Risk Registers
- Risk Mitigation
- Reporting Arrangements
- Follow Up of Previous Recommendations

We raised two fundamental (priority 1) recommendations which should be address immediately. These relate to the following:

- Service level risk registers should be in place across all services at the Force and should include comprehensive details of all key risks to the departments. (Force)
- The OPCC should seek to ensure that there is an appropriate source of assurance in respect of the management of risks relating to the Transformation Programme. (OPCC)

Furthermore, we raised three priority 2 recommendation where we believe there is scope for improvement within the control environment. These are set out below:

- A risk register for regionalised services should be developed by the Force and this should be reviewed regularly. This risk register should be aligned to the corporate register for the Force and should include how the Force receives assurance that the risks are being effectively managed. (Force)
- Key staff within the Force should receive appropriate risk management training, whilst consideration should be given to developing wider risk awareness across the Force. (Force)
- Key staff within the OPCC should receive appropriate risk management training, whilst consideration should be given to developing wider risk awareness across the OPCC. (OPCC)

We also raised six priority 3 recommendations of a more housekeeping nature in respect of the following:

- Review of strategic risks. (Force)
- Risk register format. (Force)
- Risk management policy update (Force / OPCC)
- Annual reports to the audit committee. (Force)
- Annual reports to the audit committee. (OPCC)
- Capturing risk reviews. (OPCC)

Management have confirmed that either actions have been taken or a timeframe has been agreed to address the issues raised in the report.

Procurement

Assurance Opinion	Local – Satisfactory
	EMSCU – Limited

Recommendation Priorities	
Priority 1 (Fundamental)	2
Priority 2 (Significant)	6
Priority 3 (Housekeeping)	1

Our audit considered the following risks relating to the area under review:

- Clearly defined policies and/or procedures are not in place resulting in ineffective and inefficient working practices.
- High value purchases are inappropriately managed resulting in an ineffective procurement process.
- Force policy is breached resulting in an inappropriate number of quotations sought and value for money not being obtained.
- Incorrect orders are processed leading to inappropriate and/or inaccurate payments to suppliers.
- Orders are completed without authorisation resulting in unsuitable purchases of goods/services.
- High value non contractual spend to suppliers is not identified resulting in poor value for money.
- The use of frameworks for purchases is not identified resulting in a financial loss to the force.

In reviewing the above risks, our audit considered the following areas:

- Policies and Procedures
- Purchases Over £25,000
- Purchases Under £25,000
- National Frameworks

We raised two fundamental (priority 1) recommendations which should be address immediately. These relate to the following:

- All purchases greater than £25,000 should be approved in line with the delegated scheme of approval limits contained within the Force Financial Regulations. (EMSCU responsibility)
- Contracts should be in place for all purchases over £25,000 and these should be signed by all parties prior to the commencement of the contract. (EMSCU responsibility)

Furthermore, we raised six priority 2 recommendation where we believe there is scope for improvement within the control environment. These are set out below:

- The record of frameworks in place should be updated and reviewed on a regular basis to include all current frameworks. (EMSCU responsibility)
- Consideration should be given to monitoring purchases below £25,000 across the shared service forces. (Local / EMSCU responsibility)
- Purchases for a value greater than £25,000 should be supported by a business case. (Local responsibility)
- A purchase order should be raised for all purchases prior to ordering the goods/services, authorised by an appropriate member of staff or Officer. (Local responsibility)
- The correct number of quotations should be sought for purchases below £25,000 in line with the Contract Procedure Rules. All quotes should be attached to the purchase order on the Oracle system. (Local responsibility)
- A segregation of duties should occur between raising a requisition and approving a requisition over £250. (Local responsibility)

We also raised one priority 3 recommendation of a more housekeeping nature in respect of local procedures.

Whilst we have received a local response confirming that actions are being taken to address the issues raised in the report, at the time of writing we have yet to receive a response from EMSCU.

Appendix A2 Internal Audit Plan 2015/16

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Core Assurance					
Risk Management	Sept 2015	A - Sept 2015	A - Oct 2015	Dec 2015	Final report issued.
Procurement	Aug / Sept 2015	A - Oct 2015	P - Oct 2015	March 2016	Local response received; await EMSCU response.
Core Financial Systems					
Budgetary Control	Nov 2015	P - Dec 2015	P - Jan 2016	March 2016	Fieldwork complete; being reviewed.
Payroll	Nov 2015	P - Dec 2015	P - Jan 2016	March 2016	Fieldwork complete; being reviewed.
Cash, Bank & Treasury	Nov 2015	P - Dec 2015	P - Jan 2016	March 2016	Fieldwork complete; being reviewed.
General Ledger	Nov 2015	P - Dec 2015	P - Jan 2016	March 2016	Fieldwork complete; being reviewed.
Income & Debtors	Nov 2015	P - Dec 2015	P - Jan 2016	March 2016	Fieldwork complete; being reviewed.
Payment & Creditors	Nov 2015	P - Dec 2015	P - Jan 2016	March 2016	Fieldwork complete; being reviewed.

Auditable Area	Planned Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Strategic & Operational Risk					
IT Health Check	Jan 2016	P - Feb 2016	P - March 2016	March 2016	
Change Programme – Governance of Resource Functions	Aug 2015 to March 2016	As and when required	As and when required	As and when required	Attendance at Business Planning meetings; scope for the initial piece of work is currently being reviewed. See paragraph 2.3.
Volunteers	Jan 2016	P - Feb 2016	P - March 2016	March 2016	
Collaboration					
Collaboration	On-going	On-going	On-going	On-going	See paragraph 2.5.

* P – Planned Date; A – Actual Date

Appendix A3 – Definition of Assurances and Priorities

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Satisfactory Assurance:	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Appendix A4 - Contact Details

Contact Details

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A5 Statement of Responsibility

Status of our reports

The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.

The contents of this report are confidential and not for distribution to anyone other than the Office of the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police. Disclosure to third parties cannot be made without the prior written consent of Mazars LLP.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.



AGENDA ITEM 13a

Report to the Joint Independent Audit Committee

02 December 2015

Audit Recommendations Update Report

RECOMMENDATION

The Committee is asked to note this report.

1 PURPOSE OF THE REPORT

- 1.1 This report provides the Audit Committee with an update on the implementation of internal audit recommendations.

2 OVERVIEW

2.1 2014/15 Audits

- 2.2 Final Reports have been received for the following audits:

- Stock Management
- Firearms Licensing
- Risk Management
- Medium Term Financial Planning and Budget Setting
- Estates Strategy / Management
- Force Control Room Business Continuity
- Key Financial Controls
- Commissioning
- Follow Up
- Governance
- Workforce Strategy

2.3 2015/16 Audits

- 2.4 Final Reports have been received for the following audits:

- Risk Management

- 2.5 The attached audit dashboard shows the recommendations made in the final reports for each audit together with updates received on the implementation of those recommendations.

Sean Bell
Head of Organisational Delivery, Corporate Services

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

None

HUMAN RESOURCES IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

None

ENVIRONMENTAL IMPLICATIONS

None

Author: Richard Baldwin,
Force Risk and Business Continuity Advisor

Chief Officer Portfolio Holder: Andy Frost, Deputy Chief Constable

Background Papers: 2014-15 Summary of Internal Audit
Recommendations for IJAC 03.12.15
2015-16 Summary of Internal Audit
Recommendations for IJAC 03.12.15

INTERNAL AUDITS DASHBOARD 2014/15

Audits are graded as Red, Amber, Amber/Green or Green. Some thematic audits are advisory only and not graded. Recommendations are prioritised as High, Medium or Low to reflect the assessment of risk associated with the control weaknesses.

SUMMARY OF AUDIT PROGRESS AND OUTCOMES

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			High	Medium	Low
Operational Areas – Stock Management – 1.14/15	02 July 2014	Green	0	0	0
Firearms Licensing – 2.14/15	18 August 2014	Green	0	0	2
Medium Term Financial Planning and Budget Setting - 3.14/15	20 November 2014	Green	0	0	1
Risk Management – 4.14/15	02 September 2014	Amber/Green	0	2	6
Estates Strategy / Management 5.14/15	24 November 2014	Amber/Green	0	1	0
Force Control Room Business Continuity 6.14/15	10 December 2014	Amber	0	3	3
Key Financial Controls 7.14/15	05 February 2015	Green	0	1	0
Commissioning – 8.14/15	26 May 2015	Amber	0	2	1
Follow up – 9.14/15 - Draft	12 May 2015	Not graded			
Governance – 10.14/15	20 March 2015	Green	0	1	2
Human Resources – Workforce Strategy – 11.14/15	27 May 2015	Amber/Green	0	3	2
IT Licenses					
Volunteers – Strategy, recruitment and training					
Collaboration – Efficiency Savings Plans					

DETAILS OF RECOMMENDATIONS FROM EACH AUDIT

Key to Status Action complete Action ongoing Action outstanding and past its agreed implementation date

Operational Areas- Stock Management – 1.14/15 - No recommendations

Firearms Licensing – 2.14/15 - All recommendations complete

Medium Term Financial Planning and Budget Setting – 3.14/15 – No recommendations for Force

Risk Management – 4.14/15 – Outstanding recommendation carried forward to 2015/16 audit

Estates Strategy / Management – 5.14/15 - All recommendations complete

Force Control Room Business Continuity – 6.14/15

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	ORIGINAL IMPLEMENTATION DATE	MANAGEMENT COMMENT	REVISED IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
3.2	A business impact analysis should be undertaken to determine recovery priorities and required resources and timeframes to recover business operations following a disruption. The BCP and backup arrangements should be reviewed upon completion of the business impact analysis to ensure recovery arrangements meet business objectives.	Medium	Y	28 February 2015	When the plan is finalised I will liaise with Richard Baldwin and discuss it to ensure compliance and compatibility with other force contingency. I will discuss business impact analysis with him. Update – The BIA analysis is scheduled to be complete by the end of w/c 31 Aug 15. BCP's will be reviewed once the BIA analysis is complete	Ongoing	Steve Herbert	
3.5	Upon completion of the Business Impact analysis exercise: The Force Control Room Business Continuity Plan should be reviewed for compatibility and alignment with the IT Disaster Recovery Plan.	Medium	Y	28 February 2015	Compatibility and alignment with the IT disaster Recovery Plan will be considered prior to acceptance. Update – This is dependent on completion of the BIA analysis	Ongoing	Steve Herbert	

3.6	The Force should define a testing strategy and a future schedule for periodic testing of the FCR Business Continuity Plan.	Medium	Y	28 February 2015	<p>I have consulted with C/Insp Tennet and have agreed that testing of the plan should commence during January /February. Impact on normal business operations are considered inappropriate prior to this time. This will include the testing of contingency areas including Silver 3, Campbell Square and Wellingborough. All sites have been checked for operability within the last month with ISD professionals and deemed to be suitable for contingency use at this time. This testing will be ongoing to cover all relevant staff and test all parts of the FCR spectrum.</p> <p>Update - Testing has been delayed somewhat due to work on technical equipment at Campbell Square. Back up servers for Aspect UIP have been rigorously tested in the current FCR due to system problems. Silver 3 has been tested for Dispatch during May. Dark Site reality testing should now be in a position to commence during the summer. The BCP plan has been placed into operation within the FCR environment due to technical problems on 3 occasions. On all occasions it has stood up to requirements and feedback has been positive. Feedback has been co-ordinated by SH and the next version will be completed after testing of all facilities is complete. The timescale on this is currently October 2015. Continuing checks are made on a BI-Monthly basis by the FCR and ISD staff to ensure dark sites are fit for purpose. All equipment at the FCR is tested for functionality monthly. This is recorded.</p>	October 2015	Steve Herbert	
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Key Financial Controls – 7.14/15

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	ORIGINAL IMPLEMENTATION DATE	MANAGEMENT COMMENT	REVISED IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
5.1	<p>Restated recommendation 2013/14</p> <p>Reconciliation should be undertaken on a periodic basis between the IT items on the Fixed Asset register back to local inventory records to ensure that it represents an accurate view of the</p>	Medium	Yes accept a process is required	2016/17	Unlikely to be implemented in the next 12 months.		Nick Alexander	

<p>assets held. Periodic verifications should be undertaken against the items held in the LANDesk system to ensure the accuracy of records is maintained. This could be done on a sample basis to identify the highest value items.</p>							
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Commissioning – 8.14/15 - No recommendations for Force

