



COMMUNITY JUSTICE SECURITY



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

**JOINT INDEPENDENT AUDIT COMMITTEE
10 September 2018 at 10.00am to 13.00pm**

Greenwell Room, Wootton Hall, Northampton, NN4 0JQ

**If you should have any queries in respect of this agenda,
please contact Helen Jennings on 03000 111 222 Ext 346858**

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			Papers attached/to follow	Time
Public Meeting of the Joint Independent Audit Committee				
1	Welcome and Apologies for non- attendance	JB		10.00
2	Declarations of Interests	Members		
3	Meeting Log and Actions – 20 th July 2018	HK	Paper Received	10:05
4	Update on Fraud Processes	RS	Paper Received	10.15
5	Change Programme Update	RS	Paper Received	10:35
6	External Audit - Final ISA260	KPMG	Verbal	11:05
7	External Audit - Annual Audit Letter	KPMG	Verbal	
8	External Audit Update	EY	Verbal	
9	Internal Audit Progress Report	Mazars	Paper Received	11:15
10	Implementation of Internal Audit Recommendations	RB	Paper Received	11:25
11	OPCC Risk Register	PF	Paper Received	11:35
12	MTFP and Budget Process 2019/20			11:45
	a. Medium Term Financial Plan (MTFP)	VA	Paper Received	
	b. Budget Process 2019/20	VA	Paper Received	
13	Capital Programme 2018/19 Q1 and Strategy Update	HK	Paper Received	11:55
14	Update on MFSS Costs	HK	Paper Received	12:05
15	Agenda Plan	HK	Paper Received	12:45
16	AOB (Including member updates)	JB	Verbal	12:55
17	Date and venue of future JIAC meetings Wootton Hall, Northampton NN4 0JQ 10 December 2018 (10:00 to 13:00) 20 March 2019 (10:00 to 13:00) 26 July 2019 (10:00 to 13:00) 30 Sep 2019 (10:00 to 13:00) 11 Dec 2019 (10:00 to 13:00)			

18	<p>Date and venue of future JIAC workshops</p> <p>i) 20 September 2018 (14:00 to 16:00) Estates Strategy OBB</p> <p>ii) 23 November 2018 (11:00 to 13:00) ICT Developments (national & possibly local) Police & Crime Plan</p>			
19	Resolution to exclude the public			
	<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>			
20	Confidential items – any	JB		

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:

Helen Jennings
Office of the Police and Crime Commissioner
East House
Police HQ
Wootton Hall
NORTHAMPTON NN4 0JQ

or by email to:

helen.jennings@northantspcc.pnn.police.uk

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.

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

Martin Scoble

CHIEF EXECUTIVE & MONITORING OFFICER

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Joint Independent Audit Committee (JIAC) ACTION LOG – 23 JULY 2018

Attendees:

Members: John Beckerleg (JB), Gill Scoular (GS), Tony Knivett (TK), Martin Pettitt (MP)

Martin Scoble (MS), Helen King (HK), Rachel Swann (RS), Paul Dawkins (PD), Richard Baldwin (RB) Items 9-10 , Andrew Cardoza KPMG (AC), Alasdair Colston (ALC), Brian Welch Mazars (BW), Mark Lunn, Mazars (ML), Vaughan Ashcroft (VA), Nick Alexander (NA), Paul Bullen (PB) Item 13.

Two members of the public from the Fire and Rescue Service were present.

Agenda	Issue	Action	Responsible	Comments
1	Apologies for non-attendance		JAC members	<ul style="list-style-type: none"> Neil Harris (NH), EY
2	Declarations of Interests	Nil	Members	<ul style="list-style-type: none"> MP disclosed his daughter's partner is a Chief Superintendent within the Force. This supplements the annual disclosure he makes that his daughter works for the Force HR. JB had accepted the role of treasurer for Milton Keynes Museum but did not perceive a conflict of interest.
3	Meeting Log and Actions – 19 March 2018	<ul style="list-style-type: none"> OPCC HR Policies – OPCC Director of Early Intervention to update JIAC of timescales.(OPCC Director NM) Update August 2018: HR Policies are out for consultation and consultation ends 10/9/18. 	CFO	<ul style="list-style-type: none"> The Committee considered the meeting log and action notes previously shared with members. Points arising were: Item 11 – JB asked for an update on OPCC HR policies which the March paper has indicated were imminent to go through consultation. HK advised that the PCC had required other priorities to take place and the relevant Director had recently updated the

		<ul style="list-style-type: none"> As per March 2018 actions, post Final Accounts, book a Prudential Code Meeting. (HK) Update August 18: Securing dates with diaries and holidays has been difficult not all original attendees may be accommodated. 		<p>PCC and Directors that the HR policies will be consulted on shortly.</p> <ul style="list-style-type: none"> Item 15 - March meeting actions highlighted a meeting on the Prudential Code to take place post final accounts with GS and MP. MP advised he raised a question at the March 2018 meeting and asked whether the prudential indicators had been calculated in accordance with the latest Prudential Guidelines. He was advised they had. MP advised he believed the July meeting had been promised a draft Capital Strategy. HK advised that a Capital Update was on the September meeting work plan which is on the agenda.
4	JIAC Annual Report 2017/18	<ul style="list-style-type: none"> Members to meet for an hour before the workshop on the 20 September 2018 to discuss and determine the level of detail they should be involved in when seeking to gain assurance (JB). Update August 2018: After discussion with the chair, a meeting has been requested for members 15 minutes before the meeting. 	Chair	<ul style="list-style-type: none"> JB introduced the JIAC annual report and thanked members and officers for their contribution, advising that in his view over the last 12 months, governance had significantly improved. JB invited members to reflect on the Terms of Reference as he was aware that some JIAC panels also considered other areas and to highlight any area for his discussion with the PCC. MP requested a discussion on the level of detail of information considered by the JIAC. Other members highlighted the balance between detail and assurance, consequently, the JIAC felt this was a discussion for JIAC members to have at the beginning of the next workshop. To illustrate his point, MP expressed a view that the HMIC report gave rather less overall assurance regarding progress than previous formats. MP highlighted his view of the continued lack of transparency around the Wootton Hall decision.

				<ul style="list-style-type: none"> • JB will be presenting the report to the Police and Crime Panel at their September meeting.
5	<p>Statement of Accounts 2017/18:</p> <ul style="list-style-type: none"> • Statement of accounts • ISA260 • Letter of Management Representation 	<ul style="list-style-type: none"> • Summary of accounting treatment for Voice (Subsidiary or Associate; trading company or not) to be provided to JB (NA) (including the CIPFA guidance) • Update August 2018: This will be completed post NA return from annual leave. • The 30/7/18 Reserve meeting to be cancelled (HK). Update August 2018: Meeting cancelled. • PD to liaise with Mazars and take forward an Internal Audit on Overtime. Update August 2018: for consideration in the 18/19 Internal Audit Plan. • KPMG & Force/OPCC to finalise accounts work within timescale (ALL) Update August 2018: Completed • Members to be emailed and approval sought on issue of the final ISA260 post finalisation of audit work on Valuations at the NAH. All member responses preferred but if time critical, JB will accept a majority (HK/Chair/Members). • Update August 2018: Members updated and agreement reached. Accounts completed within timescale. • Final Accounts workshop to be booked for 2018/19 in early June 2018. (HK) Update August 2018: In progress. 	Helen King/Paul Dawkins	<ul style="list-style-type: none"> • JB acknowledged and thanked the finance team, auditors and officers for the hard work in the producing the accounts within the shortened timescale. This was echoed by PD, HK, auditors and members. • Members, officers and auditors all felt the workshop was a positive way forward and agreed one should be programmed for the 18/19 accounts. • HK/PD/NA provided an overview of the changes following the June workshop • Discussions took place which included MFSS, Voice accounting treatment, Fire post balance sheet event, asset valuation of the NAH and work still outstanding. • MP asked the query he had previously raised at the JIAC accounts workshop, relating to why Mereway was an asset held for sale. NA explained that the inclusion of the Mereway office site in surplus properties was because to do so was compliant with the CIPFA “financial code of practice”. • AC discussed the draft ISA260 and highlighted the work remaining and that Voice Pensions treatment in the ISA260 has been adjusted and will be reflected as appropriate. Within the work to be completed caveats, the Accounts Opinion appears to be unqualified and the Value for Money will be unqualified but with an “except for” opinion given the issues highlighted with MFSS. • All felt 30/7/18 achievable within the above caveats. • PD highlighted the overtime recommendation and suggested working with Internal Audit to review the controls in this area further.

		<ul style="list-style-type: none"> JIAC members to return their declarations in relation to third party interests (JIAC members). Update August 2018: One update received. One declaration due and a request sent. 		<ul style="list-style-type: none"> AC also tabled the Letter of Management Representation for members to consider. The Committee agreed to recommend the accounts for signature subject to agreement of the final ISA260 and position following conclusion of the outstanding audit work. JB asked JIAC members to return their declarations in relation to third party interests.
6	External Audit (v)		KPMG/EY	<ul style="list-style-type: none"> No further updates required.
7	Internal Audit Annual Report 2017/18	<ul style="list-style-type: none"> Update Force Assurance Board on the work of the Property Gold Group (RS) Update August 2018: RS to update at the meeting. 	Mazars	<ul style="list-style-type: none"> The Committee considered the report and discussion took place in particular on seized property. JB asked for details on the importance of this area and RS highlighted the reports to the change board and the work of the Gold group in this regard.
8	Internal Audit Progress Report	<ul style="list-style-type: none"> Advise the committee on the outcome following completion of the EMSCU contracts check.(HK) Update August 2018: The check is ongoing. HK will update at the meeting. 	Mazars	<ul style="list-style-type: none"> The Committee considered the report and discussion took place particularly with regard to the additional Pick Everard (PE) audit, estates, regional collaboration assurance, absence management, Assurance Mapping and review of collaborations. A discussion took place on counter fraud and corruption audit and Proceeds of Crime Regional Audit which will be considered at EMPCCB. HK updated on the 100% contracts check EMSCU were undertaking to verify the existence of supporting information following the PE audit and will advise when this has been completed. MP stated his concern at the lack of contract information available in the Pick Everard audit considering a spend of circa £600k which he highlighted from a separate exercise. Also that there was no way of knowing what added value had been achieved. The Committee were advised that these

				<p>contracts preceeded all key Force and OPCC office holders.</p> <ul style="list-style-type: none"> • MP advised he hoped that future contracts would be able to be judged on clear benefits. • JB felt the JIAC had discharged their responsibilities in regards to Pick Everard contract and the previous estates strategy. • Absence Management - MP suggested that in his view dip sampling should happen, rather than just being considered. BW advised that this is one way but there are other ways of providing the assurance.
9	Implementation of Internal audit Recommendations	<ul style="list-style-type: none"> • Internal Audit Recommendation Actions to be reviewed where additional work is being undertaken beyond the scope of the original recommendations and consider the way forward. (RS) Update August 2018: IA Update Report on Agenda • Meeting to be set up to discuss Fleet. (PD/Fleet Manager/JB). Update August 2018: Review if the meeting is still required following the next update on audit recommendations. • Consider summary report comparison of recommendations closed, new and open between meetings to gain assurance that there was an effective process for following up and completing the recommendations Update August 2018: IA Update Report on Agenda • 	Richard Baldwin	<ul style="list-style-type: none"> • The Committee considered the report including an updated schedule for the estates recommendations. • GS queried that some were being added to and this meant the scope was increasing and recommendations were not being closed. • RS agreed to consider this and GS suggested closing the risk and adding to the Risk Register and/or workplan could be a way forward. • JB queried progress on the fleet recommendations and PD suggested a meeting.

10	Risk Management Policy and Procedures	•	Richard Baldwin	<ul style="list-style-type: none"> • The Committee considered a report on the annual review of the policy and RB highlighted the changes. • Discussions took place regarding the oversight of Risk Registers and Programmes and RB advised he has sight of those that he is aware of, and he acts as the first line of scrutiny.
11	HMIC Reviews - Update	•	Rachel Swann	<ul style="list-style-type: none"> • The Committee considered an update on HMIC reviews, together with an overview from RS and examples of the AFIs and how they align to the Force Management Statement.
12	MFSS Update	<ul style="list-style-type: none"> • MFSS update in September to focus on cost (HK). Update August 2018: MFSS Cost update report on agenda. 	Rachel Swann	<ul style="list-style-type: none"> • The Committee considered an updated paper on MFSS Fusion project, discussed business case, Fusion limitations, staff resourcing and concerns regarding user acceptance testing. • Discussion also took place around changing cultures and behaviours to drive the best from the system. • JB requested sighting on the costs & HK suggested the September update could focus on cost.
13	Fire Governance Implementation Update	<ul style="list-style-type: none"> • Fire Governance to be tabled at a future meeting (currently scheduled for December). HK in discussion with Chair. Update August 2018: Tabled on the December 2018 Agenda. 	Paul Bullen	<ul style="list-style-type: none"> • The Committee considered an update on the Fire Governance Business Case, timescales and issues. • PB advised likely date for the statutory instrument will be 12/10/18 and date of transfer 1/1/19. However this remains to be finalised. • Discussions took place around the rationale for taking Fire Governance and how would this be measured and from which baseline moving forwards. • TK felt this was a useful and informative paper and sought further information as regards to risks, people, MTFP etc. at a later date. • TK noted that the JIAC should have a clear statement about the predicted benefits (which justify the project

				& the expense) and specific outcome performance measures identified before and after so that subsequently the success of the venture can be assessed.
14	Treasury Management Outturn 2017/18	•	Helen King/Paul Dawkins	<ul style="list-style-type: none"> The Committee considered the report and noted that none of the limits were breached in 2017/18. JB queried the gap between actual borrowing and the authorised and operational limits and HK advised this was due to internal borrowing and slippage in the capital programme.
15	Treasury Management Q1 2018/19		Helen King/Paul Dawkins	<ul style="list-style-type: none"> The Committee considered the report and noted none of the limits had been breached in Q1. PD and HK will be meeting with a company in September to consider if better treasury management could be achieved and will keep the JIAC advised.
16	Agenda Plan	<ul style="list-style-type: none"> September MFSS – costs focus (HK) Consideration of Fire report (JB/HK) Update August 2018: Items added to agenda and plan. 	Helen King	<ul style="list-style-type: none"> The Committee considered the Agenda Plan and made a few amendments.
17	AOB			<ul style="list-style-type: none"> JB advised he is meeting the PCC on the 25/7/18 and will be discussing Mereway Decision Record, Estates Strategy and other key areas he has shared with HK and she has shared them with the PCC.
18 & 19	Date and venue of next meeting and workshops	<ul style="list-style-type: none"> 10 September 2018 (10-1) 10 December 2018 (10-1) <p>2019</p> <ul style="list-style-type: none"> 20/3/18 (10-1) 26/7/18 (10-1) 30/9/19 (10-1) 11/12/19 (10-1) <p>Workshop dates:</p>	Helen King	<ul style="list-style-type: none"> Suggested dates listed in the agenda were approved, consequently, there was no longer a requirement for a paper on Meeting dates in September.

		20 September 2018 (2-4) 23 November 2018 (11-1) <ul style="list-style-type: none">• Update September agenda (HK)• Update August 2018: Actioned.		
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AGENDA ITEM 4

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE 10 SEPTEMBER 2018

REPORT BY	DCC Rachel SWANN
SUBJECT	Update on Fraud Processes
RECOMMENDATION	TO NOTE

1. Purpose of report

This report seeks to offer reassurance on the following aspects:

- Processes for the recording of fraud and compliance with relevant legislation and home office recording rules.
- How fraud reports are assessed, allocated and investigated.
- Arrangements for victim support.
- Arrangements to support fraud prevention activity.
- Concerns or risks in relation to Force ability to deal with current or anticipated future demand for fraud, or where they may be concerns over matters that might be considered as part of a HMICFRS (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service) inspection.

Northamptonshire Police only record two types of crime for fraud:

- Possess articles for use in fraud
- Make/supply articles for use in fraud

We do not carry out thematic audits for fraud offences. If a member of the public reports a fraud, the national directive is they should be directed and if necessary assisted in reporting the offence to National Fraud.

If a 'crime in action' is reported, the police should attend, make a local record, and communicate with the National Fraud Intelligence Bureau.

2. Processes for the Recording of Fraud

National Fraud Intelligence Bureau (NFIB)

Part of the City of London Police, the NFIB oversees all fraud and has overall responsibility for deciding which Police Force investigates individual crime. The vast majority of frauds are recorded directly with the customer-facing branch of NFIB, Action Fraud. This is via the Internet or telephone.

If victims call Northamptonshire Police to report a fraud then the "Call for Service Criteria" is applied (See Appendix A). This asks:

- Are offenders under arrest by the police?
- Is the crime happening now, or recently?
- Is there a local suspect (Police have sufficient details to apprehend, or could locate with the details provided)?
- Has a bank transfer recently occurred?

This last question is additional to the standard Home Office Counting Rules guidelines and allows Northamptonshire Police to respond dynamically in order to identify/apprehend offenders and attempt recovery of victims' property through our close working arrangements with the Financial Investigation Unit (FIU).

Where a call for service does not exist, then the national policy is applied and callers are directed to Action Fraud. Where vulnerabilities exist, an Officer or Enquiries Desk Officer will assist in the recording of the crime with Action Fraud. At this stage we will also create a Public Protection Notice on our force crime system, NICHE, highlighting vulnerabilities where appropriate.

Home Office Counting Rules

The Home Office Counting Rules (HOCR) for fraud guides forces in relation to the location of a fraud. These are:

- 1) The location of the fraudulent operation or suspect's address, or for business crime the office address, or if there is no office address, the head office of the company
- 2) The police force area with the greatest number of individual usages/offences
- 3) The police force area where the first offence was committed
- 4) The police force where the victim resides or works
- 5) In the event the previous four rules do not determine a force area, the NFIB will determine the area.

PNC Property

In the case of stolen property resulting from fraud that needs to be added to the Police National Computer, e.g. vehicles, a local occurrence will always be recorded in addition to the outcome from HOCR and CFS being applied, as Action Fraud do not have the ability to create PNC markers.

3. Assessment of Frauds

Tiered Structure

The tiered structure allows supervisors to summarise the complexity of a fraud investigation into a numeric value. As dedicated fraud specialists, the Fraud Crime Team supervisors are responsible for deciding on the tier for each investigation.

- Tier 1 - Council fraud, election fraud, significant fraud that may affect the reputation of the force.
- Tier 2 - Multiple victims, multiple suspects, very high value of fraud involved in an investigation. Often a large degree of money laundering. Investment frauds, advance fee frauds etc.
- Tier 3 - Multiple victims/suspects, high value of fraud.

- Tier 4 - Not complex, i.e. one victim/suspect, low monetary value.

The **Fraud Crime Team** will manage all frauds that would fit into the above criteria and allocate it to the most appropriate investigator within the unit.

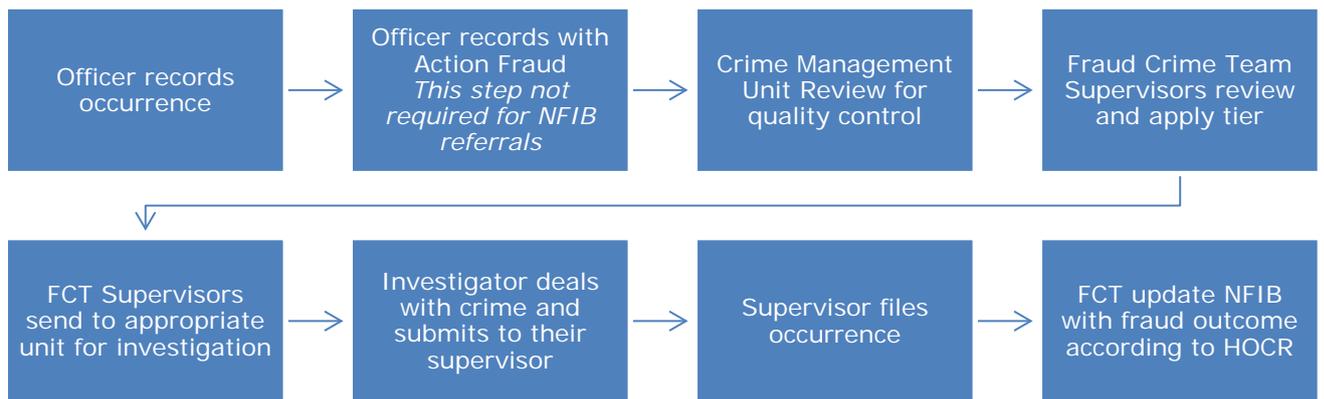
These investigations will be allocated to the **Force Investigation Team**, to be assigned to the most appropriate officer to investigate and not necessarily a detective.

Recording Frauds

100% of frauds disseminated to Northamptonshire Police by NFIB are investigated. Disseminations are received by Fraud Crime Team (FCT) and initially screened to ensure accuracy of reports before being recorded onto NICHE and a crime investigation workflow is commenced.

Similarly, all frauds that are identified as a call for service have a local occurrence number created on NICHE in addition to being recorded with Action Fraud. The FCT ensure compliance of the submission of an Action Fraud report.

A simplified version the fraud investigation workflow is shown below:



Investigation of Frauds

Frauds that are rated as tier 1-3 are investigated using the nationally recognised Fraud Investigation Model. A key element to this is the disruption of offenders and identification and recovery of assets. This latter element is greatly assisted by the Fraud Crime Team's association with the Financial Investigation Unit, headed by DS Richard Barnett.