Follow Up – 9.14/15

2.1 Operational Areas –Detained (Seized) and Found Property [3.13/14]								
REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	ORIGINAL IMPLEMENTATION DATE	MANAGEMENT COMMENT	REVISED IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
1.4	<p>Original Recommendation Current records indicate that on the PMS there are some 4,500 (pre and post centralisation) items that according to the system have been 'booked out to Officers'. Whilst records indicate that chasing has been undertaken this, we are informed, has not been strictly in accordance with requirements due to resource issues. A review should be undertaken to establish the most effective and resource capable way of managing down the number of items.</p> <p>Update Whilst work had been undertaken on items 'awaiting entry', little progress had been made on the items which were recorded as 'booked out to officers'. We were advised by the Property Team Leader that 'Operation Clear Out' was due to commence imminently, to tackle pre and post 2011 items still retained. We were informed that these items</p>	Medium	Y	Mid 2014	<p>Original Comment This can be considered as part of the planned resource and process review in 2014</p> <p>Update Current number of outstanding entries 1584 In total 2916 items have been updated. The outstanding figure of 1584 consists of 1574 pre centralisation entries that will be managed during the OP Clearout data cleanse. The DP Team is struggling once again with resource issues, the staff are in place but only 1 DP Officer out of 5 is fully fit for duty. OP Clearout looks to continue into the winter months.</p> <p>Most of the physical disposals have been completed with just a small number remaining. The delay has been to staff absence. The system updates should be completed shortly after the physical disposals have been completed.</p> <p>Update - The Physical disposals are complete with exception of high value jewellery which is going to be a work in progress for some time. The system update should be complete at the end of November.</p>	<p>Estimated due for completion mid – 2015</p> <p>Revised estimate is end of Oct 2015</p>	Amie Peplow / Robyn Bishop	

	<p>would be entered onto a stand-alone application and team of officers would complete destructions.</p> <p>Following this activity, ISD would be updating PMS with data from the application.</p> <p>This recommendation has not been implemented and as such has been restated for further review.</p> <p>Pre and post centralisation items that according to the system have been 'booked out to Officers' should be reviewed to establish the most effective and efficient way of reducing the number of items 'awaiting entry' and cleared.</p>								
2.3b	<p>Original Recommendation</p> <p>A review should be undertaken of reports available from the Property Management System to ensure that these are 'cleansed' as there are numerous items reported that still show that they are 'found property still held' and where the update position has not been effectively recorded/ changed.</p> <p>Update</p> <p>This was expected to be included in the 'Operation Clear-Out' (referred to in paragraph 1.4 above) which had not yet commenced.</p> <p>This recommendation has not been implemented and as such has been restated for further review.</p>	Medium	Y	Scoping to be completed by 1 April.	<p>Original Comment</p> <p>This is, on the face of it, a significant administrative task. The Performance Team will assess reports circulated regarding all property to assist with this audit process.</p> <p>Update</p> <p>Once the Op Clearout cleanse is complete the figures should reduce significantly. As part of the Niche programme a paper is being produced for COG which looks to radically change the management of both lost and found property.</p>	Estimated for completion mid-2015	Amie Peplow		
2.2 Business Continuity [4.13/14]									
REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	ORIGINAL IMPLEMENTATION DATE	MANAGEMENT COMMENT	REVISED IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS	
3.3	Original Recommendation	Medium	Y	TBC	Original Comment	Ongoing	Richard Baldwin		

<p>A communication programme should be designed to ensure that all employees understand the Business Continuity Management Policy, business continuity priorities and what their individual responsibilities are in respect of business continuity management.</p> <p>Update</p> <p>We were informed by the Force Risk and Business Continuity Advisor, that no further progress had been made regarding this recommendation, pending roll out of the NCALT training package.</p> <p>This recommendation had not been implemented and has been carried forwards for further review.</p>				<p>As the report states an NCALT training package for all employees is being developed as part of the national BC strategy and is expected to be delivered in 2014.</p> <p>Once this has been delivered we can review the content to see if any further material is needed.</p> <p>Update – The training package being developed as part of the national strategy is still being outstanding. A national lead has been appointed to drive this forward.</p> <p>Update – Work by the national BC Forum to deliver a training package is ongoing.</p>			
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2.7 Data Security Review [12.13/14]

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	ORIGINAL IMPLEMENTATION DATE	MANAGEMENT COMMENT	REVISED IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
3.2	<p>Original Recommendation</p> <p>Management should ensure that the successful deployment of Safend software updates is checked on a regular basis for all machines within the Force’s network infrastructure.</p> <p>Moreover, any unsuccessful deployments should be investigated in full to confirm whether the machines concerned are still in live use and whether the lack of deployment needs to be remedied accordingly.</p> <p>Update</p> <p>No response from management regarding the status of this recommendation.</p> <p>We are unable to provide assurance that the recommendation has been implemented as reported to</p>	Low	Y	31 December 2014	<p>Original Comment</p> <p>We will use the opportunity of our corporate ‘XP upgrading project’ during 2014 to ensure the future deployment of Safend incorporates all networked assets, albeit we are confident that any current risk is negligible.</p> <p>Update - Safend is being rolled out as part of the upgrade to Windows 7. To date 94.6% of devices have been upgraded. The remainder are ongoing.</p> <p>Update – With the exception of a very small number of devices the upgrade is now complete. The remaining risk is negligible.</p>	Complete	ISD Operations Manager	

management								
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Governance – 10.14/15 – All recommendations complete

Workforce Strategy – 11.14/15

REF	RECOMMENDATION	CATEGORY	ACCEPT Y/N	ORIGINAL IMPLEMENTATION DATE	MANAGEMENT COMMENT	REVISED IMPLEMENTATION DATE	MANAGER RESPONSIBLE	STATUS
1.4	The HR Work-plan should be updated to populate the relevant 'link to Police and Crime Plan' and 'status' columns against each of the current programmes listed.	Low	Y	30 April 2015	<p>The HR Work Plan is our internal schedule of work to support us in understanding our current and future workloads and track our completion of work. There are links to the policing plan to ensure that our work is aligned to overall strategy and direction of the force. I will review this element of the Plan and link work to the OD Strategy rather than the Policing Plan as this is more relevant to our activities.</p> <p>Update – As detailed above this is an internal document which will be reviewed to determine if it will continue to be maintained.</p> <p>Update – This document is no longer in use</p>	Complete	Fiona Whyte	
1.5	The data collated during the skills audit should be collated in a way so that it can be used to inform a 'gap analysis' which can be used as a tool to support recruitment into staff posts.	Medium	Y	30 June 2015	<p>The skills audit work will be used more widely than is proposed in this report. This forms part of the OD Delivery Plan and will be monitored by Strategic Workforce Planning with oversight from the OD Board.</p> <p>Update – This is ongoing. Once the data has been uploaded to the Oracle system the gap analysis will be able to be carried out. The date for the upload is currently anticipated to be July.</p> <p>Update – The data upload is still being tested and will be uploaded to the live system once the testing is complete</p> <p>Update – The Skills Audit work has all been loaded into the live environment Establishment processes have been discussed with WFP Manager and skills audit templates produced for new posts Reporting to be tested in line with EMCHRS L & D requirements</p>	Complete	Fiona Whyte	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.1	<p>Service Level Risk Registers <i>Observation:</i> In order for risks to be effectively managed across departments within the force, service level risk registers should be in place that include all key risks to the departments.</p> <p>A sample of six service areas within the Force were selected and it was confirmed that in two instances (Northampton Local Policing and Cyber Crime Unit) the service area did not have a risk register in place.</p> <p>Further to this, in one instance (Human Resources) only two risks for the department had been identified and, therefore, these may not be sufficient for an appropriate risk register for the service.</p> <p>Risk: Where service specific risk registers are not in place, risks at an operational level may not be effectively managed and escalated for further action to be taken.</p>	Service level risk registers should be in place across all services at the Force and should include comprehensive details of all key risks to the departments. (Force)	1	Agreed. The Risk and Business Continuity Advisor will meet with departmental heads to ensure that they are correctly identifying and recording risks and that they maintain risk registers	Risk & Business Continuity Advisor 31/12/2015
4.2	<p>Transformation Risks <i>Observation:</i> It was noted that a key risk to the OPCC is that of meeting its priorities. A number of the OPCC priorities are delivered via the Transformation Programme which has its own risk register in place. The Aspire Board for the Transformation Programme was a key mechanism of assurance to the OPCC that their priorities were being delivered and this was included within the OPCC risk register as a level of assurance. However, it was confirmed that the Aspire Board is now dormant and this assurance no longer exists. Proposals are in place to develop an appropriate governance structure for the</p>	The OPCC should seek to ensure that there is an appropriate source of assurance in respect of the management of risks relating to the Transformation Programme. (OPCC)	1	<p>Each SRO of each Transformation programme is required to ensure a Risk Register is produced and maintained. It should be regularly reviewed by the SRO.</p> <p>The OPCC and Force are about to introduce re-designed the Governance arrangements for oversight of the Transformation Programme. The Accountability Board, chaired by the Commissioner, had its first meeting on 22nd September 2015 and reviewed</p>	<p>September 2015 Chief Executive OPCC</p> <p>November 2015 Deputy Chief Constable</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
	<p>Transformation Programme. This includes the introduction of a Portfolio Board, which will be chaired by the Force, to oversee the management of the individual programmes. This will be overseen by an overarching Transformation Programme Board to be chaired by the OPCC. However, at the time of the audit this governance structure was not in place and was in the very early stages of design.</p> <p>Risk: Where the Transformation Programme is not being effectively managed there is a risk to the OPCC that the Police & Crime Plan is not delivered.</p>			<p>progress with baselining review of the Programme. That Board will in due course sign off revised Programme Mandates and Delivery Plans. The new Transformation Board, chaired by the Deputy Chief Constable, will be responsible for oversight of delivery of the Programme. The DCC will report on progress to each meeting of the Accountability Board.</p>	
4.3	<p>Regional Collaboration Risk Register <i>Observation:</i> A regional collaboration risk register will allow for the identification of operational risks and mitigating controls in place, leading to the effective management of regionalised services.</p> <p>Audit confirmed with the Risk and Business Continuity Advisor at the Force that a number of services have now been regionalised across the East Midlands Forces. This has resulted in the management of these services to be centralised and not solely managed by Northamptonshire Police. However, it was identified that there is currently no regional collaboration risk register in place within the Force to manage the risks associated with the regionalisation of services. The regional forum (chaired by the Risk and Business Continuity Advisor) has submitted proposals to the Deputy Chief Constable of the Forces regarding a risk register for the regionalised services. However, these have yet to be approved and therefore a risk register has not been developed.</p>	<p>A risk register for regionalised services should be developed by the Force and this should be reviewed regularly. This risk register should be aligned to the corporate register for the Force and should include how the Force receives assurance that the risks are being effectively managed. (Force)</p>	2	<p>Whilst we agree that there is a need for the collaborative functions to have risks registers this is outside of the immediate control of the Force. Discussions have taken place with each of the collaborative units about management of risk and the units and each of the five regional forces have now agreed to share registers so that the impact of risks on each force can be correctly assessed. An risks that are identified that will have an impact on the Force will be assessed by the Risk and Business Continuity Advisor and considered for inclusion on the Corporate Risk Register</p>	Richard Baldwin 31/12/2015

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
	<i>Risk:</i> Where a regional collaborative risk register is not in place, risks to the Force of collaborative services may not be effectively managed.				
4.4	<p>Risk Management Training - Force <i>Observation:</i> In order to ensure that staff have the appropriate skills to identify and assess risks to their service areas, they should be provided with adequate and appropriate risk management and/or awareness training.</p> <p>Audit confirmed with the Risk and Business Continuity Advisor that each service area within the Force has a Risk Advisor, although all staff are not in receipt of risk management/risk awareness training.</p> <p><i>Risk:</i> If staff do not have adequate risk management skills, key risks may not be identified and managed effectively across the Force.</p>	Key staff within the Force should receive appropriate risk management training, whilst consideration should be given to developing wider risk awareness across the Force. (Force)	2	The Risk and Business Continuity Advisor will liaise with departmental heads to identify which staff will be responsible for risk will deliver training as needed. Wider awareness of risk will be provided through Forcenet.	Risk & Business Continuity Advisor 31/12/2015
4.5	<p>Risk Management Training - OPCC <i>Observation:</i> In order to ensure that staff have the appropriate skills to identify and assess risks to their service areas, they should be provided with adequate and appropriate risk management and/or awareness training.</p> <p>It was confirmed with the Director for Resources, Governance and Transformation (OPCC) that staff within the OPCC have not received any form of risk management training.</p> <p><i>Risk:</i> If staff do not have adequate risk management skills, key risks may not be identified and managed effectively across the OPCC.</p>	Key staff within the OPCC should receive appropriate risk management training, whilst consideration should be given to developing wider risk awareness across the OPCC. (OPCC)	2	Agreed. However this is not a management priority at the present time for the OPCC given the opportunity cost of this activity compared to potential benefits.	N/A