All frauds of tiers 1-3 are investigated by specialist fraud investigators and each investigation is overseen by a specialist fraud supervisor. Tier 4 is investigated by the Force Investigation Team. The FCT provides specialist support and advice where requested in order to maximise detection opportunities.

Where the investigation alters the reason for a crime's location, i.e. the HO CR five rules, a request to NFIB is initiated, asking for a review to transfer to the new location's police force. The NFIB have the overall responsibility for this and will review the report and transfer the investigation accordingly.

4. Arrangements for Victim Support Voice

Every victim that requests support is passed onto Voice Northants through a daily Action Fraud report direct. In addition to this, since February 2017 Northamptonshire Police have been using the monthly victim data reports from NFIB to gauge vulnerability characteristics and provide additional support. Each crime report is reviewed and scored to arrive at a vulnerability score which then dictates the force response. This response ranges from a letter/email sent to the victim signposting them to support services, through to a home visit being arranged by Crime Prevention for a holistic 'target hardening' approach, along with support.

Banking Protocol

Northamptonshire Police follow the nationally recognised Banking Protocol initiative, with the objectives:

- To identify individuals coerced into going into banks, building societies, Post Offices etc. and withdrawing or transferring funds to pass on to fraudsters.

- To create a standardised method for the banks to report such fraud, preventing financial loss to victims.
- To ensure a consistency in Police response.
- The apprehension of offenders.
- Provision of victim support to reduce victims' future susceptibility to fraud.

Initially a Trading Standards project piloted by a few forces in October 2016, Northamptonshire Police were quick to recognise the benefits of the Banking Protocol and at beginning of 2017 we started the adoption process, completing the training of response and contact centre staff to recognise the Banking Protocol calls ready for launch in September 2017.

Northamptonshire Police work with local Trading Standards and banks in our county to identify vulnerable persons at branch counters for banks, building societies and Post Offices. Branch staff are able to follow a carefully selected question process to identify those individuals at risk of losing money through fraud and kindred offences. 999 calls to the police are placed and where appropriate, a grade 1 response to the victim is initiated. Since then the process in Northamptonshire has responded to nearly 30 calls and prevented victims' losses of over £130,000.

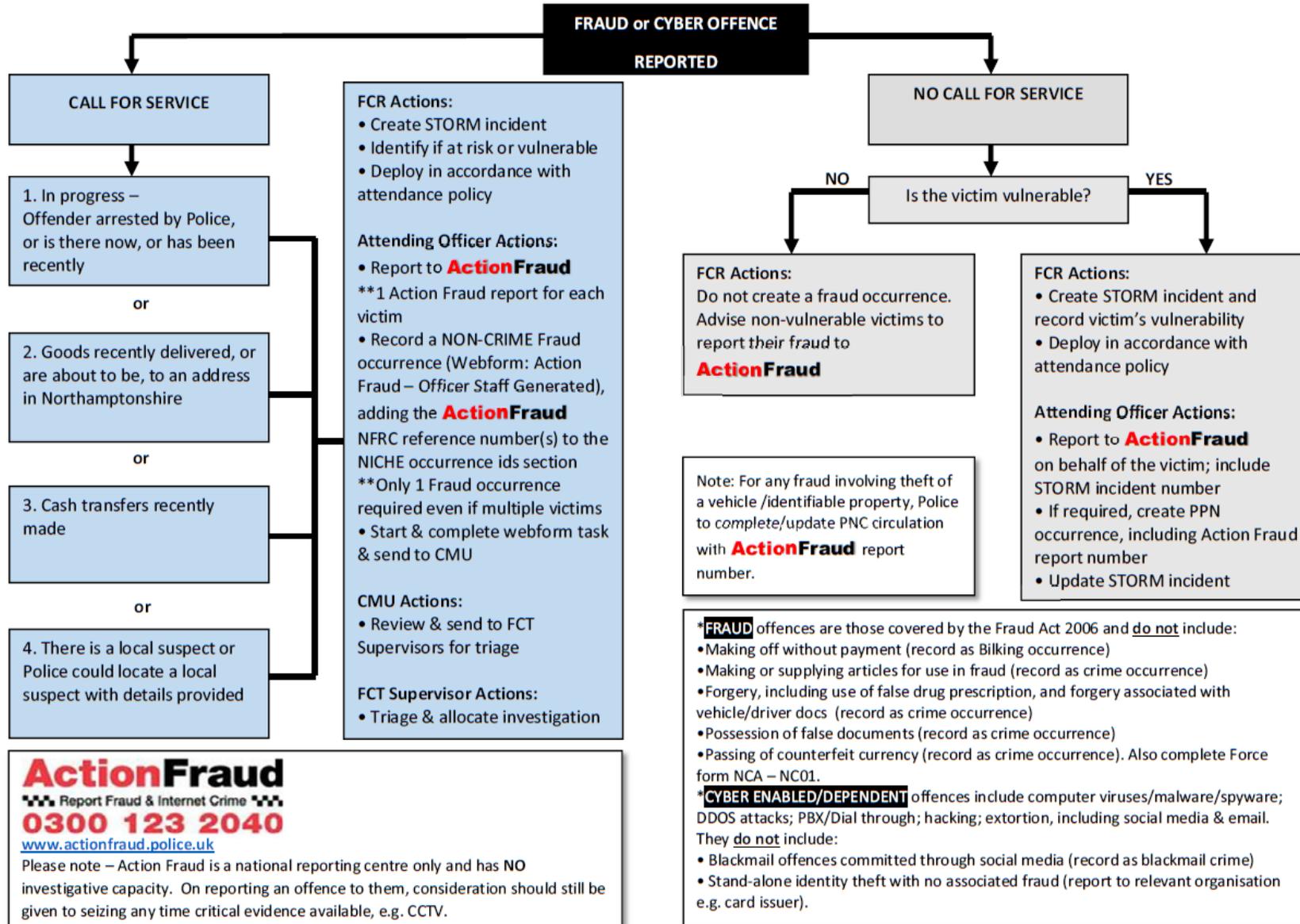
5. Arrangements to Support Fraud Prevention Activity

The Fraud Crime Team maintains good links with the National Fraud Intelligence Bureau and receives bulletins for Fraud Prevention Advice. These are forwarded through Neighbourhood Alerts. The FCT has a twitter account, @NorthantsFraud which circulates prevention messages from alerts and trends that are identified. The FCT also has good links with the News Producers to create press and social media releases on prevention topics.

A new post of Cyber Crime Prevention Officer has recently been approved and is in the recruitment phase. This post will have some cross over into the fraud arena due to the large number of frauds that occur through the Internet and assist in fraud prevention.

Appendix A

FRAUD & CYBER ENABLED OR CYBER DEPENDENT OFFENCES* - ACTIONS FOR POLICE



ActionFraud
 Report Fraud & Internet Crime
0300 123 2040
www.actionfraud.police.uk

Please note – Action Fraud is a national reporting centre only and has NO investigative capacity. On reporting an offence to them, consideration should still be given to seizing any time critical evidence available, e.g. CCTV.

Note: For any fraud involving theft of a vehicle /identifiable property, Police to complete/update PNC circulation with **ActionFraud** report number.

***FRAUD** offences are those covered by the Fraud Act 2006 and do not include:
 • Making off without payment (record as Bilking occurrence)
 • Making or supplying articles for use in fraud (record as crime occurrence)
 • Forgery, including use of false drug prescription, and forgery associated with vehicle/driver docs (record as crime occurrence)
 • Possession of false documents (record as crime occurrence)
 • Passing of counterfeit currency (record as crime occurrence). Also complete Force form NCA – NC01.
***CYBER ENABLED/DEPENDENT** offences include computer viruses/malware/spyware; DDOS attacks; PBX/Dial through; hacking; extortion, including social media & email. They do not include:
 • Blackmail offences committed through social media (record as blackmail crime)
 • Stand-alone identity theft with no associated fraud (report to relevant organisation e.g. card issuer).



AGENDA ITEM 5

NORTHAMPTONSHIRE OFFICE OF THE POLICE AND CRIME COMMISSIONER AND NORTHAMPTONSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE 10 SEPTEMBER 2018

REPORT BY	Andrew Wilson
SUBJECT	Change Programme Update
RECOMMENDATION	The committee is asked to note this report

PURPOSE

To provide an update on the Change Programme, the Change Team and its priorities.

OVERVIEW

The Change Governance Board considers organisational change priorities as a standing agenda item to ensure the work of the Change Team continues to support the force in line with priorities, threats and risks. At a high level, the current priorities for the Change Team are:

- Mobilising the Workforce (Pronto)
- Outcome Based Budgeting (financial gap)
- Business Intelligence (Visual Analytics)
- Organisational Improvement Review
- MFSS Fusion Upgrade
- Operating Model Demand Management Support (Op Stereo)
- Digital Policing Portfolio (Single Online Home)
- Continuous improvement (internal improvement reviews in conjunction with business owners and CDD)

DETAIL

1. Summary

The ongoing departmental consultation and associated recruitment challenges have resulted in reduced capacity for the Change Team. Therefore each element of the key functions or the change team has prioritised against the above. The elements of the Change Team are:

- Project Management / Support
- Niche / Pronto Subject Matter Experts
- Business Innovation Team

2. Project Management Prioritisation

There is currently a strength of 3 Full Time Equivalent (FTE) Project Managers in the Programme Office. The below table summarised the work streams for the Programme Office for the next 6 months. An Operational Lead is due to start in September to help support the continuous improvement review of the force operating model.

Time Frame	Project Manager (1 FTE)	Project Manager (1 FTE)	Project Manager (1 FTE)	Project Support Officer
Sep 18 – Feb 19	Mobilising the Workforce, including <ul style="list-style-type: none"> • Pronto • Smartphone Rollout • App Development 	MFSS Fusion Upgrade Live Links	Digital Policing Portfolio, including <ul style="list-style-type: none"> • Single Online Home • Cyber Kiosks • Chorus 	Currently Vacant

Whilst the above covers some of the more immediate priorities, there are other pieces of work that have been identified for the wider work plan that can start to be addressed as future activity, with some additional capital funding potentially required to deliver multiple major programmes concurrently.

Support Requirements	Service Area
Project Delivery	Office 365
	Video Conferencing
	ESN
	Digital Evidence Management
	Transport and Travel
	Electronic Workforce Management
	National Law Enforcement Data Programme
Business Case development, including critical path analysis	Command and Control
Benefits Management and Realisation / Embedding Business Change, including cultural change and lessons learned	All
Strategic Development activities	Change Blueprint/STRA
	Development of Business Change skills across the organisation
	Estates Strategy

3. Niche / Pronto Subject Matter Experts

There is currently a strength of 2 FTE Subject Matter Experts (SMEs) and an Operational Lead in what has previously been called the Niche Team. This team is very busy leading on Pronto design, training and implementation activity. Pronto development will improve ways of working with Niche.

Delivering the Pronto application and new mobile devices offers the force real opportunities to improve efficiency and effectiveness. Pronto provides a single consistent means of data input for Operational Officers and Staff, with very positive feedback from training. The force has the ability to review business processes to strip out bureaucratic layers and provide clarity in terms of the business approach to shape our response to front end demand, as well as improving all interactions with Niche through the Pronto Desktop Client. With improved data quality, this approach in is total synergy with the Business Intelligence review in the quest to drive the processes for analysing data to make better decisions.

The importance of the continued use of SMEs is recognised by the force. They are used to maximise the systems the force has, in order to be more efficient and effective for users. This practice will be built into MFSS – Fusion when implemented to ensure investment in the system and continuous improvement.

4. Business Innovation Team Prioritisation

There is currently a strength of 3 FTE Business Analysts, with additional temporary support from the Community Safety Delivery Manager. Business Analyst recruitment efforts are continuing with one new staff member selected and currently going through vetting (potential start date of mid-October 2018).

Time Frame	Business Analyst (1 FTE)	Business Analyst (1 FTE)	Business Analyst (1 FTE)	Business Analyst (1 FTE)	Community Safety Delivery Manager
Sep 18 – Feb 19	Outcome Based Budgeting Review Manager	Response Thematic Review, including <ul style="list-style-type: none"> • Demand review – i.e. opportunities to increase telephone resolutions • Missing persons • Talk group analysis • Night-time economy • PEQF training abstractions • Forecaster 	Dispatch Review Crime Process Thematic Review support, including CMU, Crime Desk and IVET	Currently Vacant Single Online Home Business Analysis when recruited	Anti-Social Behaviour Unit (ASBU) analysis Community Safety Review Closing Report and Section 106 Business Process Interoperability Review

Whilst the above covers some of the more immediate priorities, there are other pieces of work that have been identified for the wider work plan that can start to be addressed as future activity, with some additional capital funding potentially required to expedite the review work.

Support Requirements	Service Area
Analysis, Lean Processing Review, Business Case, Consultation Support, Benefits Monitoring Dashboard and Implementation Support	Serious and Organised Crime
	Multi-Agency Safeguarding Hub (MASH)
	Mental Health
	Case Building / Disclosure
	RTC Processing
	PSD
	Planning
	PA Review
	Firearms Licensing
	Finance
Follow up Reviews / Support	Neighbourhood
	Cyber Crime - Backlog review
	Detained Property
	Demand and Contact Management
	DAPIT
	Estates Planning support (FLP)
	HR and Workforce Planning
	Corporate Comms
Transport and Travel	
Organisational Efficiency Review	Outcome Based Budgeting
	Outstanding Operation Balance Review areas
Evidence Based Policing / Optimisation	Business Intelligence Tool
	Process Evolution - Forecaster product development
	FMS support
	Solvability Factors analysis (eBit - Analysis, Implementation, Evaluation)
	Building the evidence base to support better risk based decision making - i.e. Deferred Prosecutions
	Full SDM evaluation
Portfolio Roles (pending decisions and recruitment into dedicated roles)	Partnerships / Prevention and Intervention
	Interoperability (OPCC funded role being recruited)

The completion of the organisation improvement review – which is now in consultation – has stabilised the resource available going forward to delivery core priorities. Where there is requirement above this for specific projects /

programmes, this will be subject to capital bids to provide the additional resource for the duration of that programme.

Summary

The Change Programme is prioritised against a number of factors and subject to six weekly review through the Change Board. It is also reported monthly through the Chief Officer Team meeting. The prioritisation is considered against threats and risk to force service delivery, financial challenge and opportunities for transformation, efficiency and effectiveness.

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

None

HUMAN RESOURCES IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

Based on the above, the current risks are identified:

- RISK:** The current minimum staffing levels mean that we do not have the ability to embed business change.
- RISK:** Delayed timescales for key pieces of work.
- RISK:** Limited capacity to identify in year and end of year savings as part of savings identified through OBB.
- RISK:** Limited capacity to respond to emerging threat and risk across the organisation.
- RISK:** Limited business support for previously reviewed areas or to optimise previously introduced systems.
- RISK:** Continued pressure on timescales and workloads to deliver high priority pieces of work to support the force.

ENVIRONMENTAL IMPLICATIONS

None

Author: Andrew Wilson, Head of Change
Chief Officer Portfolio Holder: Rachel Swann, Deputy Chief Constable
Background Papers: None



External Audit ISA260 Report 2017/18

**Police & Crime
Commissioner for
Northamptonshire
and
Chief Constable for
Northamptonshire**

July 2018



Summary for Joint Independent Audit Committee

This document summarises the key findings in relation to our 2017/18 external audit at the Police and Crime Commissioner for Northamptonshire ('the PCC') and the Chief Constable for Northamptonshire ('the CC').

This report covers both our on-site work which was completed in February and July 2018 on the PCC and CC's significant risk areas, as well as other areas of your financial statements, and the control environment in place to support the production of timely and accurate financial statements.

Financial statements

Subject to all outstanding queries being resolved to our satisfaction we anticipate issuing an unqualified audit opinion on the Group and PCC, and CC financial statements before the deadline of 31 July 2018.

The remaining audit work includes the following matters:

- Completing our work in respect of pensions, fixed assets valuation;
- Final Audit Director review;
- Addressing any remaining audit queries and any further matters arising from our completion procedures;
- General audit file completion and review procedures;
- Post balance sheet events review up to the date of signing the audit opinion; and
- Final review of the working papers and amended accounts.

Based upon our initial assessment of risks to the financial statements (as reporting to you in our *External Audit Plan 2017/18* and updated during our audit) we identified the following significant risks (excluding those mandated by International Standards on Auditing – see Page 9):

- **Valuation of PPE** – We have reviewed the valuation of Property Plant and Equipment. Whilst we are satisfied with the compilation of the valuation, we have identified an adjustment relating to the coding of fit out costs; and
- **Pensions Liabilities** – We have reviewed the valuation of the Local Government Pension Scheme net Liability. We have identified one adjustment in relation to the inclusion of the liability applicable to Voice for Victims Limited in the individual PCC accounts.

We also identified a number of "other areas of audit focus" in our *External Audit Plan 2017/18*. We have summarised our findings against these issues in this report on page 12. We have no specific items to raise in relation to this.

We have identified two audit adjustments (the net impact of which is above our triviality threshold).

We have identified one issue relating to overtime authorisation, for which we raised a recommendation in the previous year, and we consider to be "not implemented". We have also raised a recommendation regarding coding of capital expenditure.

We are now in the completion stage of the audit and have provided management with a list of outstanding items. We hope to resolve these issues prior to the audit completion deadline of end July 2018.

Summary for Joint Independent Audit Committee (cont.)

Value for money arrangements

We have completed our risk-based work to consider whether in all significant respects the Authority has proper arrangements to ensure has taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources, except for in relation to MFSS Governance.

We therefore anticipate issuing an “except for” value for money opinion

We set out our assessment of those areas requiring additional risk based work in our *External Audit Plan 2017/18* and have updated this assessment during our interim visit. As a result of this we have identified the following significant VFM audit risks:

- **Medium Term Financial Planning** – We have reviewed the Police Medium Term Financial Plan, and we have not identified any specific concerns not already identified as risks within the plan itself. We have, however, raised a recommendation relating to the financial impact of taking on the governance arrangements of the Fire Authority.
- **MFSS Governance** – We have identified significant issues with the governance arrangements at the Multi-Force Shared Service, particularly in relation to Project Fusion. We have raised a significant recommendation relating to this, however, we do note that the PCC and Chief Constable have already taken significant steps in year to remedy the situation.

Exercising of audit powers

We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about.

We have not identified any matters that would require us to issue a public interest report.

In addition, we have not had to exercise any other audit powers under the Local Audit & Accountability Act 2014

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

Section one

Control Environment



Organisational and IT control environment

We have identified no significant issues with the PCC and CC's organisational and IT control environments and consider that the overall arrangements that have been put in place are reasonable.

Work completed

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit. We obtain an understanding of the PCC and CC's overall control environment and determine if appropriate controls have been implemented. We do not complete detailed testing of these controls.

Key findings

We consider that your organisational control environments are effective overall. Note that this assessment is in respect of organisational controls that we review in respect of giving an external audit opinion on the financial statements. It does not constitute a full review, nor are we providing assurance over any of the broad areas described below.

Aspect of controls	Assessment
Organisational controls:	
Management's philosophy and operating style	3
Culture of honesty and ethical behaviour	3
Oversight by those charged with governance	3
Risk assessment process	3
Communications	3
Monitoring of controls	3

Key	
1	Significant gaps in the control environment.
2	Deficiencies in respect of individual controls
3	Generally sound control environment.

Controls over key financial systems

The controls over all of the key financial systems are sound.

Work completed

We review the outcome of internal audit’s work on the financial systems to influence our assessment of the overall control environment, which is a key factor when determining the external audit strategy.