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
4.6	<p>Review of Strategic Risks</p> <p><i>Observation:</i> To ensure that all risks listed are being effectively managed, a review should be completed and the risk should be updated on the IPSO Risk Management software.</p> <p>Each risk listed on the Force corporate risk register has been assigned a review date dependant on what the risk is and how often it is required to be reviewed. The review dates for the risks are detailed on IPSO where the risks are maintained.</p> <p>Audit reviewed the risks on IPSO and it was identified that there was one risk, Partnership Capability, which was listed as having a review date of 30 September 2014 and there was no evidence that it had been subsequently reviewed on IPSO. Discussion with the Risk and Business Continuity Advisor suggested that this risk should have been closed at the time of review but had not been updated to 'closed' on IPSO.</p> <p><i>Risk:</i> Where risks have not been reviewed there is a risk to the Force that these may not be effectively managed which could result in the risks materialising.</p>	<p>Review dates should be recorded on IPSO risk registers and the risks should be reviewed and updated where necessary in line with the review dates recorded. (Force)</p>	3	<p>This relates to one risk which should have been closed in 2014 which is being addressed. All other risks are reviewed as and when required.</p>	<p>Richard Baldwin 31/10/2015</p>
4.7	<p>Risk Register Format</p> <p><i>Observation:</i> The Risk Management procedure confirms that risk registers should be entered on to the IPSO Risk Management software. This will enable central recording of risks and will facilitate effective monitoring of compliance with the Risk Management procedures.</p> <p>It was identified through testing that the Force corporate risk register is recorded and maintained using the IPSO Risk Management Software. A review of a sample of service level risk registers confirmed that for one</p>	<p>All risk registers for the Force should be recorded in line with the Risk Management policy / procedures. Sufficient detail should be recorded for integral risk areas including:</p> <ul style="list-style-type: none"> •Risk descriptors •Current controls in place; and, •Sources of assurance <p>(Force)</p>	3	<p>Alongside recommendation 4.1 and 4.3 the Risk and Business Continuity Advisor will liaise with departmental heads to ensure that risks are recorded in IPSO.</p> <p>The Transformation Programme follows a different risk management methodology as part of the project management process and is therefore currently unable to use the business risk module in IPSO.</p>	<p>Risk & Business Continuity Advisor 31/12/2015</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
	<p>service (Transformation Programme), the risk register has not been recorded and maintained through the use of IPSO but rather through Excel.</p> <p>In addition, one service area (Professional Standards) maintains their risk register out of IPSO, although the risks are recorded on the IPSO Risk Management software. However, sufficient detail regarding the risks has not been recorded on the system i.e. control mechanisms, levels of assurance.</p> <p><i>Risk:</i> Where use of the Risk Management software is not maximised, there is a risk that the Force may be unable to effectively monitor compliance with the Risk Management Policy. This may result in Risk Management not being embedded across the Force.</p>				
4.8	<p>Risk Management Policy Update <i>Observation:</i> To ensure that all staff are aware of the attitude towards risk and to help embed risk management further into the Force and the OPCC, the respective Risk Management policies/procedures should be updated to include further details.</p> <p>Audit confirmed that there is a separate Risk Management Policy in place for the Force and the OPCC. There are supporting Risk Management procedures in place for the Force. A review of the policies and procedures identified that the following information was not included in either:</p> <ul style="list-style-type: none"> • Description of the risk culture of the Force/OPCC. • Level and nature of risk that is deemed acceptable (risk appetite). 	<p>The Risk Management Policy and/or Procedures for both the Force and OPCC should be reviewed / updated to include:</p> <ul style="list-style-type: none"> • A description of the risk culture of the Force/OPCC. • The level and nature of risk that is deemed acceptable (risk appetite). (Force / OPCC)) 	3	<p><i>Force:</i> Agreed. The Risk Management Policy and Procedures will be updated prior to the next review in February 2016.</p> <p><i>OPCC:</i> These are sophisticated concepts which would require significant investment of staff resources. A general statement on such matters is not necessarily the most appropriate way forward. OPCC Management oversees implementation of policies and plans on a case by case basis. However, consideration will be given to these drafting suggestions</p>	<p>Risk & Business Continuity Advisor 29/02/2016</p> <p>March 2016 Chief Executive</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
	<i>Risk:</i> Where the Force's/OPCC's attitude towards risk is not detailed in the policies/procedures there is a risk that staff could accept an inappropriate level of risk.				
4.9	<p>Annual Reports to Audit Committee <i>Observation:</i> To inform and feed the Annual Governance Statement, the Force should provide the Joint Independent Audit Committee with an Annual Risk Management Report.</p> <p>It was noted during the audit that the Force report their risk register and reports to the Joint Independent Audit Committee on a quarterly basis.</p> <p>Audit confirmed with the Risk and Business Continuity Advisor that an annual risk management report for the Force has not been produced and reported to the Joint Independent Audit Committee as a reporting format has yet to be decided. This recommendation was raised as a result of the previous internal audit review.</p> <p><i>Risk:</i> Where an Annual Risk Management Report is not produced and reported to the Joint Independent Audit Committee there is a risk that the opinions on the annual governance statements are not sufficiently supported which could result in inappropriate decisions being made.</p>	The Force should produce an Annual Risk Management Report and this should be reported to the Joint Independent Audit Committee for review. (Force)	3	Discussions with the Chair of the Joint Independent Audit Committee on the reporting requirements are ongoing. Once these have been confirmed the report will be published annually as recommended.	Risk & Business Continuity Advisor 31/12/2015
4.10	<p>Annual Reports to Audit Committee <i>Observation:</i> To inform and feed the Annual Governance Statement, the OPCC should provide the Joint Independent Audit Committee with an Annual Risk Management Report.</p> <p>It was noted during the audit that the OPCC report their risk registers and reports to the</p>	The OPCC should produce an Annual Risk Management Report and this should be reported to the Joint Independent Audit Committee for review. (OPCC)	3	Agreed. We plan to take an OPCC report to the next meeting of the Audit Committee.	December 2015 Director for Resources, Governance and Transformation

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility
	<p>Joint Independent Audit Committee on a quarterly basis.</p> <p>It was confirmed with the Director of Resources, Governance and Transformation that an annual report for the OPCC has not been produced and reported to the Joint Independent Audit Committee in line with the OPCC Risk Management Policy.</p> <p><i>Risk:</i> Where an Annual Risk Management Report is not produced and reported to the Joint Independent Audit Committee there is a risk that the opinions on the annual governance statements are not sufficiently supported which could result in inappropriate decisions being made.</p>				
4.11	<p>Capturing Risk Reviews</p> <p><i>Observation:</i> To ensure that all risks on the OPCC risk register have been reviewed on a regular basis, evidence of all reviews should be recorded.</p> <p>The recommendation for capturing evidence of the review of risks on the OPCC risk register was raised within the previous internal audit report. Discussion with the Director of Resources, Governance and Transformation confirmed that although the risk register is reviewed, there is not a mechanism for capturing evidence of the review.</p> <p>The reason for non-implementation is due to other priorities for the OPCC.</p> <p><i>Risk:</i> Where there is not a mechanism for capturing risk reviews there is a risk that a review may not take place when necessary.</p>	<p>There should be a mechanism for capturing evidence of the review of risks that have been undertaken on the OPCC risk register. (OPCC)</p>	3	<p>The revised text on each risk in the Risk Register gives some indication of changes in context and circumstances which may have led to a revision in the scoring of risks.</p> <p>It is accepted however this mechanism could be more rigorous and improvements will be implemented from the next review</p>	<p>December 2015 Director for Resources, Governance and Transformation</p>

JOINT INDEPENDENT AUDIT COMMITTEE
2ND DECEMBER 2015
OPCC - OUTSTANDING AUDIT RECOMMENDATIONS

Agreed action on recommendations	Owner	Date	Priority	Comment	Status
Risk Management October 2015					
Key staff within the OPCC should receive appropriate risk management training, whilst consideration should be given to developing wider risk awareness across the OPCC.	JN	N/A	2	Agreed. However this is not a management priority at the present time for the OPCC given the opportunity cost of this activity compared to potential benefits.	Closed
The Risk Management Policy and/or Procedures for both the Force and OPCC should be reviewed / updated to include: <ul style="list-style-type: none"> • A description of the risk culture of the Force/OPCC. • The level and nature of risk that is deemed acceptable (risk appetite). (Force / OPCC)) 	JN	March 2016	3	OPCC: These are sophisticated concepts which would require significant investment of staff resources. A general statement on such matters is not necessarily the most appropriate way forward. OPCC Management oversees implementation of policies and plans on a case by case basis. However, consideration will be given to these drafting suggestions	Open
The OPCC should produce an Annual Risk Management Report and this should	JN	December 2015	3	Agreed. We plan to take an OPCC report to the next meeting of the Audit Committee.	Closed

be reported to the Joint Independent Audit Committee for review. (OPCC)					
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KEY:

Priority

1. Fundamental	2. Significant	3. Housekeeping
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Owner

JN John Neilson

Author:

Steve Dainty

END



AGENDA ITEM 14

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE CONSTABULARY

JOINT INDEPENDENT AUDIT COMMITTEE

2 DECEMBER 2015

REPORT BY	Chair of the Joint Independent Audit Committee
SUBJECT	Meeting of Audit Committee chairs
RECOMMENDATION	To note the contents of the report

1. Background

A meeting of the chairs of the Audit Committees from forces working in collaboration with Northamptonshire Police took place on 12 October 2015 at Leicestershire Police HQ. The chairs involved were:

- Kate Alcock, Derbyshire
- John Beckerleg, Northamptonshire
- Stephen Charnock, Nottinghamshire
- David Finch, Lincolnshire
- Barrie Millett, Leicestershire

The outline agenda was

- How each Audit Committee works
- How to ensure the Audit Committee is effective?
- Collaboration
- Managing reputational risk.
- Value for money – the role of the Audit Committee
- Areas where committees might co-ordinate their activities

How each Audit Committee works

The terms of reference for each Audit Committee were shared and were basically common. So meeting frequencies, core responsibilities etc were similar. There were either 4 or 5 members of each committee.

Some of the variations in the terms of reference included:

One Audit Committee also had an explicit scrutiny role and was able to establish time limited Scrutiny Review Groups. It received reports on the revenue budget, 4 year capital programme and the Police and Crime Plan.

Two committees did not cover treasury management.

From the discussion:

- there did not appear to be a link between the Police and Crime Panel and the respective Audit Committee;
- duration of appointments and remuneration levels varied;
- all committees had dedicated secretarial support (some provided by the relevant County Council); and
- one chair was appointed only by the Police and Crime Commissioner (i.e. not the Chief Constable).

All committees, unsurprisingly, had oversight of risk management arrangements in their terms of reference.

Following the meeting the chairs shared their organisations' assurance maps. There were similarities in approach usually drawing on the '3 lines of defence' model. One committee had summarised the areas on which it wanted to receive assurance onto a single page and as each year progressed and aspects of assurance were confirmed this was noted. By the year end it was then possible to summarise the assurance to inform the annual report.

How to ensure the Audit Committee is effective?

Some committees had allocated specific roles / areas of interest to each committee member. This allowed people to focus the areas they were involved in. These roles may be rotated periodically.

Assurance maps were seen as a useful way to underpin the work of committees so that they could demonstrate how much of the governance framework had been examined each year. It was recognised that the focus had to be on strategic matters rather than regularly getting into operational matters.

Several committees ran specific briefings or workshops separate from the formal public meetings and one committee had run a workshop on 'self effectiveness' facilitated by its external auditor. Some committees used a skills audit to identify training needs.

There were examples where the committee had a session at the end of each meeting to review how it was working.

Experience of recruitment to committees was mixed with some chairs reporting difficulty in attracting applicants and / or getting the appropriate skills mix (including financial expertise).

Some committees produced an annual self-assessment of their work and effectiveness.

Collaboration

There was a shared concern about the governance of collaboration arrangements and support for the continuing work of Baker Tilley to provide some assurance. It was acknowledged that there was no single governance model or definitive framework. Chairs were seeking a definitive list of the collaborations which exist, and clarity about the responsibility for governance and reporting arrangements to the lead and other organisations involved.

It was noted that not all committees had collaboration arrangements within their terms of reference.

Managing reputational risk.

There was a discussion on the approach of committees to managing reputational risk and ethical standards. Some committees had responsibility for ethics. One committee sought to ensure the processes and arrangements were in place (e.g. whistle blowing, professional standards, anti-corruption) and requested an annual update.

Value for money – the role of the Audit Committee

There was not a common approach to obtaining assurance about value for money (VFM). Some points noted included:

- HMIC reports can provide some information
- It was difficult to confirm that collaboration arrangements provided VFM
- It was possible to do specific, more in depth reviews in selected areas to explore the approach to VFM (e.g. procurement)

Areas where committees might co-ordinate their activities

It was noted that the timetable for publishing / auditing the statutory accounts would be advanced in 2016-17. This was expected to be a challenge, particularly with other changes taking place, and it was agreed that it would be helpful if the contents of the accounts could be reviewed together, including the auditor, to identify what information has to be published and discuss how the new timetable could be achieved.