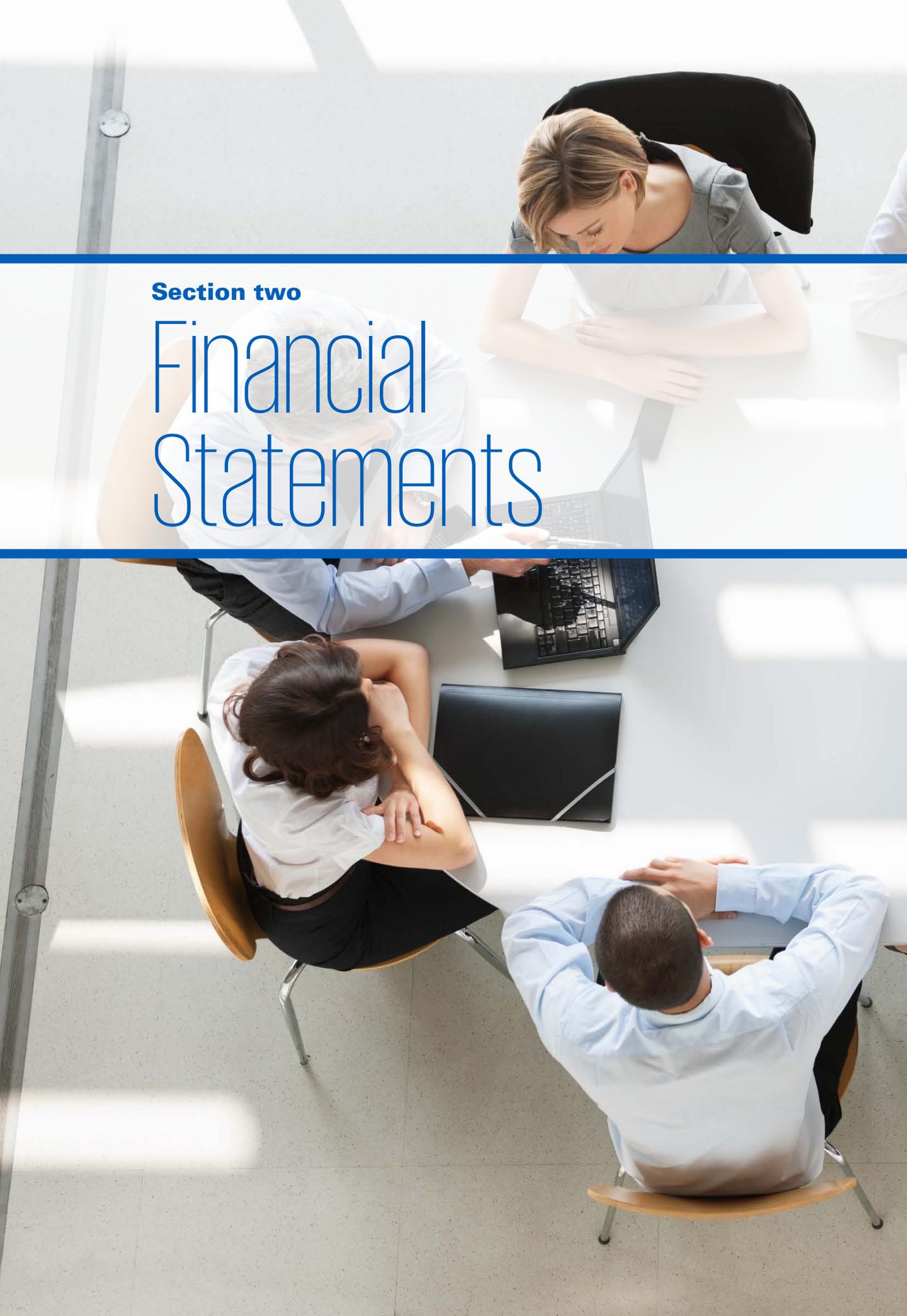
Where we have determined that this is the most efficient audit approach to take, we evaluate the design and implementation of the control and then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Our assessment of a system will not always be in line with your internal auditors’ opinion on that system. This is because we are solely interested in whether our audit risks are mitigated through effective controls, i.e. whether the system is likely to produce materially reliable figures for inclusion in the financial statements.

Key findings

Based on our work, we have determined that the controls over all of the key financial systems are sound, however, we have raised a recommendation in relation to controls around coding of capital expenditure, and authorisation of overtime pay.

Aspect of controls	Assessment	Key
Property, Plant and Equipment	1	1 Significant gaps in the control environment
Cash and Cash Equivalents	3	
Pensions	3	
Non Pay Expenditure	3	2 Deficiencies in respect of individual controls
Payroll	2	
Regional Collaboration	3	3 Generally sound control environment

An overhead photograph of four business professionals (three women and one man) sitting around a white conference table in a bright, modern office. They are dressed in business attire. One man is using a laptop, and another woman is looking at a tablet. The scene is brightly lit with natural light from a window on the left, creating soft shadows on the table and floor.

Section two

Financial Statements

Accounts production and audit process

Audit standards (ISA 260) require us to communicate our views on the significant qualitative aspects of the PCC and CC's accounting practices and financial reporting.

We also assessed the PCC and CC's process for preparing the accounts and its support for an efficient audit. The efficient production of the financial statements and good-quality working papers are critical to meeting the tighter deadlines.

The PCC and CC's overall process for the preparation of the financial statements is adequate, although some slippage has been noted in the quality of the working papers used to support the financial statements.

The Authority has not implemented all of the recommendations in our ISA 260 Report 2016/17.

Accounts practices and production process

The PCC and CC have over the past two years implemented a series of incremental changes to their closedown planning processes with the aim of ensuring that the earlier accounts production date could be achieved for the current year. These have been further enhanced in the current year, including a greater level of automation being built into the process and, as part of this, we have actively engaged with officers in the period leading up to the year end in order to proactively address issues as they emerge.

These improvements proved to be effective and we consider that the overall process for the preparation of your financial statements is adequate. The draft accounts were completed on time, and an early review of the accounts was performed by the JIAC, which was important for enhancing the quality of the final financial statements.

We also consider the PCC and CC's accounting practices appropriate.

Going concern

The financial statements of both the PCC and CC have been prepared on a going concern basis. We confirm that we have identified no significant matters which would, in our view, affect the ability of the PCC or CC to continue as a going concern.

Implementation of recommendations

We raised three recommendations in our ISA 260 Report 2016/17. The PCC and CC has not implemented all of the recommendations relating to the financial statements in line with the timescales of the action plan. Further details are included in Appendix 2.

Accounts production and audit process (cont.)

Completeness of draft accounts

We received a complete set of draft accounts on 31 May 2018 which was in line with the statutory deadline.

Quality of supporting working papers

We issued our Accounts Audit Protocol to the Deputy Chief Finance Officer on 11 June 2018. This important document sets out our audit approach and timetable. It also summarises the working papers and other evidence we require the PCC and CC to provide to support our audit work. This helps the PCC and CC to provide audit evidence in line with our expectations. We worked with management to ensure that working paper requirements are understood and aligned to our expectations

We found some minor issues in relation to the working papers predominantly relating to being able to reconcile the working papers to the financial statements.

Whilst this has not caused any significant delays in the audit process it has increased the number of audit queries to officers with the need to check that each working paper provided was in fact the correct final version. There is an opportunity for improvements to be made in providing clear and concise audit trail of underlying transactions.

Response to audit queries

We are pleased to report that our agreed turnaround time for dealing with audit queries was achieved by officers in the majority of cases, although we did experience delays in receiving the full Land and Buildings valuation report from your External Valuers. As a result of this, we have not yet completed our work over the valuation of the Northern Accommodation Hub.

Specific audit areas

We anticipate issuing an unqualified audit opinion on the PCC and CC's 2017/18 financial statements by 31 July 2018. We will also report that your Annual Governance Statement complies with the guidance issued by CIPFA/SOLACE ('Delivering Good Governance in Local Government') published in April 2016.

For the year ending 31 March 2018, the PCC and CC has reported a group deficit of £49.4m. Following accounting/funding basis adjustments and reserve transfers there has been no impact on the General Fund balance.

Auditing standards require us to consider two standard risks for all organisations. We consider these as a matter of course in our audit and will have set out the findings arising from our work in our ISA 260 Report below.

01

Management override of controls

Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to this audit.

In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

There are no matters arising from this work that we need to bring to your attention.

02

Fraudulent revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

In our *External Audit Plan 2017/18* we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.

This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.

Over the following pages we have set out our assessment of the specific significant risk and area of audit focus we identified in relation to the audit of the PCC and CC's financial statements.

Specific audit areas

Significant Audit Risks

Risk:	Valuation of Pension Liabilities <p>The net pension liability represents a material element of the Police and Crime Commissioner and Chief Constable's balance sheets.</p> <p>The valuation of the pension liabilities rely on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the overall valuations.</p> <p>There are financial assumptions and demographic assumptions used in the calculations of the valuations, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Police and Crime Commissioner and Chief Constable's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodologies used in the valuations of the Police and Crime Commissioner and Chief Constable's pension obligations are not reasonable. This could have a material impact to net pension liabilities accounted for in the financial statements.</p>
Results:	<p>We have performed the majority of the procedures outlined in our External Audit Plan 2017-18, however the work is still being finalised and is subject to Director review. We have not noted any specific issues to date with the overall Liability valuation, however, we have noted one adjustment to the PCC standalone accounts, relating to the inclusion of the Pension liability relating to employees who transferred to Voice for Victims Limited in year. There is no impact on the group accounts.</p>

Specific audit areas (cont.)

Significant Audit Risks

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Risk	<p>Valuation of Property, Plant and Equipment</p> <p>The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The PCC revalue sits assets on a rolling basis over a five year period, with a full valuation every fifth year. The Code requires that the PCC ensures that the carrying value at the balance sheet date is not materially different from current value. This represents a significant estimate by management in the financial statements.</p>
Results	<p>Our work over fixed assets is complete. We have reviewed the methodology and underlying assumptions used in the Valuation performed by your external expert, and have not identified any significant issues in this process. There has been a £12.8m impairment relating to the "Northern Accommodation Hub". The Detention centre element has been valued at "Depreciated Replacement Cost" (DRC) as it is a highly specialised asset. The Valuation report gives a value of £5.29m The office element has been valued at Market Value, as it could be used for other purposes. The Valuation report gives a value of £3.36m. The total value is therefore £8.65m. This is against a book value / construction cost of £21.44m. We have identified within this £21.44m of costs a total of £0.96m of costs that relate to fitting out the building, rather than the actual construction of the building. We confirmed with the External Valuer that these costs had not been included in his estimated value. As such, they should have been included in a separate category of PPE, and not been impaired. Note these fit out costs should have also been depreciated in year, reducing the impact of the adjustment by £0.28m.</p>

Specific audit areas (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Risk:	<p>Faster Close (note originally reported as a risk, but downgraded during the audit process)</p> <p>In prior years, the Police and Crime Commissioner and Chief Constable have been required prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 however, revised deadlines apply which require draft accounts by 31 May and final signed accounts by 31 July.</p> <p>In order to meet the revised deadlines, the Police and Crime Commissioner and Chief Constable may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. In addition, there are a number of logistical challenges that will need to be managed. These include:</p> <ul style="list-style-type: none"> Ensuring that any third parties involved in the production of the accounts (including valuers and actuaries) are aware of the revised deadlines and have made arrangements provide the output of their work in accordance with this; Revising the closedown and accounts production timetables in order to ensure that all working papers and other supporting documentation are available at the start of the audit process; Ensuring that the Joint Independent Audit Committee meeting schedules have been updated to permit signing in July; and Applying a shorter paper deadline to the July meeting of the Joint Independent Audit Committee meeting in order to accommodate the production of the final versions of the accounts and our ISA 260 report. <p>In the event that the above areas are not effectively managed there is a significant risk that the audits will not be completed by the 31 July deadline.</p>
Results:	<p>The draft accounts were completed and we received them on the 31 of May in line with the statutory deadline. While we have experienced some delays, particularly regarding the full valuation report from your External Valuers, the processes put in place have seen a significant improvement in accounts production from the previous year.</p>

Specific audit areas (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Risk:	Related Party Disclosure Police Bodies are required to comply with International Accounting Standard 24 and disclose transactions with entities/individuals that would be classed as related parties. A disclosure is required if a transaction (or series of transactions) is material on either side i.e. if a transaction is immaterial from the Organisation's perspective but material from a related party viewpoint then the Organisation must disclose it.
Results:	We have reviewed the related party disclosures in the financial statements. We have not identified any significant issues with the related party disclosure made in note 15 of the group accounts.

Judgements (cont.)

Subjective area	2017/18	Commentary																								
Valuation of pension assets and liabilities	3	<p>Northamptonshire Chief Constable continue to use Hymans Robertson to provide actuarial valuations in relation to the assets and liabilities recognised as a result of participation in the Local Government Pension Schemes. Due to the overall value of the pension assets and liabilities, small movements in the assumptions can have a significant impact on the overall valuation. For example, a 0.5% change in the discount rate would change the net liabilities of these schemes by £27 million.</p> <p>The actual assumptions adopted by the Actuary fell within our expected ranges with the exception of the discount rate as set out below (although the net impact was a balanced assessment):</p>																								
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="565 721 886 747">LGPS Assumption</th> <th data-bbox="908 721 998 779">Actuary Value</th> <th data-bbox="1036 721 1176 810">KPMG Central Assumption</th> <th data-bbox="1198 721 1339 747">Assessment</th> </tr> </thead> <tbody> <tr> <td data-bbox="565 824 886 851">Discount rate</td> <td data-bbox="908 824 998 851">2.70%</td> <td data-bbox="1036 824 1176 851">2.51%</td> <td data-bbox="1198 824 1339 851" style="background-color: #c00000; color: white; text-align: center;">0</td> </tr> <tr> <td data-bbox="565 876 886 903">Pension Increase Rate</td> <td data-bbox="908 876 998 903">2.40%</td> <td data-bbox="1036 876 1176 903">2.15%</td> <td data-bbox="1198 876 1339 903" style="background-color: #90c040; text-align: center;">2</td> </tr> <tr> <td data-bbox="565 928 886 980">Salary increases</td> <td data-bbox="908 928 998 980">CPI plus 0.3 %</td> <td data-bbox="1036 928 1176 980">CPI plus 0% to 2.0%</td> <td data-bbox="1198 928 1339 980" style="background-color: #00a651; color: white; text-align: center;">3</td> </tr> <tr> <td data-bbox="565 1004 886 1094">Life expectancy Current male / female Future male/female</td> <td data-bbox="908 1031 998 1083">23.9 / 22.1 26.1 / 24.1</td> <td data-bbox="1036 1031 1176 1083">23.3 / 21.9 25.4 / 23.8</td> <td data-bbox="1198 1031 1339 1083" style="background-color: #90c040; text-align: center;">2</td> </tr> </tbody> </table>	LGPS Assumption	Actuary Value	KPMG Central Assumption	Assessment	Discount rate	2.70%	2.51%	0	Pension Increase Rate	2.40%	2.15%	2	Salary increases	CPI plus 0.3 %	CPI plus 0% to 2.0%	3	Life expectancy Current male / female Future male/female	23.9 / 22.1 26.1 / 24.1	23.3 / 21.9 25.4 / 23.8	2				
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		<p>We have also reviewed the assumptions used by the Government Actuaries Department in respect of the Police Pension Fund:</p>																								
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="565 1228 886 1286">Police Pension Scheme Assumption</th> <th data-bbox="908 1228 998 1286">Actuary Value</th> <th data-bbox="1036 1228 1176 1255">KPMG Range</th> <th data-bbox="1198 1228 1339 1255">Assessment</th> </tr> </thead> <tbody> <tr> <td data-bbox="565 1307 886 1334">Discount rate</td> <td data-bbox="908 1307 998 1334">2.55%</td> <td data-bbox="1036 1307 1176 1334">2.51%</td> <td data-bbox="1198 1307 1339 1334" style="background-color: #00a651; color: white; text-align: center;">3</td> </tr> <tr> <td data-bbox="565 1359 886 1386">CPI inflation</td> <td data-bbox="908 1359 998 1386">2.30%</td> <td data-bbox="1036 1359 1176 1386">2.15%</td> <td data-bbox="1198 1359 1339 1386" style="background-color: #00a651; color: white; text-align: center;">3</td> </tr> <tr> <td data-bbox="565 1411 886 1437">Net discount rate</td> <td data-bbox="908 1411 998 1437">0.25%</td> <td data-bbox="1036 1411 1176 1462">CPI plus 0% to 2.0%</td> <td data-bbox="1198 1411 1339 1437" style="background-color: #00a651; color: white; text-align: center;">3</td> </tr> <tr> <td data-bbox="565 1483 886 1535">Salary Growth</td> <td data-bbox="908 1510 998 1537">4.30%</td> <td data-bbox="1036 1510 1176 1562">23.3 / 21.9 25.4 / 23.8</td> <td data-bbox="1198 1510 1339 1537" style="background-color: #00a651; color: white; text-align: center;">3</td> </tr> <tr> <td data-bbox="565 1583 886 1663">Life expectancy Current male / female Future male/female</td> <td data-bbox="908 1609 998 1661">22.6 / 24.2 24.5 / 26.1</td> <td data-bbox="1036 1609 1176 1636">2.51%</td> <td data-bbox="1198 1609 1339 1661" style="background-color: #ffc000; text-align: center;">2</td> </tr> </tbody> </table>	Police Pension Scheme Assumption	Actuary Value	KPMG Range	Assessment	Discount rate	2.55%	2.51%	3	CPI inflation	2.30%	2.15%	3	Net discount rate	0.25%	CPI plus 0% to 2.0%	3	Salary Growth	4.30%	23.3 / 21.9 25.4 / 23.8	3	Life expectancy Current male / female Future male/female	22.6 / 24.2 24.5 / 26.1	2.51%	2
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<p>Overall we are satisfied that the assumptions used for the Police Pension are appropriate. Due to the overall value of the pension liabilities, small movements in the assumptions can have a significant impact on the overall valuation. For example, a 0.5% change in the discount rate would change the net liabilities of these schemes by £129 million.</p>																										

Proposed opinion and audit differences

Subject to all outstanding queries being resolved to our satisfaction and for the necessary assurances being received from the auditors of the LGPS pension scheme we anticipate issuing an unqualified audit opinion on the PCC and CC's 2017/18 financial statements by 31 July 2018.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The final materiality (see Appendix 4) for this year's audit was set at £3.2 million. Audit differences below £0.16 million are not considered significant.

We did not identify any material misstatements, although our audit identified two audit differences (one only impacting the standalone PCC accounts, and one impacting both the standalone PCC and Group accounts) which we set out in Appendix 3. It is our understanding that this will not be adjusted in the final version of the financial statements. There is a net impact of £0.68m on the Group General Fund as a result of this adjustment.

In addition, we identified a number of presentational adjustments required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ('the Code'). We have set out details of significant presentational adjustments in Appendix 3. We understand that the PCC and CC will be addressing these where significant.

Proposed opinion and audit differences (cont.)

Annual Governance Statement

We have reviewed the PCC and CC's 2017/18 Annual Governance Statements and confirmed that:

- They comply with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- They are not misleading and are consistent with other information we are aware of from our audit of the financial statements.

Narrative Report

We have reviewed the PCC and CC's 2017/18 Narrative Reports and have confirmed that they are consistent with the financial statements and our understanding of both the PCC and CC.



Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the PCC and CC's 2017/18 financial statements.

Before we can issue our opinions we require signed management representation letters.

Once we have finalised our opinions and conclusions we will prepare our Annual Audit Letter and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of the Police & Crime Commissioner for Northamptonshire and Chief Constable for Northamptonshire for the year ending 31 March 2018, we confirm that there were no relationships between KPMG LLP and the Police & Crime Commissioner for Northamptonshire and Chief Constable for Northamptonshire, their directors and senior management and their affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 6 in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Deputy Chief Finance Officer for presentation to the PCC and CC. We require a signed copy of your management representations before we issue our audit opinion.

As part of this process we are seeking specific management representations in respect of the assurances you have gained over the completeness and accuracy of the figures consolidated for the regional collaboration.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- Significant difficulties encountered during the audit;
- Significant matters arising from the audit that were discussed, or subject to correspondence with management;
- Other matters, if arising from the audit that, in the auditor's professional judgement, are significant to the oversight of the financial reporting process; and
- Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc.).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report or our previous reports relating to the audit of the PCC and CC's 2017/18 financial statements.

Section three

Value for Money Arrangements



Specific value for money risk areas

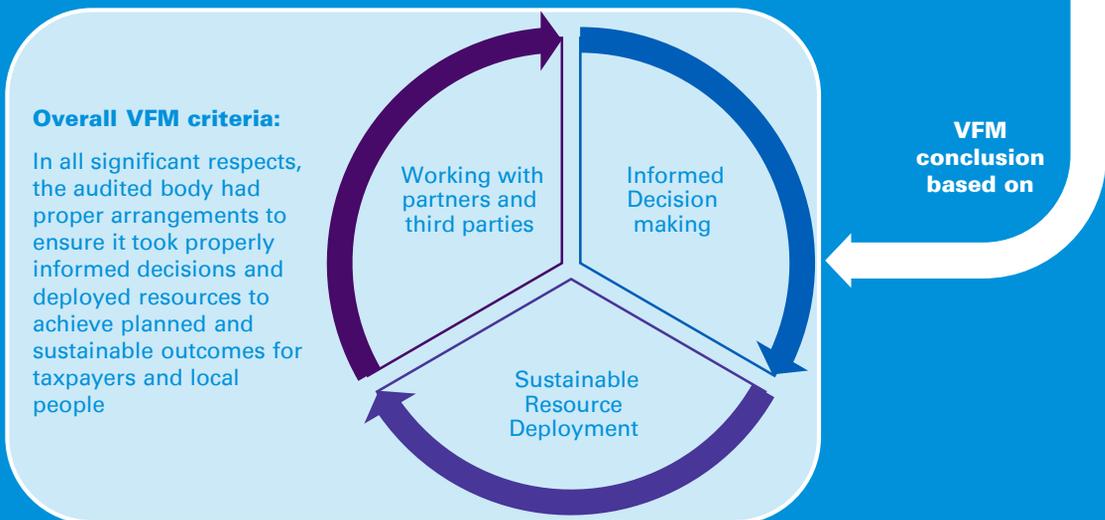
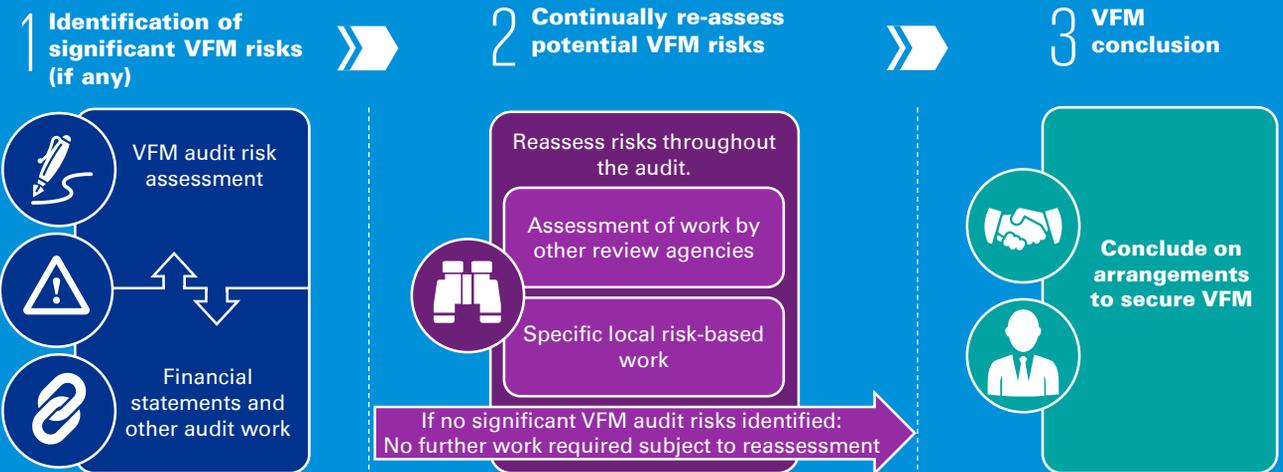
Our 2017/18 VFM conclusion considers whether the PCC and CC had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have concluded that the PCC and CC have made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people, except for in relation to the MFSS Governance issues.