It was agreed that there would be benefit in sharing internal audit annual plans, as part of their preparation, given that the organisation used the same internal auditor.

It was felt that a mechanism that allowed best practice to be shared would be helpful.

Next steps

There was agreement that the meeting had been helpful and that a follow up, possibly involving the auditor(s) in January / February 2016 would be beneficial.

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS	None
HUMAN RESOURCES IMPLICATIONS	None
ENVIRONMENTAL IMPLICATIONS	None
RISK MANAGEMENT IMPLICATIONS	
The report reviews information about the work of Audit Committees in neighbouring police forces including their work on governance, risk and assurance. Specifically the approach in relation to collaborative arrangements is considered.	
Author:	J Beckerleg – Chair of Joint Independent Audit Committee
Chief Officer Portfolio Holder:	S Dainty – Acting Director of Resources



Agenda Item No: 15

JOINT INDEPENDENT AUDIT COMMITTEE

2ND December 2015

**REPORT BY THE ACTING CHIEF FINANCE OFFICER (OPCC) AND ACTING
HEAD OF FINANCE CORPORATE SERVICES**

2015-16 Revenue and Capital Expenditure Monitoring

1. Purpose of this report

1.1. To update the Committee on the latest forecast on the revenue and capital spending for the Financial Year 2015-16. The report compares the forecast of spending to the approved budget and is based on spending to 30th September 2015.

2. Revenue spending

The approved budget

2.1. The approved Revenue Budget for 2015-16 is £120m.

Outturn for 2015-16

2.2. This report presents the expected outturn for the financial year 1st April 2015 to 31st March 2016. The projections in this report are based on spending up to 30th September 2015.

2.3. The forecast outturn for 2015-16 is an underspend of £0.231m after applying the use of reserves as detailed in paragraph 2.6.

2.4. The Force is currently exploring opportunities to make additional savings in 2015-16 in anticipation of savings required in the new budget for 2016-17. These could total up to £1m in 2015-16 (£0.2m Procurement, £0.4m Police Officers & £0.4m Police Staff). These are not yet confirmed or approved.

2.5. There has been a transfer of budget between OPCC and the Force totalling £0.641m, reflecting the transfer of the Communication Section (£0.541m) and the transfer of budget for the One Stop Shop.

2.6. The principal variations against the approved budget/cash limit are summarised in Table 1, below.

Table 1

	BUDGET 2015-16 £,000	CASH LIMIT 2015-16 £,000	PROFILE TO Sept 15 £,000	ACTUAL TO Sept 15 £,000	FORECAST OUTURN £,000	VARIANCE £,000
FORCE						
Police Pay	51,112	51,113	25,635	25,205	50,613	-500
PCSO Pay	3,355	3,355	1,713	1,561	3,255	-100
Police Pensions	11,098	11,098	7,055	6,832	10,898	-200
Operations	19,796	18,495	9,243	8,617	21,095	2,600
Business Support Departments	20,523	22,496	11,395	8,525	23,096	600
Collaboration & Regional	8,347	8,315	4,157	3,032	8,415	100
TOTAL FORCE	114,231	114,872	59,198	53,772	117,372	2,500
OPCC	4,626	3,985	1,993	1,553	3,858	-127
TOTAL EXPEND	118,857	118,857	61,191	55,325	121,230	2,373
RESERVES - IN	1,123	1,123	0	0	1,123	0
RESERVES - OUT	0	0	0	0	-2,604	-2,604
TOTAL	119,980	119,980	61,191	55,325	119,749	-231

2.5 The PCC has undertaken to ensure the Force establishment of Police Officers will be a minimum of 1,220 at the end of the PCC's term of office.

2.6 Comments on the individual services are given below, including the movement in the variation since the last report in September 2015:

Police Pay – underspend £500k (movement -£100k)

The police pay under-spend results from higher than expected income from officers seconded to other Force's or through the regional collaborations and increased attrition above forecast, which has resulted in greater temporary vacancies and movement within the ranking structure.

PCSO Pay – underspend £100k (movement Nil)

The PCSO under-spend has been forecasted as a result of PCSOs transferring to become Police Officers within Northamptonshire Police and a higher than expected proportion of maternity leave.

Police Pensions – underspend £200k (movement -£200k)

The employer's contribution rate to the Police Pensions is 24.2% of the pensionable element of pay. Consequent up on the underspending on Police pay, together with opt outs results in a forecast underspend of £200k. Any in year underspend on Police Pensions will be transferred to the Police Pension Reserve at the year end.

Operations – overspend £2.6m (movement +£0.9m)

The Specials and Volunteers budget totals £1m. The forecast expenditure for 2015-16 is £2.292m which is programmed to deliver 900 Specials & Volunteers by May 2015. This planned excess expenditure (£1.292m) will be financed by the use of the Specials Reserve created in 2014-15 (£1.684m)

A further £1.0m of planned expenditure will be spent on the delivery of the Niche project, which will be offset by drawing down £1.0m from the Force Carry Forward reserve, which was set aside for the delivery of this project. In the September 2015 report this additional expenditure was omitted and this accounts for the movement in forecast variance

The operational contingency budget and overtime assumptions are currently forecast to be £0.2m overspent in total, the Force is working on changes to plans to enable these cost to be bought back in line or to find additional in year savings (such as freezing operational staff recruitment) to offset the costs.

Business Support Departments – overspend £600k (movement + £100k)

Business Support Departments are forecast to overspend by £0.6m resulting from a £0.2m overspend on Home Office levies following a review and subsequent circa 13% increase above inflation (1.8%) in fees the Force are

operationally required to pay, £0.1m of redundancy costs and £0.2m of staff for resourcing impacts during the delivery of the PBS project with Nottingham Police.

OPCC – underspend £173k (movement +£46k)

Deletion of posts within the PCC office and the anticipation that no further allocations from the inflation contingency will be required during 2015-16 account for the forecast underspend. Late payment of 2013-14 subscriptions and increased spend on initiatives have partially offset these savings.

Reserves

Forecast use of reserves to support revenue expenditure in 2015-16 is detailed below:

RESERVE/EXPENDITURE	AMOUNT £,000
Force Carry Forward Reserve – NICHE	1,000
Force Carry Forward Reserve – Other	212
Specials and Volunteers	1,292
Restructuring Reserve – redundancy	100
Insurance Reserve	200
Pensions Reserve	-200
TOTAL	2,604

In addition to the above it is forecast that a further £2.620m will be incurred on approved projects which are being financed from the Initiative Fund.

3. Forecast Level of Reserves

3.1. The provisional level of Reserves at 31st March 2016 total £14.495m as set out in the **appendix**.

4. Capital

4.1. The Capital Programme approved in February 2015 totalled £47.6m and included £30.2m on the Change Programme.

4.2. Current capital programme along with the financing is detailed in Appendix 2 and totals £47.384M. The Commissioner has still to approve any variations in costs/additional schemes. The Capital Programme has a direct link to the

revenue budget as the loans taken out have to be repaid along with interest and there may also be annual running costs of these assets.

4.3. Cost variations and prospective new schemes have been proposed to the approved programme as the schemes are developed through the design stage through to completion. The table below lists these proposals.

Movement	Revised Cost £000
Original Cost of approved programme (Feb 15)	47,601
Schemes where costs have increased (12 schemes)	3,131
Schemes where costs have decreased (15 schemes)	-4,466
Additional Schemes (5 schemes)	1,053
Corrections	65
REVISED COST OF PROGRAMME	47,384

4.4. Any further additions to the capital programme will mean the recommended level of borrowing could be exceeded as all internal available financing has been utilised. This will also mean the financing charges for interest will increase along with the Minimum Revenue Provision of 7.75%. The only exceptions will be if the scheme is funded from revenue, external income or currently approved schemes are cancelled.

5. Recommendations

5.1. The Committee is RECOMMENDED to note the provisional outturn revenue spending for 2015-16 as set out in this report.

Steve Dainty
Acting Chief Finance Officer

Nick Alexander
**Acting Head of Finance
Corporate Services**

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS	None
HUMAN RESOURCES IMPLICATIONS	None
ENVIRONMENTAL IMPLICATIONS	None
RISK MANAGEMENT IMPLICATIONS	
Budgets are not managed properly	
Author:	S Dainty Acting Chief Finance Officer and Nick Alexander Acting Head of Finance Corporate Services
Chief Officer Portfolio Holder:	S Dainty Acting Chief Finance Officer

RESERVES 2015-16											
	Carry Forward		General	Pensions	Transformation	Restructure	Initiatives Fund	Capital	Specials/ Volunteers	Other	TOTAL
	Force	OPCC									
Opening Balance - 1st April 2015	1,212	929	4,281	1,197	708	2,799	1,362	59	1,684	4,193	18,424
Contributions 2015-16											
Contribution to General Balances			123								123
Child Protection							1,000				1,000
Transfers 2014-15											
Transformation Reserve					-708	0	708				0
Specials/Volunteers							1,684		-1,684		0
Restructuring Reserve							-2,500	2,500			0
Insurance							1,500			-1,500	0
PCC Reserve							22			-22	0
Copy Bureau Reserve							49			-49	0
Movement in Reserves 2015-16											
Carry forward - Niche	-1,000										-1,000
Carry forward - Other	-212										-212
Special and Volunteers							-1,292				-1,292
Redundancy Costs 2015-16							-100				-100
Insurance Res movement 2015-16										-200	-200
Police Pension Underspend				200							200
Initiatives Funding 2015-16							-2,620				-2,620
Capital Spending funding 2015-16								-59			-59
Over/Under Spending 2015-16		127	104								231
Closing Balance 31st March 2016	0	1,056	4,508	1,397	0	199	4,913	0	0	2,422	14,495

CAPITAL PROGRAMME 2015-16 TO 2018-19

PROJECT	APPROVED BUDGET	REVISED TOTAL COST	PREVIOUS YEARS	2015-16	2016-17	2017-18	2018-19
TOTAL CHANGE PROGRAMME	29,991	28,080	4,529	11,704	10,746	770	331
REPLACEMENT SCHEMES							
Information Services							
IT Replacement Equip.	2,054	2,320	181	309	420	705	705
Comms Replacement Equipment - VOIP	3	16	16				
IT Infrastructure Hardware Replacement	1,622	1,472	324	323	275	275	275
Photocopier Replacement Programme	398	291	23	52	72	72	72
TOTAL REPLACEMENT SCHEMES	4,077	4,099	544	684	767	1,052	1,052
OTHER SCHEMES							
Investment							
Invest to Save Scheme	26	118			118		
Compact - Misper	24	23	10	13			
Corby Fuel Site	18	18	15	3			
Property							
Estates Investment Strategy	567	1,406	110	444	284	284	284
Accessibility Fund	118	100	0	25	25	25	25
Upgrade of FCR	185	185	115	12	58		
Mereway Roundabout	800	800		700	100		
Crime and Justice							
Criminal Justice Centre	63	63	-15	78			
CJC Intercom	33	33		33			
Digital Recording	175	179	13	166			
Information Services							
Microsoft Licensing	250	0					
Enhancement Schemes	340	340	111	229			
Mobile Data (845) Replacement	861	2,000		500	500	500	500

CAPITAL PROGRAMME 2015-16 TO 2018-19

FINANCING	APPROVED BUDGET	REVISED TOTAL COST	PREVIOUS YEARS	2015-16	2016-17	2017-18	2018-19
	£000	£000	£000	£000	£000	£000	£000
Capital Grants	4,840	4,997	1,000	978	995	1,012	1,012
Innovation Funding	5,767	1,561	900	661			
Useable Capital Receipts	3,564	1,912	1,912				
Revenue Funded	755	623	425		66	66	66
Capital Reserve	3,400	3,400	3,341	59			
Prudential Borrowing	25,000	25,000	1,300	13,323	8,307	2,070	
Reserves	4,274	4,274			4,274		
To be determined		5,617				3,493	2,124
TOTAL	47,601	47,384	8,878	15,021	13,642	6,641	3,202



Northamptonshire Police Strategic Risk Register – November 2015

Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 71	Grant reductions beyond 2015/16 are now expected to be greater than 3.2%, between 5% and 8.75% resulting in an increased budget deficit and the requirement to save between £1.6 and £4.6m by the 1st April 2016. Strategic Alliance slows savings i.e. £1.5m of Savings for PBS were due to be delivered for 2016-17.	4	5	20	ACPO Team and will have to make key staffing decisions in October / November to balance the Budget for 2016-17 Longer Term, need to develop an affordable Organisational Design. Strategic Alliance should mitigate the impact in terms of consolidation and integration opportunities.	5	5	25	Options for staff need to be considered based on a proper consideration of threat, harm and risk, activity and demand analysis. Investment needs to be focused on making staff more efficient in terms of visibility and response times and capable of making value adding decisions, as well as reducing and managing demand better.	↑
CR 76	Niche will replace the Case, Custody, Crime and Intelligence systems with a regional solution. This will require a substantial programme of work within a very aggressive timescale which will have a significant impact across the Force.	4	5	20	The programme has identified and recorded a number of specific risks associated with the implementation. Response measures have been identified for each of these risks and these will be monitored by the Programme Board.	4	4	16	Following a detailed assessment and liaison with our regional colleagues, the go-live date has now been rescheduled for Tuesday 8 March 2016. This will allow time for critical data to be moved from FIS to Niche which will minimise the need for dual use of FIS alongside Niche.	→

Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 60	Reduced capacity to deliver changes required to fulfil the Police and Crime Plan could result in a failure to meet operational or financial targets.	4	5	20	A Transformation Programme has been developed to plan and manage the required changes. The Force and OPCC are collectively working to address human and financial resource challenges, in addition to identifying priority work streams within the transformation agenda (while returning business as usual elements of the portfolio back to the operational business).	4	4	16	Funding and resources are at a critical point to deliver the fullness of the transformation agenda. Discussions are taking place at the Executive level.	→
CR 19	Less funding available, both from public and private sources to enable the force to prepare for population growth.	5	5	25	Successful Innovation funding bids in Round 1 and 2 well beyond the top slicing used to pay for them. The situation will be continually monitored to identify any specific developments and inform the Force's strategic and operational planning processes. The Force will work in partnership with the Local Planning Authorities to ensure that community safety and policing capital requirements are factored into planning policy.	3	5	15	Further cuts to budgets are expected to be announced in the November Budget Statement.	→
CR 61	Failure to deliver key outcomes of the Police and Crime Plan relating to the recruitment of Special Constables, Cadets and Volunteers could result in increased demand on the Force and reduce performance, budgetary pressure, loss of public confidence and possible adverse publicity.	3	5	15	The marketing and recruitment of Special Constables has been assigned to the OPCC and a private firm (Manpower), while the Force has retained the assessment and training of candidates. The Aspire Programme has moved the coordination, recruitment and operation of Cadets and Volunteers to the business.	3	4	12	As at 31 October 2015 the Force has 580 Specials, 703 Volunteers and 233 Cadets	→

Ref	Description	Inherent Risk			Response Measures	Residual Risk			Comments	Status
		L'hood	Impact	Score		L'hood	Impact	Score		
CR 77	The announcement of the Strategic Alliance, subsequent ending of PBS Consultation and the development of a new Service Delivery Model places additional pressure on already under resourced departments and increases the threat of staff attrition due to uncertainty over the future.	5	3	15	Agree a retention strategy. Recruit temporarily to key posts. Share post holders across 2/3 forces.	4	3	12	Uncertainty following the announcement of the Strategic Alliance, the subsequent ending of PBS consultation and the ongoing work on the Service Delivery Model may lead to a higher level of staff attrition which could impact on the delivery of key services. The force's ability to contribute to the development of the strategic alliance will be weakened due to the lack of senior managers to influence the change for the benefit of Northants. The decision not to fill managerial vacancies in Corporate Services pending the outcome of PBS has led to an overall shortage of management resources. Further uncertainty will require careful management to prevent further staff from leaving.	→

'Status' key – ↓ risk decreasing, → no change, ↑ risk increasing

ome	Objective	Type of Risk	Responsibility	Inherent Risk	First Line of Defence:		Residual Risk	Risk Status	Second Line of Defence:		Third Line of Defence:	
					Assurance	Rationale			Assurance	Rationale	Assurance	Rationale
Effectively Tackle ASB	Levels of ASB do not reduce	ACC	Medium	Substantial	ASB Strategy District and Sector briefings MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Low	↓	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Repeat victims of ASB do not decrease	ACC	Very High	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Low	↓	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Failure to improve satisfaction with the service provided to victims of ASB	ACC	Medium	Substantial	Victim satisfaction surveys MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Medium	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar	
Understand and Reduce Cyber Crime	Levels of cyber crime do not reduce	ACC	High	Substantial	Cyber Crime Plan MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Very High	↑	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Resolved/detected crime rates for recorded cyber crime are not increased	ACC	High	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Very High	↑	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Failure to improve satisfaction with the service provided to victims of cyber crime	ACC	High	Substantial	MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Very High	↑	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar	
Effectively Tackle Serious and Organised Crime	Levels of serious and organised crime do not reduce	ACC	High	Substantial	MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	High	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Resolved/detected crime rates for recorded serious and organised crime are not increased	ACC	High	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	High	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Failure to improve satisfaction with the service provided to victims of serious and organised crime	ACC	High	Substantial	MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	High	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar	
Respond To and Manage Current and Emerging Security Threats	Increased risk of security threats	ACC	High	Substantial	MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Medium	↓	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar	
	Failure to work effectively with partners to identify and respond to security threats	ACC	High	Substantial	MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Medium	↓	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar	
Reduce Violence	Levels of violence do not reduce	ACC	Very High	Substantial	Violent Crime Strategy District and Sector briefings MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Very High	→	Substantial	ACC led Gold group formed to oversee violence. Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Resolved/detected crime rates for recorded violent crime are not increased	ACC	Very High	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Medium	↓	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Failure to improve satisfaction with the service provided to victims of violent crime	ACC	Medium	Substantial	Victim satisfaction surveys MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Very High	↑	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar	
Protect Vulnerable People	Levels of offending against vulnerable people do not reduce	ACC	Very High	Substantial	Protecting Vulnerable People Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Very High	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group.	Adequate	HMIC PEEL Effectiveness Pillar HMIC inspection of Child Protection undertaken in January and October 2013. HMIC inspection of Child Sexual Exploitation undertaken in September 2013.	
	Resolved/detected crime rates for offending against vulnerable people are not increased	ACC	Medium	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Very High	↑	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group.	Adequate	HMIC PEEL Effectiveness Pillar HMIC inspection of Child Protection undertaken in January and October 2013. HMIC inspection of Child Sexual Exploitation undertaken in September 2013.	
	Failure to improve satisfaction with the service provided to victims of crime against vulnerable people.	ACC	Medium	Substantial	Protecting Vulnerable People Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board Effectiveness of partnership working managed through Local Safeguarding Children's Board (LSCBN), Safeguarding of Vulnerable Adults (SOVA), Health & Well-being Board (HWB), Children and Young People's Partnership Board (CYPPB)	Very High	↑	Substantial	Oversight of Force performance managed via Strategic Tasking and Co-Ordination Group. Oversight of partnership managed by NCC Chief Executives Forum	Adequate	HMIC PEEL Effectiveness Pillar HMIC inspection of Child Protection undertaken in January and October 2013. HMIC inspection of Child Sexual Exploitation undertaken in September 2013.	
Reduce Acquisitive Crime	Levels of acquisitive crime do not reduce	ACC	Low	Substantial	Serious Acquisitive Crime Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Medium	↑	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group.	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Resolved/detected crime rates for recorded acquisitive crime are not increased	ACC	Medium	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Medium	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group.	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	
	Failure to improve satisfaction with the service provided to victims of acquisitive crime	ACC	Medium	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Medium	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group.	Limited	HMIC PEEL Effectiveness Pillar	
	Levels of drug offences do not reduce	ACC	High	Substantial	MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	High	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015	

ome	Objective	Type of Risk	Responsibility	Inherent Risk	First Line of Defence:		Residual Risk	Risk Status	Second Line of Defence:		Third Line of Defence:	
					Assurance	Rationale			Assurance	Rationale	Assurance	Rationale
	Reduce the Supply and Impact of Controlled Drugs	Resolved/detected crime rates for recorded drug offences are not increased	ACC	High	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	High	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015
		Failure to improve satisfaction with the service provided to victims of violent crime	ACC	High	Substantial	MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	High	→	Substantial	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar
	Reduce Overall Crime	Levels of overall crime in Northamptonshire do not reduce	ACC	High	Substantial	All Crime Reduction Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	Medium	↓	Adequate	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015
		Failure to robustly and effectively tackle identified criminal offenders within the County	ACC	High	Substantial	All Crime Reduction Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	High	↑	Adequate	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar
	Increase Resolved Rate	Levels of resolution do not increase	ACC	Medium	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	High	↑	Adequate	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015
		Failure to deliver an effective restorative justice framework	ACC	Medium	Substantial	Crime Resolution Strategy MI provided through the Performance Hub Operational performance is managed through the monthly Performance and Operational Delivery Board	High	↑	Adequate	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar
	Making Roads Safer	Numbers of injured and killed in road accidents do not reduce.	ACC	Low	Adequate	Operational performance is managed through the monthly Performance and Operational Delivery Board	Low	→	Adequate	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar HMIC inspection of Crime Data Integrity undertaken in November 2015
		Failure to reduce speeding, especially in rural areas.	ACC	Low	Adequate	Operational performance is managed through the monthly Performance and Operational Delivery Board	Low	→	Adequate	Oversight of performance managed via Strategic Tasking and Co-Ordination Group. Accountability Board	Limited	HMIC PEEL Effectiveness Pillar

ome	Objective	Type of Risk	Responsibility	Inherent Risk	First Line of Defence:		Residual Risk	Risk Status	Second Line of Defence:		Third Line of Defence:	
					Assurance	Rationale			Assurance	Rationale	Assurance	Rationale
	Business Transformation	Transformation Programme fails to deliver the changes required to implement the Police and Crime Plan and achieve the savings required to reduce the budget deficit.	DCC	Low	Adequate	Management of the Transformation Programme is overseen by the Transformation Board	Medium	↑	Adequate	Oversight of the Transformation Programme is provided by the Strategic Tasking and Co-ordination Group	Adequate	HMIC PEEL Efficiency Pillar Internal audits of Collaboration arrangements undertaken in September 2013. Internal audit of Change Management Programme undertaken in February 2014 Internal audit of Deliver of the Police and Crime Plan undertaken in January 2014 Internal audit of Governance of Resource Functions scheduled for 2015/16
	Financial management	Failure to manage finances within budget	DCC	Very High	Substantial	Delivery of programme objectives is managed via the Organisational Development Board Oversight of Force budget is provided by the Organisational & Strategic Workforce Planning Board	Very High	→	Adequate	Oversight of the Transformation Programme and the Organisational Development Board is provided by the Transformation Board	Substantial	HMIC PEEL Efficiency Pillar Internal audits of Key Financial Controls undertaken annually.
	Estates management	Insufficient / unsuitable buildings / premises	DCC	Very High	Substantial	Estates Strategy Delivery of programme objectives is managed via the Transformation Board	Very High	→	Adequate	Oversight of the Transformation Programme and the Organisational Development Board is provided by the Transformation Board	Adequate	HMIC PEEL Efficiency Pillar Internal audit of Estates Strategy & Management undertaken in August 2014. Internal audit of the Estates Management Strategy undertaken in September 2012
	Vehicle fleet management	Insufficient / unsuitable vehicle fleet	DCC	Low	Substantial	Police and Fire Integration Programme	Low	→	Adequate	Oversight of the Police and Fire Intraigation Programme is provided by the Transformation Board	Limited	HMIC PEEL Efficiency Pillar Internal audit of vehicle fleet management scheduled for 2017/18
	Workforce planning	Inadequate plans in place to support Force objectives	DCC	Medium	Substantial	Workforce and leadership issues are managed by the Workforce, Leadership and Organisational Management Meeting	Medium	→	Adequate	Management of the Force's resources is overseen by the Organisational Development Board.	Adequate	HMIC PEEL Efficiency Pillar Internal audit of Demand Management undertaken in September 2011. Internal audit of Workforce and Succession Planning undertaken in January 2015
	Workforce management	Significant increase in sickness absence	DCC	Medium	Substantial	Workforce and leadership issues are managed by the Workforce, Leadership and Organisational Management Meeting	Medium	→	Adequate	Management of the Force's resources is overseen by the Organisational Development & Strategic Workforce Planning Board.	Limited	HMIC PEEL Efficiency Pillar No independent assurance within last 5 years Internal audits of HR processes scheduled for 2016-2019
	Training and Development	Loss of skills / resilience	DCC	Low	Substantial	Workforce and leadership issues are managed by the Workforce, Leadership and Organisational Management Meeting	Medium	↑	Adequate	Management of the Force's resources is overseen by the Organisational Development Board.	Adequate	HMIC PEEL Efficiency Pillar No independent assurance within last 5 years Internal audit of Demand Management undertaken in September 2011. Internal audit of Workforce and Succession Planning undertaken in January 2015
	Health and Safety	Harm suffered by employees and others affected by the Force's activities	DCC	Low	Substantial	Compliance with Health and Safety Regulations is the responsibility of departmental managers overseen by the Facilities Manager (Compliance)	Low	→	Adequate	Oversight of Health & Safety is provided by the Health & Safety Committee.	Limited	HMIC PEEL Legitimacy Pillar Internal audit of Health & Safety scheduled for 2017/18
	Police Visibility	Reputation damage from significant loss of public confidence	ACC	Low	Limited	Police & Crime Plan Dashboard Police visibility is managed through the monthly Performance and Operational Delivery Board	Low	→	Adequate	Oversight of police visibility is provided by the Strategic Tasking and Co-Ordination Group.	Adequate	HMIC PEEL Efficiency Pillar HMIC inspection of Making Best Use Of Police Time was undertaken in March 2014
	Public Confidence	Reputation damage from significant loss of public confidence	ACC	Medium	Substantial	Research undertaken by Northampton University Public confidence is managed through the monthly Performance and Operational Delivery Board	Medium	→	Adequate	Oversight of public confidence is provided by the Strategic Tasking and Co-Ordination Group.	Limited	HMIC PEEL Legitimacy Pillar Internal audit of the Social Impact / Value of the Police and Crime Plan scheduled for September 2015
	Community Engagement	Reputation damage from significant loss of public confidence	ACC	Low	Substantial	District and Sector briefings Dedicated engagement officers Social Media responses	Low	→	Adequate	Oversight of community engagement is provided by the Strategic Tasking and Co-Ordination Group.	Adequate	HMIC PEEL Legitimacy Pillar Independent Advisory Groups
	Victim & witness satisfaction	Reputation damage / complaints from significant reduction in quality of service to victims of crime	ACC	Medium	Substantial	Victim satisfaction surveys MI provided through the Performance Hub	Medium	→	Adequate	Oversight of victim satisfaction is provided by a victim satisfaction group chaired by the force.	Limited	HMIC PEEL Legitimacy Pillar
	Information security	Reputation damage / threat to public safety from loss of information / security breach	DCC	Low	Substantial	Compliance with Information Security policy is managed by departmental managers overseen by the Force Information Security Officer. Information Security audits are undertaken to identify any areas of non-compliance.	Low	→	Substantial	Oversight of Information Security is provided by the Information Assurance Board	Substantial	HMIC PEEL Legitimacy Pillar Internal audit of Data Security undertaken in March 2014. The National Dashboard rates Northants as 'green' for every category of Information Assurance. Internal audit of IT Health Check scheduled for March 2016
	Business continuity	Inability to maintain critical services	DCC	Medium	Adequate	Departmental Heads are responsible for ensuring each department has an up to date Business Continuity Plan with oversight provided by the Force Risk and Business Continuity Advisor	Medium	→	None	There are no formal arrangements for oversight of Business Continuity management.	Adequate	HMIC PEEL Efficiency Pillar Internal audit of Force Business Continuity undertaken in December 2013. Internal audit of FCR Business Continuity scheduled for 2014/15 (date to be confirmed)
	Compliance with legislation / regulations / codes of practice	Failure to comply with legislation / regulation	DCC	Medium	Limited	Departmental heads are responsible for ensuring their departments comply with all relevant regulations.	Very High	↑			Limited	HMIC PEEL Legitimacy Pillar
	Discipline and standards	Reputation damage from instances of serious misconduct / corruption	DCC	Low	Substantial	Governance of discipline and standards is overseen by Professional Standards Department	Low	→	Adequate	Oversight of Professional Standards is provided by the Professional Standards Board	Adequate	HMIC PEEL Legitimacy Pillar HMIC inspection Police Integrity and Corruption undertaken July 2014. Awaiting final report