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the PCC and CC 'have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

We follow a risk based approach to target audit effort on the areas of greatest audit risk.



Section three: Value for Money arrangements

Specific value for money risk areas (cont.)

The table below summarises our assessment of the individual VFM risk identified against the three sub-criteria. This directly feeds into the overall VFM criteria and our value for money opinion.

Applicability of VFM Risks to VFM sub-criteria

VFM Risk	Informed decision making	Sustainable resource deployment	Working with partner and third parties
Medium term financial planning			
MFSS Governance			

In consideration of the above, we have concluded that in 2017/18, the PCC and CC have made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people, except for in relation to MFSS governance.

Further details on the work done and our assessment are provided on the following pages.



Specific value for money risk areas (cont.)

As communicated to you in our *External Audit Plan 2017/18* we have *identified two risks* requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

We have provided below a summary of the risk areas identified, our work undertaken and the conclusions reached.

<p>Risk:</p>	<p>Medium Term Financial Planning</p> <p>The Police and Crime Commissioner and Chief Constable identified the need to make savings of £1.9 million in 2017/18. The current forecast shows that they will deliver an underspend of approximately £0.8 million for the financial year but are anticipating that further operational priorities will emerge that have the potential to reduce the underspend to a position closer to meet the approved balanced budget.</p> <p>The overall budget was approved by the Police and Crime Commissioner on 24 February 2017 and recognised a need for £1.9 million in savings. The approved budget includes individual proposals to support the delivery of the overall savings requirement. Further savings of £1.7 million will be required over the period 2018 to 2020 to principally address future reductions to funding levels alongside service cost and demand pressures. As a result, the need for savings will continue to have a significant impact on the Police and Crime Commissioner and Chief Constable’s financial resilience.</p>
<p>Our assessment and work undertaken:</p>	<p>Our work over the Police’s Medium Term Financial Planning has not identified any significant issues or risks not already identified and noted in the Medium Term Financial Plan. We, however, raised a recommendation relating to the continued monitoring and cost controls required in relation to the take on of the Governance of the Fire Authority.</p>

Specific value for money risk areas (cont.)

<p>Risk:</p>	<p>MFSS Governance</p> <p>Multi Force Shared Services (MFSS) currently provides transactional back office services to Cheshire, Nottinghamshire and Northamptonshire Police and the Civil Nuclear Authority. PCCs in particular have expressed concerns around the governance of MFSS around the role of the Joint Oversight Committee (JOC) and the supporting Section 22 agreement. PCCs consider that an alternative legal vehicle is required to better support and govern MFSS and the services provided to clients. Potential growth in the membership of MFSS through the on-boarding of Cheshire Fire & Rescue Service, British Transport Police, and Avon & Somerset Police, means that the existing governance arrangements are becoming unwieldy. The Northamptonshire PCC has agreed that the Force should continue to be a member of MFSS and migrate to Oracle Fusion. This decision was based upon the outcome of the Grant Thornton tri-force evaluation report, which amongst other things, tested whether MFSS was providing value for money.</p> <p>Oracle Cloud Applications (FUSION) now offers expanded application functionality, real-time Business Intelligence and related modules all via Oracle Cloud Applications. By moving to a fully Oracle hosted service the annual savings for the MFSS are £2.667m over five years with additional MFSS savings taking the five year total savings to £3.54m (shared amongst the partner forces).</p>
<p>Our assessment and work undertaken:</p>	<p>We have reviewed the circumstances and documentation relating to the Police’s decision to approve the Fusion Project, and have come to the following conclusion (note this is the wording we expect to use in our opinion):</p> <p>On 22 March 2017, the Business Case for the upgrade of the Police’s back office system by the Multi-Force Shared Service to “Oracle Cloud Computing” (project Fusion) was approved. On review of the progress of the project in 2017-18, it was noted that:</p> <ul style="list-style-type: none"> • The project was unlikely to be delivered by the expected “go-live” date of 1st of April 2018; • As a result of the delayed timescale, complicated by a new on-boarding partner, the project was projected to overspend by £4.995m of which £0.667m would be payable by Northamptonshire Police and Crime Commissioner; and • The expected functionality of the newly implemented system was not in line with the original scope, which will reduce the recurring revenue savings expected from implementing the project from the original business case of £2.677m over 5 years. <p>These issues of non-delivery were predominantly experienced at MFSS, and during the course of identifying these issues, Northamptonshire Police identified that there were not adequate Governance and Monitoring arrangements in place at MFSS for them to have significant influence on the progress of the project. As such, we are not satisfied in respect of the Value for Money Sub-Criterion: Working with Partners and Third Parties: “commissioning services effectively to support the delivery of strategic priorities”.</p> <p>As a result of this, we will be providing an “except for” conclusion in relation to our VFM opinion.</p>

Appendices



Appendix 1:

Key issues and recommendations

Our audit work on the PCC and CC's 2017/18 financial statements has identified two issues, relating to coding of capital expenditure approval of overtime payments – the overtime recommendation was raised in the prior year, and has been included in appendix 2. We have also raised two recommendations in relation to our VFM work. We have listed these issues in this appendix together with our recommendation which we have agreed with Management. We have also included Management's responses to this recommendation.

The PCC and CC should closely monitor progress in addressing the risk, including the implementation of our recommendation.

We have given each recommendation a risk rating and agreed what action management will need to take.

Priority Rating for Recommendations

1	<p>Priority One: Issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p> <p>Recommendations Raised: 2</p>	2	<p>Priority Two: Issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p> <p>Recommendations Raised: 1</p>	3	<p>Priority Three: Issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p> <p>Recommendations Raised: 0</p>
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No.	Risk	Issue & Recommendation	Management Response
1	1	<p>MFSS Governance</p> <p>We are providing an "except for" conclusion over our VFM opinion, specifically in relation MFSS governance.</p> <p>During the year, you identified that there were significant issues with the delivery of MFSS's upgrade to "Cloud Oracle Computing". Investigations identified that the project would be late, over budget, not to specification, and would not deliver the expected savings. At the time it was identified, you did not have the Governance arrangements in place to effectively influence the project to remedy the situation.</p> <p>Risk</p> <p>Northamptonshire Police could become committed to expenditure that does not represent good value for money.</p> <p style="text-align: right;"><i>Continued overleaf ...</i></p>	<p>Agreed</p> <p>Responsible Officer</p> <p>PCC and CC</p> <p>Implementation Deadline Ongoing</p> <p>This is a project that the PCC, CC and key officers have been concerned about and who have been key to implementing improved governance arrangements for the SSJOC to oversee the management and monitoring of the project.</p> <p>The S151 officers have now been granted membership to the MFSS Management Board and have the ability to scrutinise all papers being considered by the SSJOC, including costs and project progress, highlighting and taking forward concerns with the PCC and CC. Additional project staffing resources have been provided and all efforts are being made to ensure implementation in the autumn.</p> <p>Continued overleaf.....</p>

Key issues and recommendations (continued)

No.	Risk	Issue & Recommendation	Management Response
1	1	<p><i>(continued)</i></p> <p>Recommendation</p> <p>We recognise that Northamptonshire Police has taken significant action in year to remedy the issues identified above.</p> <p>The Governance arrangements at MFSS have been fundamentally restructured to give Northamptonshire Police more direct monitoring arrangements, so that if issues develop, they are able to identify them more immediately. They also now have the ability to direct changes in operations as they are required to improve projects.</p> <p>We are satisfied that Northamptonshire Police are now taking appropriate action in relation to MFSS Governance, however, they should continue to monitor the Fusion project closely, and continue to take a more active role in the management and delivery of key projects.</p> <p>In the future, when making decision about future projects, Northamptonshire Police should also carefully consider the exit strategies available, and the alternative solutions, should the primary project not be able to deliver.</p>	<p>(continued)</p> <p>The project will be continually reviewed and scrutinised by the PCC and CC and their advisers to ensure that it is providing value for money and delivering the required outcomes. This will include monitoring and scrutinising of project costs and considering alternatives and exit strategies for this and future projects and programmes</p>
2	2	<p>Fire Governance</p> <p>On the 11th of April 2018 the Home Secretary approved the business case for the PCC to take on the Governance of Northamptonshire Fire and Rescue Service.</p> <p>Since this approval, there have been significant stumbling blocks with County Council. On the 28th of June, the PCC wrote to the Home Secretary outlining his concerns, specifically that there is a perception that the terms of the original business case are not being honoured, which, if enacted, would lead to the financial implications of transfer no longer being viable.</p> <p>Risk</p> <p>The transfer of Fire Governance to the PCC is not financially viable, leading to a degradation in the provision of an essential emergency service.</p> <p>Recommendation</p> <p>The PCC should continue on its current course, monitoring the financial implications of any amendments to the business case in the draft transfer agreement.</p>	<p>Agreed</p> <p>Responsible Officer</p> <p>OPCC Chief Finance Officer</p> <p>Implementation Deadline</p> <p>Ongoing (transfer date still subject to statutory instrument)</p> <p>The CFO will work with the Fire Governance Project Manager to continue to review the financial implications of the transfer and advise the PCC, highlighting options to address and minimise any negative financial impacts. The project manager and the PCC will continue to liaise with NCC and the Home Secretary to resolve issues as they are highlighted to ensure that the Business Case remains viable.</p> <p>The CFO will continually review and update the Fire and Rescue Service MTFP and savings plans agreed by the Chief Fire Officer and the PCC moving forwards to ensure that future plans are robust, affordable and provide sufficient opportunity to build reserves to a sustainable and prudent level within the agreed timeframe.</p>

Appendix 1:

Key issues and recommendations (continued)

No.	Risk	Issue & Recommendation	Management Response
3	1	<p>Coding of Capital Expenditure</p> <p>We have identified £0.96m of “fixture and fittings” and “IT equipment” expenditure that has been included in the “Buildings” category of the fixed asset register, in relation to the Northern Accommodation Hub.</p> <p>As a result of including these costs in the total cost of the building, they have been inappropriately written off as the building value has been written down to that provided by your External Valuers.</p> <p>Risk</p> <p>While the value is not material, the value is above our triviality threshold, and, should this be repeated on future projects, could result in inappropriate impairments going forward.</p> <p>Recommendation</p> <p>In future years, the finance team should carefully scrutinise the coding of capital expenditure, performing a scan review / specific invoice sampling to assess whether the costs of a capital project are being coded to the correct category of asset.</p>	<p>Agreed</p> <p>Responsible Officer</p> <p>Head of Finance</p> <p>Implementation Deadline</p> <p>01 August 2018</p> <p>The Head of Finance has already instigated detailed quarterly reviews of the capital programme and will build on this by ensuring that regular reviews of capital expenditure takes place throughout the year. This will include sampling of expenditure together with a more detailed testing regime at year end to ensure that expenditure is coded and categorised appropriately.</p>

Appendix 2:

Follow-up of prior year recommendations

The Authority has implemented all of the recommendations raised through our previous audit work.