**OPCC
Assurance Map**

Risk	Assurances			Level	Score
	First level	Second level	Third level		
1 PCCS are 'going concerns'	Staff supervisions and feedback	Chief Executive briefings	Government policy	Strong	5
2 Government agenda understood etc.	Staff supervisions and feedback	Chief Executive briefings	Government policy	Adequate	12
3 Appropriateness of the priorities	Engagement feedback	Performance reports Delivery Unit reports Police and Crime Plan	National intelligence	Strong	12
4 Confidence in delivery	Performance reports Staff performance management	Staff management Performance reports Delivery Unit reports	Non-executive Director reports Internal Audit	Strong	12
5 Understanding of roles etc.	Staff performance management	Staff performance management	Internal Audit	Adequate	12
6 Legal and governance compliance	Staff performance management	Staff management Corporate policies Statutory Officers' oversight	Internal Audit Annual report Police and Crime Panel scrutiny External reviews	Adequate	8
7 Stable Budget and MTFP	Budget holder oversight	CFO reports to Commissioner and Panel	Internal Audit Regulator reports	Adequate	12
8 Confidence in OPCC	Staff performance management	Oversight by Chief Executive	Stakeholder feedback Regulator reports	Adequate	9
9 Hearts and Minds	Staff performance management	Oversight by Chief Executive	Stakeholder feedback Regulator reports	Adequate	9

At 20th November 2015

OFFICE OF THE POLICE AND CRIME COMMISSIONER

CORPORATE RISK REGISTER
At 20th November 2015

	Risk	Current	Previous	Direction	Assurance
1	PCCs are 'going concerns'	5		No change	Strong
2	Government agenda understood etc.	12		No change	Adequate
3	Appropriateness of the OPCC priorities	12		No change	Strong
4	Confidence in delivery of priorities	12		No change	Strong
5	Understanding of roles and responsibilities	12		No change	Adequate
6	Legal and governance requirements met	8		No change	Adequate
7	Stable and sustainable budget and MTFP	12		No change	Adequate
8	Confidence in OPCC	9		No change	Adequate
9	Hearts and Minds	9		No change	Adequate

NOTE

Changes to text in the Risk Register, below, compared to the previous version, are highlighted in RED; (other than changes in Risk score, RAG and Risk Direction)

RISKS ARISING FROM ASSUMPTIONS

RISK 1	Police Commissions are ‘going-concerns’								
Risk Owner	Chief Executive								
Risk Indicators	<ul style="list-style-type: none"> a. Government announcements b. Informed commentators suggest changes in prospect 								
Controls	PCC ‘intelligence’ through networks such as Chief Executives’ association, Home Office contacts etc.								
Assurances / Source / Line	<p>Staff supervisions and feedback / 1st</p> <p>Briefings to PCC from Chief Executive / 2nd</p> <p>Government policy / 3rd</p>								
Assurance level	Strong								
Risk Score	<table border="0"> <tr> <td>Probability</td> <td>Impact</td> <td>Risk Score</td> <td>Previous</td> </tr> <tr> <td>1</td> <td>5</td> <td>5</td> <td>5</td> </tr> </table>	Probability	Impact	Risk Score	Previous	1	5	5	5
Probability	Impact	Risk Score	Previous						
1	5	5	5						
RAG level									
Risk Direction	No change								
Actions / Owner / Timescale	Monitor Government intentions / CE / ongoing								
Comments	Outcome of the General Election suggests PCCs will continue for at least another term. Duties and powers may be expanded. Consultation on Police – Fire imminent.								
Contingency plan	Re-shape the Commission if appropriate when potential likely alternative models emerge								

RISK 2	Government agenda understood and stable								
Risk Owner	Chief Executive								
Risk Indicators	Indications of significant policy shift								
Controls	PCC ‘intelligence’ through networks such as Chief Executives’ association, Home Office contacts etc.								
Assurances / Source / Line	Staff supervisions and feedback / 1 st Regular briefings to Commissioner by Chief Executive / 2 nd Government policy / 3 rd								
Assurance level	Adequate								
Risk Score	<table border="0"> <tr> <td>Probability</td> <td>Impact</td> <td>Risk Score</td> <td>Previous</td> </tr> <tr> <td>3</td> <td>4</td> <td>12</td> <td>12</td> </tr> </table>	Probability	Impact	Risk Score	Previous	3	4	12	12
Probability	Impact	Risk Score	Previous						
3	4	12	12						
RAG level									
Risk Direction	No change								
Actions / Owner / Timescale	Closely monitor government intentions and revise plans as necessary at earliest opportunity / CE / ongoing								
Comments	Government intentions re scope of duties and powers of PCCs are somewhat uncertain following the Election – but there is likely to be some expansion of powers and duties, the implications of which at the current time are not clear or fully understood. These implications represent opportunities rather than risks. Awaiting government announcements in response to consultation.								
Contingency plan	Re-shape priorities appropriately								

RISK 3**Continuing appropriateness of the OPCC priorities**

Risk Owner

Chief Executive

Risk Indicators

Insight from public engagement indicates new demands or incompatibility with current priorities

Significant policy shift by government

Adverse media and / or stakeholder feedback

Any change in relevant local policy drivers

Changes in current performance

Controls

Public engagement and insight therefrom

PCC 'intelligence' is broadly based

Strategic planning processes

Performance management arrangements

Assurances / Source / Line

Latest engagement feedback reports / 1stPerformance reports; Delivery Unit / 2ndRefresh of Police and Crime Plan / Chief Executive / 2ndLatest national policy intelligence / 3rd

Assurance level

Strong

Risk Score

Probability	Impact	Risk Score	Previous
4	3	12	12

RAG level

Risk Direction

No change

Actions / Owner / Timescale

Closely monitor government intentions and revise plans as necessary at earliest opportunity, taking advantage of opportunities presented by government policy / CE / ongoing

Comments

As for Risk 2.

Contingency plan

Re-shape priorities appropriately

RISKS ARISING FROM CAPABILITY

RISK 4 **We are confident that the OPCC priorities will be delivered, on time.**

Risk Owner Chief Executive

Risk Indicators Lack of plans

Concerns over adequacy of plans

Slippage in achieving milestones

Controls Performance management arrangements

Change management governance arrangements

Assurances / Source / Line Performance reports – staff performance management / 1st and 2nd

Service delivery performance / 2nd

Delivery Unit reports and Joint OPCC – Force senior manager group / 2nd

Aspire Board and Programme Boards / 2nd

External reports by non-Executive Directors / 3rd

Internal Audit / 3rd

Assurance outcome / level **Strong**

Risk Score	Probability	Impact	Risk Score	Previous
	3	4	12	12

RAG level

Risk Direction

No Change

Actions / Owner / Timescale
Comments

No new specific actions

The new Accountability and Transformation Boards are operational. Internal audit is about to undertake activity focussed on governance of change programmes.

Contingency plan

Strengthen leadership of programmes

Secure necessary capability

RISK 5	Roles and responsibilities of staff, and their priorities, are fully understood across the Commission			
Risk Owner	Chief Executive			
Risk Indicators	Informal feedback from staff Lack of or ambiguity on staff priorities Falling short of targets Evidence of overloading staff			
Controls	Supervision arrangements Staff Performance management arrangements Informal staff engagement by senior management			
Assurances / Source / Line	Supervision and staff appraisal reports / 1 st & 2 nd Anecdotal feedback to senior management / 2 nd Portfolio framework of staff responsibilities / 2 nd Internal Audit / 3 rd			
Assurance outcome / level	Adequate			
Risk Score	Probability	Impact	Risk Score	Previous
	3	4	12	12
RAG level				
Risk Direction	No change			
Actions / Owner / Timescale	Strengthen clarity of purpose and objectives of OPCC staff / CE / January 2016			
Comments	A draft People Strategy has been developed. The new acting Chief Executive has reviewed senior management arrangements and currently revised objectives for all staff are being developed and agreed. This will lead to higher levels of assurance in the next quarter.			
Contingency plan	Ad hoc senior management interventions			

RISK 6**The OPCC meets all legal and proper governance requirements**

Risk Owner

Chief Executive

Risk Indicators
ControlsStakeholder feedback
Supervision arrangements

Staff Performance management arrangements

Informal staff engagement by senior management

Assurances / Source / Line

Staff supervision and appraisal / 1stCorporate policies / Statutory officers oversight / 2ndAnnual Governance Statement / 2ndInternal Audit Annual Report / 3rdPolice and Crime Panel scrutiny & feedback / 3rdExternal independent review / 3rd

Assurance outcome / level

Adequate

Risk Score

Probability	Impact	Risk Score	Previous
2	4	8	8

RAG level

Risk Direction

No change

Actions / Owner / Timescale

A People Strategy for the OPCC is in development / CE & Director RGT / **December 2015. Draft prepared**

The Scheme of Governance will be reviewed in line with best practice / Director RGT / **December 2015. Interim report to Audit Committee December 2015. Procurement arrangements reviewed and strengthened**

Comments

Contingency plan

Secure expert advice as and when necessary

Rectify breaches as quickly as reasonably possible

RISK 7**Stable and sustainable deliverable OPCC Budget and MTFP**

Risk Owner

Director for Resources, Governance and Transformation

Risk Indicators

Government announcements indicating material changes

Forecast deficits

Use of one off financing to balance budgets

Controls

Budget monitoring processes

Budget and Financial Planning processes

Broadly- based 'intelligence'

Assurances / Source / Line

Managerial budget monitoring / 1stProfessional networks / 3rdInternal audit and Inspectorate reports / 3rdProgress reports to Commissioner / 2ndExternal independent review / 3rd

Assurance outcome / level

Adequate

Risk Score

Probability	Impact	Risk Score	Previous
3	4	12	12

RAG level

Risk Direction

No change

Actions / Owner / Timescale

Keep implementation of MTFP and Budget under close review and review spending plans for later years; **Business planning workshops and top level meetings with Force underway / Director RGT / December 2015**

Comments

Spending Review expected December 2015 and potential changes in grant distribution formula for 2017-18, following postponement by government.

RISK 8	The public have high and widespread confidence in the OPCC			
Risk Owner	CE Director for Operations and Delivery			
Risk Indicators	Feedback – adverse and favourable State of national debate and context re PCCs			
Controls	OPCC Communication Strategy and Plans			
Assurances / Source / Line	Management Information and review meetings / 1 st Oversight by Chief Executive / 2 nd Regulator reports / 3 rd			
Assurance outcome / level	Adequate			
Risk Score	Probability 3	Impact 3	Risk Score 9	Previous 9
RAG level				
Risk Direction	No change			
Actions / Owner / Timescale	Public Involvement Strategy in preparation / D for O&D / draft by end of 2015.			
Comments				
Contingency plan	Flexible and rapid response to ‘events’			

RISK 9	The OPCC has won the ‘hearts and minds’ across the Force and Commission staff			
Risk Owner	CE			
Risk Indicators	Feedback – adverse and favourable			
	State of national debate and context re PCCs			
	Failure to deliver objectives on time, or to budget			
Controls	OPCC Communication Strategy and Plans			
	Staff management and briefings			
	Aspire Board and associated relationships OPCC – Force			
Assurances / Source / Line	Management Information and review meetings / 1 st			
	Oversight by Chief Executive / 2 nd			
	Aspire Board reports / 2 nd			
	Regulator reports / 3 rd			
Assurance outcome / level	Adequate			
Risk Score	Probability 3	Impact 3	Risk Score 9	Previous 9
RAG level				
Risk Direction	No change			
Actions / Owner / Timescale	See risk 5 actions			
	Joint work with Force on strengthening Change programme management / CE / ongoing			
Comments				
Contingency plan	Flexible and rapid response to ‘events’			

Appendix 1

	Risk	Dec 2014	Mar 2015	Jun 2015	Sept 2015	Direction
1	PCCs are 'going concerns'	10	10	5	5	Lower
2	Government agenda understood etc.	4	4	12	12	Higher
3	Appropriateness of the OPCC priorities	4	4	12	12	Higher
4	Confidence in delivery of priorities	16	12	12	12	Lower
5	Understanding of roles and responsibilities	16	12	12	12	Lower
6	Legal and governance requirements met	8	8	8	8	No change
7	Stable and sustainable budget and MTFP	15	12	12	12	Lower
8	CC serves full term	4	4	4	N/A	N/A
10	Confidence in OPCC	9	9	9	9	No Change
11	Hearts and Minds	9	9	9	9	No Change

Assurance Level

	Risk	Mar 2015	Jun 2015	Sept 2015	Direction
1	PCCs are 'going concerns'	Adequate	Strong	Strong	Strengthening
2	Government agenda understood etc.	Adequate	Adequate	Adequate	No Change
3	Appropriateness of the OPCC priorities	Strong	Strong	Strong	No Change
4	Confidence in delivery of priorities	Strong	Strong	Strong	No Change
5	Understanding of roles and responsibilities	Adequate	Adequate	Adequate	No Change
6	Legal and governance requirements met	Adequate	Adequate	Adequate	No Change
7	Stable and sustainable budget and MTFP	Adequate	Adequate	Adequate	No Change
8	CC serves full term	Strong	Strong	N/A	No Change
10	Confidence in OPCC	Adequate	Adequate	Adequate	No Change
11	Hearts and Minds	Adequate	Adequate	Adequate	No Change

OFFICE OF THE POLICE AND CRIME COMMISSIONER

CORPORATE RISK REGISTER

DATE

RISKS ARISING FROM ASSUMPTIONS

RISK 1				
Risk Owner				
Risk Indicators				
Controls				
Assurances and Source				
Risk Score	Probability	Impact	Risk Score	Previous
RAG level				
Risk Direction				
Actions / Owner / Timescale				
Comments				
Contingency plan				

RISKS ARISING FROM CAPABILITY

RISK 1				
Risk Owner				
Risk Indicators				
Controls				
Assurances and Source				
Risk Score	Probability	Impact	Risk Score	Previous
RAG level				
Risk Direction				
Actions / Owner / Timescale				
Comments				
Contingency plan				

END

The Police and Crime Commissioner for Northamptonshire

RISK MANAGEMENT POLICY

1 Purpose

- 1.1 The Risk Management Policy forms a part of the Commission's corporate governance and internal control arrangements.
- 1.2 The Policy sets out the Commission's approach to Risk Management, the roles and responsibilities of the Commissioner and senior staff and others. It also outlines key aspects of the risk management process, and the key reporting features.
- 1.3 The Policy also describes the process the Commissioner will use to evaluate the effectiveness of Risk Management.

2 The Commissioner's underlying approach to Risk Management

- 2.1 Risks are threats to the success and the achievement of the objectives of the Police Commissioner.
- 2.2 Risk Management is a structured systematic approach to managing risks which also identifies and thus encourages the exploitation of opportunities to achieve success more quickly, more efficiently and comprehensively.
- 2.3 The Police and Crime Plan sets out the Commissioner's programme and highest priority objectives.
- 2.4 It is therefore essential the Commissioner is assured that the Police and Crime Plan will be delivered.
- 2.5 Risk Management is a key part of providing that assurance.

- 2.6 The Commissioner approves the Risk Management policy, taking advice from the Chief Executive, the Director for Resources, Governance and Transformation and the Audit Committee.

The articulation of risks to be included in the Corporate Risk Register will be informed by the 'Risk Culture' of the Commission which in turn informs the 'Risk Appetite', together with the annual review of Risk Management as set out at section 7 of this policy

Risk Culture and Risk Appetite

- 2.7 In broad terms an organisation might have an approach to risk that could be characterised along a spectrum from 'risk averse' to 'Innovative'
- 2.8 Potential high level descriptors of five levels on such a spectrum might be:

1 **Risk averse**

Avoids risk and uncertainty as a key organisational objective

2 **Minimalist**

Prefers ultra- safe delivery options that have low degree of risk and only have potential for limited benefit

3 **Cautious**

Prefers safe delivery options, low risk and may have limited benefit

4 **Open**

Willing to consider all potential delivery options; likely to choose the one that is most likely to result in successful delivery whilst also providing acceptable levels of benefit

5 **Innovative**

Eager to be innovative and willing to accept a higher degree of risk to achieve greater business benefit.

- 2.9 The Commission as demonstrated by the Police and Crime Plan has a Risk Appetite of 'Open' to 'Innovative'. In turn that requires a commensurate strength of overall corporate governance and leadership / management
- 2.10 The two key features of the Commissioner's Risk Management framework are therefore, firstly, a clear understanding and regular rigorous review of the assumptions on which the Police and Crime Plan is predicated.
- 2.11 The second key feature is the assessment and review of the capabilities that are in place across the Office of the Commissioner, the Force and other partners and suppliers to deliver the Police and Crime Plan.
- 2.12 The Director for Resources, Governance and Transformation is the lead adviser and custodian of the Risk Management Policy.
- 2.13 The Management Team of the Commission support and implement the Risk Management Policy approved by the Commissioner.
- 2.15 Risk indicators are identified and closely monitored. These are key data and intelligence which indicate whether a risk may crystallise and become an issue for management attention and action;

3 Roles and Responsibilities

The Commissioner

- 3.1 The Commissioner as noted above has the overall responsibility for overseeing risk management.
- 3.2 The Commissioner:
- Sets the tone and influences the risk management culture across the Commission
 - Determines the level of exposure to risk [the 'risk appetite'] for the Commission
 - Considers regular reports on the management of risks
 - Reviews annually the Commission's policy

The Chief Executive

- 3.3 The Chief Executive is the Head of the Paid Service of the Commission and as such has overall responsibility for managerial advice to the Commissioner.

The Director for Resources, Governance and Transformation

- 3.4 The Director is the lead adviser and custodian of the Risk Management Policy.

- 3.5 The Director:

- Advises the Commissioner on the Risk Management Policy
- Compiles and owns the Strategic Risk Register
- Reports the latest Risk Register to the each ordinary meeting of the Audit Committee
- Reviews Risk Owners' scoring of risks and if necessary challenges those scores and the effectiveness of controls
- Undertakes the annual review of this policy and makes recommendations for change based on an evaluation of its effectiveness
- Ensures the Commissioner takes proper and timely decisions regarding the Risk Management Policy
- Ensures the approved Policy and associated managerial procedures are effectively promulgated across the Commission
- Develops and maintains a training programme through which Commission staff are properly trained and supported to undertake their responsibilities as required by the approved Risk Management Policy.

The Management Team

- 3.6 The Management Team comprises the Chief Executive, Assistant Chief Executive, the Director for Resources, Governance and Transformation and the Director for Operations and Delivery. These managers of the Commission will own specific risks identified in the Strategic Risk Register.

- 3.7 Owners of risks are responsible for:

- Identifying and monitoring risk indicators
- Reviewing and ensuring the implementation of effective controls to manage the risk
- Scoring the risks in accordance with the agreed methodology
- Complying with reporting requirements as set out in this policy
- Ensuring their staff are properly trained and have access to the approved training opportunities

- Actively engaging with and complying with the requirements of the Annual Review of Risk Management led by the Director for Resources, Governance and Transformation.

The Audit Committee

- 3.8 The Audit Committee provides independent assurance to the Commissioner on the adequacy of the corporate governance and risk management arrangements that are in place and the associated control environment, advising according to good governance principles and proper practices.
- 3.9 The Committee receives a report on the latest Risk Register from the Director for Resources, Governance and Transformation on the management of risk at each of its ordinary meetings and makes recommendations as it sees fit. It also considers an annual report on Risk Management and makes recommendations to the Commissioner on the effectiveness of the policy and management of risk.
- 3.10 The Committee in considering those reports will determine the assurance it can give to the Commissioner on the adequacy of risk management arrangements.

4 The OPCC Corporate Risk Register

- 4.1 The Corporate Risk Register [Appendix 1] comprises the following elements:
- The Risks [arising either from assumptions or capability]
 - Risk Owners.
 - Risk Owners are normally members of the Management Team.
 - Risk Indicators – these are key data and intelligence that the Commission closely monitors which might indicate that a risk may crystallise and become an issue for management attention and action;
 - Controls – those processes and arrangements in place to mitigate the risk score to acceptable levels;

- Assurances and Source – assurances are the products of the control arrangements provide evidence to engender confidence that risks are being controlled to acceptable levels
- Assurance Outcome and level of Assurance – the current state of assurance from the specific control. Taken together the assurances from each control relevant to each risk will inform the overall risk score on the Register.
- The Residual Risk Score [R] expressed within a range **1 to 25**:
 - The risk level is calculated as the product of probability of the risk crystallising [**P**] and the consequential Impact [**I**]; each ranging between 1 and 5.
 - The highest possible risk level is therefore 25; the lowest is 1
 - Risks scored at **1 to 6 are GREEN** – indicating no further action is warranted currently;
 - Risks scored at **7 to 14 are AMBER** – indicating management may wish to review current assumptions, governance and capability and take action as necessary;
 - Risks scored at **15 to 25 are RED** – indicating significant and senior management action is urgently required to reduce the risk of non delivery of the relevant objective.
- Risk Direction of Travel – setting out the change if any in the overall risk score compared to the previous Register.
- Risk Actions, Owner and Timescale
- Contingency – briefly sets out actions that would be taken by management should the risk crystallise.
- Comments – a brief summary of relevant current context and the current view and expectations of how the risk might change over the course of the year.

5 Managerial Reporting Requirements

- 5.1 Risk Owners will review and report on the risks for which they are responsible as follows.
- 5.2 RED risks will be formally reviewed monthly.
- 5.3 AMBER and GREEN risks will be formally reviewed quarterly.
- 5.4 Risk Owners will provide a formal report on the outcomes of those reviews to the Director for Resources, Governance and Transformation in a format proscribed by the Director [Appendix 2].

6 Embedding Risk Management throughout the Commission

- 6.1 As noted at paragraph 3.4, the Director for Resources, Governance and Transformation is responsible for developing, maintaining and implementing a programme through this policy and the principles of risk management are disseminated to all Commission staff are they are properly trained and supported to undertake their responsibilities as required by the approved Risk Management Policy.
- 6.2 The programme will enable staff to identify and manage risks associated with the objectives they are responsible for delivering. Accordingly, thematic and material risks and controls can be identified and appropriately escalated through the managerial hierarchy, informing the reports to the Audit Committee.

7 Annual Effectiveness Review

- 7.1 The Commissioner is responsible for reviewing the effectiveness of the overall Corporate Governance Framework on an annual basis, including the effectiveness of Risk Management.
- 7.2 As part of that overall review the Director for Resources, Governance and Transformation will prepare a report for the Commissioner on the effectiveness of Risk Management. That report will encompass:
 - A review of the previous year and the track record of managing risk;
 - A consideration of the risk profile for the coming year and the adequacy of existing control arrangements
 - Recommendations for change as necessary to the Risk Management policy.
- 7.3 A similar report will be presented to the Audit Committee.

END

OFFICE OF THE POLICE AND CRIME COMMISSIONER

MANAGERIAL REVIEW OF THE CORPORATE RISK REGISTER

Monthly Review / Quarterly Review [delete as appropriate]

Review undertaken by: [MT member]

Date mm/ yyyy

This form should be completed by all members of the Management Team in respect of the risks for which they are the Risk Owner.

The completed form should be returned to the Director for Resources, Governance and Transformation by the date he specifies.

RED risks should be reviewed monthly; AMBER and GREEN risks monthly

For Risks included in the current Corporate Risk Register – complete the Table, below.

RISK 1	Changes proposed [state NONE where relevant]			
Risk Owner				
Risk Indicators				
Controls				
Assurances and Source				
Risk Score	Probability	Impact	Risk score	Previous
RAG level				
Risk Direction				
Actions / Owner / Timescale				
Comments				
Contingency plan				

For new Risks you are proposing to be included in the Corporate Risk Register – please create a Table(s) similar to the above.

END

Northamptonshire Police & Crime Commission

Joint Independent Audit Committee

2nd December 2015

ANNUAL REVIEW OF THE OPCC RISK MANAGEMENT POLICY

Report from the Acting Chief Executive

1 RECOMMENDATION

- 1.1 The Committee is RECOMMENDED to review the draft revised Risk Management Policy for the OPCC and make recommendations to the Commissioner. He will take those into account prior to formally approving a revised Risk Management policy.

2 BACKGROUND

- 2.1 The Committee considered the OPCC Risk Management Policy in draft in December 2014. The Commissioner subsequently approved the policy.
- 2.2 The Commissioner is responsible for reviewing the effectiveness of the overall Corporate Governance Framework on an annual basis, including the effectiveness of Risk Management.
- 7.2 As signalled in the approved policy, this report sets out:
- A review of the previous year and the track record of managing risk;
 - A consideration of the risk profile for the coming year and the adequacy of existing control arrangements
 - Recommendations for change as necessary to the Risk Management policy.

3 A REVIEW OF THE PREVIOUS YEAR

- 3.1 Internal audit issued a report on Risk Management in October 2015. Members are referred to items 12 and 13 on this agenda.
- 3.2 It suggested the OPCC should prepare an annual risk report. This is the first such report and is one input to the review of the adequacy of the policy.
- 3.3 The risk scores included in the OPCC Corporate Risk Register over the four quarters since December 2014 are set in **appendix1**.

- 3.4 Two risks are showing higher scores at the end of the period compared to the beginning. These increases arise from the increased uncertainty of government's intentions, particularly in relation to Police / Fire governance and collaboration; and to the local initiatives relating to the potential formation of a 'Strategic Alliance' with Nottinghamshire and Leicestershire. Both of these uncertainties impact on the OPCC priorities and funding decisions.
- 3.5 Three Assurance Maps have been reported to the Committee over the last year. The (at this stage subjective) view of the level of assurance on the adequacy of the controls on each risk are set out at **appendix 2**.
- 3.6 The levels of assurance are generally stable – 10 of the 11 show no change. It should be emphasised these judgements are largely subjective, but informed, professional views. This is an area of work in progress – for example the current work on Regional Collaboration arrangements will generate a range of more objective measures of assurance that potentially will inform the development of similar measures across the OPCC agenda.

4 RISK PROFILE FOR THE COMING YEAR

- 4.1 The starting point for an assessment of the OPCC Risk Profile for the next 12 months is the latest corporate risk register at agenda item 19.
- 4.2 The next 12 months are likely to see some material developments and changes. These include:
- A new Commissioner from early May 2016 for a four year term to 2020;
 - Decision points regarding a potential 'Strategic Alliance' comprising the Commissions and Forces of Northamptonshire, Leicestershire and Nottinghamshire; leading potentially to more collaborative arrangements;
 - The conclusions of the review of the adequacy of governance and control framework of existing regional collaborative arrangements
 - Continuing material reductions in the government funding of the police
 - Potential legislation regarding the oversight and management of closer working between the Police and Fire services
 - A number of key transformation programmes reaching key points of maturity and delivery
- 4.3 It is considered the current definitions the number of risks included in the corporate Risk Register continue to be appropriate.

5 ADEQUACY OF EXISTING CONTROL ARRANGEMENTS

5.1 The assurances on the controls of the key risks set out in the OPCC corporate Risk Register are summarised in the Assurance Map, and as noted above there is a range of activity underway to improve those assurances.

6 PROPOSED CHANGES TO THE POLICY

6.1 In their report of October 2015, internal Audit suggested the Risk Management Policy and/or Procedures for both the Force and OPCC should be reviewed / updated to include:

- A description of the risk culture;
- The level and nature of risk that is deemed acceptable (risk appetite).

6.2 The proposed revised Policy strategy at **appendix 3** includes a new section on these matters.

6.3 No other material changes are proposed.

John Neilson
Acting Chief Executive

Author:

John Neilson

Background papers:

None

END



AGENDA ITEM 19

Report to the Independent Audit Committee

2 December 2015

HMIC Update

RECOMMENDATION

The Committee is requested to note this report.

1 PURPOSE OF THE REPORT

- 1.1 This report offers a summary update on HMIC activity in the period since the Committee's meeting in September. This note also highlights inspectorate activity that is anticipated over the next several months.

2 HMIC SUMMARY UPDATE

Overview of Activity since June Audit Committee meeting

- 2.1 The **Police Efficiency, Effectiveness and Legitimacy (PEEL) 'Effectiveness and Legitimacy' inspection** of the force took place in October. The work sought to address the overarching question: "How effective is the force at keeping people safe and reducing crime?"
- 2.2 HMIC will subsequently produce an 'Effectiveness' report that will include a graded assessment of the constabulary's progress. This will inform the overall PEEL assessment of the force (outlined below at 2.6 onwards).
- 2.3 The **PEEL Efficiency** inspection report on the force was published in October. As part of the Inspectorate's developing approach to improve and rationalise its reporting, the text included a small number of broad 'Areas for Improvement' (AFIs) rather than a host of detailed recommendations:
- The force should undertake further work to gain a fuller understanding of current demand for its services, and likely future changes in demand. This is so it can make best use of its resources by matching them to demand to meet the needs of the public
 - The force should develop its understanding of the links between its outcomes, outputs and costs
 - The force should develop a future workforce plan that is aligned with its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.
- 2.4 Leadership and co-ordination of the force's response to these AFIs has been remitted to the Service Delivery Model team, which will report to the

Strategic Tasking and Co-ordination Group meeting (which also reviews progress against other HMIC Recommendations on an exception basis).

2.5 A number of thematic (i.e. general rather than force-specific) inspections have been published by HMIC over the last several months, these include:

- **Targeting the risk: an inspection of the efficiency and effectiveness of firearms licensing in police forces in England and Wales (Sept 2015)**

The report included numerous recommendations – local arrangements already satisfy the great majority of them; work is in progress to fulfil the remainder.

- **Witness for the prosecution: Identifying victim and witness vulnerability in criminal case files (November 2015)**

Northamptonshire Police was one of a number of forces subject to 'fieldwork' during the course of this thematic inspection. As a result, in addition to a national report, HMIC published a brief summary of the force's progress, which did not include any recommendations and indicated that local performance was in line with national trends.

Anticipated activity December – March

PEEL reports and overall assessment

2.6 Multiple draft PEEL reports will emerge for embargoed 'factual accuracy' checks during December prior to publication in February – these include:

PEEL Vulnerability PEEL Legitimacy PEEL Effectiveness

2.7 The full suite of PEEL reports will be aggregated to produce the PEEL assessment of the force that is also scheduled for release in February.

2.8 The February publication date is around 3 months later than the equivalent publication last year. This underlines the 'historicity' of the PEEL 2016 assessment, which will draw in part upon data from early 2014/15 and upon on inspections that predate PEEL 2016 by close to a year.

Other activity

2.9 HMIC's programme of work is wide-ranging. However, there continues to be a very limited horizon of visibility on exactly which inspection activities will engage individual constabularies, what the nature of these engagements will be and when they will occur.

2.10 This limits the accuracy/specificity of forecasts of the Inspectorate's activity in force. However, the HMIC 2015/16 programme indicates that topics such as child protection as well as joint work with other inspectorates may feature over the remainder of 2015/16 and beyond.

2.11 In addition, HMIC has recently indicated that forces will be subject to unannounced Crime Recording inspections, albeit relevant correspondence does not commit HMIC to complete this inspection round within 2015/16.

2.12 More generally, it may be relevant to reiterate that the Inspectorate has benefited from significant resource uplift. Its levels of activity, intrusion and demand have grown proportionately. For example, HMIC has established the 'Force Insights' programme which, among other things, requires forces to admit the Inspectorate to a range of internal meetings and to facilitate access to key staff. Locally, Multi Agency Risk Assessment Conference arrangements and Organised Crime Group meetings and leads have already been subject to 'Insight' visits.

3 Conclusion

3.1 The Committee is requested to note this report and in particular, the anticipated publication schedule for the PEEL assessment and supporting inspection reports.

SEAN BELL
Superintendent Corporate Services

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS
None

HUMAN RESOURCES IMPLICATIONS
None

RISK MANAGEMENT IMPLICATIONS
None

ENVIRONMENTAL IMPLICATIONS
None

Author: Corporate Services

Chief Officer Portfolio Holder: A. Frost, Deputy Chief Constable

Background Papers: None

AGENDA PLAN – PUBLIC AGENDA - NEXT FOUR MEETINGS

MARCH	JUNE	SEPTEMBER	DECEMBER
Apologies	Apologies	Apologies	Apologies
Declarations	Declarations	Declarations	Declarations
Minutes of previous meeting			
Matters arising action log			
Implementation of Audit recommendations			
Draft Internal Audit Plan	Internal Audit – Annual report		
Internal Audit – progress report			
External Audit – progress report			
AGS actions - progress			
Finance Dashboard	Finance Dashboard	Finance Dashboard	Finance Dashboard
Performance Dashboard	Performance Dashboard	Performance Dashboard	Performance Dashboard
Force Strategic Risk Register			
OPCC Strategic Risk Register			
MTFP and Budget update	JIAC Terms of Reference review		MTFP and Budget update
HMIC reviews – update			
Skills Audit	External Audit – Fee letter?		OPCC Risk Policy
Draft Treasury Management strategy	Treasury Management update and outturn report		Treasury Management update
People Strategy	Draft Governance Statements		
	Draft Statement of Accounts	Final accounts / AGS / ISA 260 etc.	Annual External Audit Letter
	Committee self- assessment		
	Committee Annual Report		
Items for escalation to the Commissioner and / or the Chief Constable	Items for escalation to the Commissioner and / or the Chief Constable	Items for escalation to the Commissioner and / or the Chief Constable	Items for escalation to the Commissioner and / or the Chief Constable
Agenda plan for the next four meetings			
Date venue and time of next meeting			
Resolution to exclude the public			

Bold = non Standing items

AGENDA PLAN – PRIVATE AGENDA

NEXT FOUR MEETINGS

MARCH	JUNE	SEPTEMBER	DECEMBER
			Annual report
HMIC reviews – update			

Private meeting with Auditors			
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Bold = non Standing items

To be programmed

Briefings on current issues

Counter fraud policy

**NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and
NORTHAMPTONSHIRE CONSTABULARY**

JOINT INDEPENDENT AUDIT COMMITTEE

MINUTES OF MEETING HELD ON

9TH September 2015

(EXEMPT Items)

PRESENT

Audit Committee Members

J Beckerleg (in the Chair)
T Knivett
G Scoular

Northamptonshire Police and Crime Commission

I Britton Chief Executive
J Neilson Director for Resources, Governance and Transformation
S Dainty Strategic Resources Officer and Deputy Chief Finance Officer

Northamptonshire Police

N Alexander Chief Accountant Corporate Services
R Baldwin Force Risk and Continuity Advisor
D Clark Strategic Exchequer and Corporate Accountant

Auditors

M Clarkson Mazar
B Welch Mazar
A Cardoza KPMG
S Lacey KPMG

23. MINUTES OF THE PRIVATE MEETING HELD ON 24th JUNE 2015

The Committee **approved** the minutes.

END

SUMMARY OF ACTION POINTS – 9th September 2015 (Exempt Items)

Minute Item	Item	Action	Officer