This appendix summarises the progress made to implement the recommendations identified in our *ISA 260 Report 2016/17* and re-iterates any recommendations still outstanding.

Number of recommendations that were

Included in the original report	5
Implemented in year or superseded	4
Outstanding at the time of our interim audit	1

No.	Risk	Issue & Recommendation	Management Response	Status as at July 2018
1	1	<p>Financial Statements</p> <p>While we have noted that the Finance team have made significant strides in their accounts production process, providing a draft set of accounts to us prior to the start of the audit, we unfortunately noted a significant issue in the production process, with a Prior Period Adjustment being processed, without formal confirmation of this process with KPMG.</p> <p>Recommendation</p> <p>In future years, there should be a protocol between the Finance Team and External Audit for any proposed significant accounts issues, such as proposed Prior Period Adjustments.</p>	<p>Accepted.</p> <p>Responsible Officer</p> <p>PCC CFO/CC CFO</p> <p>Implementation Deadline</p> <p>2017/18 Statement of Accounts</p>	Fully implemented
2	3	<p>Authorisation of Overtime</p> <p>We noted that in the payroll process, there is no direct authorisation / approval of overtime hours at the point of payment. Whilst we recognise that there are subsequent retrospective reviews of pay costs at a budgetary level, there is currently a risk that payments could be made for hours not worked.</p> <p>Recommendation</p> <p>The Force should consider adding additional controls into the overtime process so that it requires supervisor approval of overtime hours worked, prior to processing and payment.</p>	<p>Accepted.</p> <p>Responsible Officer</p> <p>PCC CFO/CC CFO</p> <p>Implementation Deadline</p> <p>2017/18 Statement of Accounts</p>	Not implemented

Appendix 2:

Follow-up of prior year recommendations (cont.)

No.	Risk	Issue & Recommendation	Management Response	Status as at July 2018
3	2	<p>Authorisation of Journals</p> <p>As part of our testing around journal controls, we noted that journals are not authorised electronically on the system but are retrospectively printed off and reviewed as part of the budget monitoring process. The risk is that an inappropriate journal entry could be made and not detected by the Police Authority's internal controls.</p> <p>Recommendation</p> <p>The Force should consider adding additional controls into the journals process so that it requires authorisation of journals, prior to posting.</p>	<p>Accepted.</p> <p>Responsible Officer</p> <p>Head of Finance</p> <p>Implementation Deadline</p> <p>2017/18 Statement of Accounts</p>	Fully implemented
4	1	<p>Financial Statements</p> <p>The PCC and CC Financial Statements were prepared by the respective S151 by the deadline of the 30 June 2016. A quality review of the Financial Statements was not undertaken until after these accounts had been prepared for audit. This resulted in several changes to the Financial Statements prepared for audit after submission by the respective S151 Officers.</p> <p>Recommendation</p> <p>The S151 Officers should ensure that a quality review of the PCC and CC accounts are undertaken ahead of the accounts being presented for audit.</p>	<p>Accepted.</p> <p>Responsible Officer</p> <p>S151 officers</p> <p>Implementation Deadline</p> <p>2017/18 Statement of Accounts</p>	Fully implemented

Appendix 2:

Follow-up of prior year recommendations (cont.)

No.	Risk	Issue & Recommendation	Management Response	Status as at July 2018
5	1	<p>Related Parties</p> <p>The governance processes used to identify and capture related party transactions did not identify all the related party transactions during the year.</p> <p>A payment was made to an organisation where the PCC Chief Executive Officer had declared an interest as a Director.</p> <p>Recommendation</p> <p>The PCC and CC should review the governance process for the capture and reporting of related parties on signed hard copy records. When the accounts are compiled a check against payments made to related parties should be undertaken and disclosed within the financial statements.</p>	<p>Accepted.</p> <p>Responsible Officer</p> <p>S151 officers</p> <p>Implementation Deadline</p> <p>2017/18 Statement of Accounts</p>	Fully implemented

Appendix 3:

Audit differences

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the PCC and CC).

We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

We have identified one unadjusted audit difference regarding the LGPS liability in standalone PCC 2017/18 draft financial statements. This relates to the transfer of employees from the PCC to Voice for Victims Limited, the related LGPS liability of which has been included in the standalone PCC accounts incorrectly.

Adjusted audit differences impacting the primary statements

The following table sets out the significant audit differences impacting on the primary statements identified by our audit of Police & Crime Commissioner for Northamptonshire and Chief Constable for Northamptonshire's financial statements for the year ended 31 March 2018.

Table 1: Unadjusted audit differences impacting the primary statements – Standalone PCC (£'000)

No.	Income and expenditure statement	Assets	Liabilities	Reserves	Basis of audit difference
1	Cr Current Service Cost £9 Cr Interest Cost £1 Cr Other Comprehensive Income £3		Dr Liability £89k	Cr Pension Reserve £76k	Adjustments in relation to removing the Liability relating to Voice for Victim's Limited from the standalone PCC accounts. Note there is no impact on the Group accounts, as this figure is consolidated in.
2	Cr Group Other Operating Expenditure £959 Dr Group Depreciation £281	Dr PPE £959 Cr PPE £281			Adjustments in relation to fit-out costs which had incorrectly been classified as Land and Buildings instead of Vehicles, Plant, Furniture and Equipment.
	Cr 691	Dr 691	Dr 89	Cr 76	Total impact of adjustments

Presentational adjustments – Group, PCC Standalone and CC accounts

We identified a number of presentational adjustments required to ensure that the PCC and CC's financial statements for the year ending 31 March 2018 are fully compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ('the Code').

Whilst the majority of these adjustments were not significant, we identified a limited number of adjustments of a more significant nature. We provided the Committee with a summary of these adjustments at the early accounts review workshop

Materiality and reporting of audit differences

The assessment of what is material is a matter of professional judgement and includes consideration of three aspects: materiality by value, nature and context.

Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.

Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.

Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our External Audit Plan 2017/18, presented to you in April 2018.

Materiality for the PCC and CC's accounts was set at £3.2 million which equates to around 1.7 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Joint Independent Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Joint Independent Audit Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 requires us to request that uncorrected misstatements are corrected.

In the context of the PCC and CC, an individual difference is considered to be clearly trivial if it is less than £160,000.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Joint Independent Audit Committee to assist it in fulfilling its governance responsibilities.

Appendix 5:

Required communications with the Joint Independent Audit Committee

We have provided below at-a-glance summary of the information we are required to report to you in writing by International Accounting Standards.

Required Communication	Commentary
Our draft management representation letter	We have requested a single specific representation in relation to Regional Collaboration assurances in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2018.
Adjusted and Unadjusted audit differences	We have identified an unadjusted audit difference impacting the primary statements with a total value of £89K. There are no adjusted audit differences
Related parties	There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Joint Independent Audit Committee	There were no matters to report arising from the audit that, in our professional judgement, are significant to the oversight of the financial reporting process.
Control deficiencies	We have set out our assessment of the PCC and CC's internal control environment, including confirmation that there was one control deficiency identified, in Section one of this report (see Page 4).
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	We identified no actual or suspected fraud involving the PCC or CC's officers with significant roles in internal control, or where the fraud resulted in a material misstatement in the financial statements.
Significant difficulties	We experienced a delay in receiving the valuation report from the PCC's external valuer.
Modifications to auditor's report	We are providing an "except for" conclusion in respect of our VFM opinion, the basis of which relates the Governance arrangements at MFSS.
Disagreements with management or scope limitations	The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.

Appendix 5:

Required communications with the Joint Independent Audit Committee (cont.)

Required Communication	Commentary
Other information	<p>No material inconsistencies were identified related to other information in the Narrative Report or Annual Governance Statement.</p> <p>These reports were found to be fair, balanced and comprehensive, and compliant with applicable requirements.</p>
Our declaration of independence and any breaches of independence	<p>No matters to report.</p> <p>The engagement team have complied with relevant ethical requirements regarding independence.</p> <p>See Appendix 6 for further details.</p>
Accounting practices	<p>Over the course of our audit, we have evaluated the appropriateness of the PCC and CC's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.</p> <p>We have set out our view of the assumptions used in valuing pension assets and liabilities at Page 14.</p>
Significant matters discussed or subject to correspondence with management	<p>There were no significant matters arising from the audit which were discussed, or subject to correspondence, with management.</p>



Declaration of independence

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF THE POLICE & CRIME COMMISSIONER FOR NORTHAMPTONSHIRE AND CHIEF CONSTABLE FOR NORTHAMPTONSHIRE

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Limited's ('PSAA's') Terms of Appointment relating to independence, the requirements of the FRC Ethical Standard and the requirements of Auditor Guidance Note 1 - General Guidance Supporting Local Audit (AGN01) issued by the National Audit Office ('NAO') on behalf of the Comptroller and Auditor General.

This Statement is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Appendix 6:

Declaration of independence (cont.)

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the PCC and CC and its controlled entities for professional services provided by us during the reporting period. We have detailed the fees charged by us to the PCC and CC and its controlled entities for significant professional services provided by us during the reporting period in Appendix 7, as well as the amounts of any future services which have been contracted or where a written proposal has been submitted. Total fees charged by us for the period ended 31 March 2018 can be analysed as follows:

	2017/18 £	2016/17 £
Audit of the Police and Crime Commissioner	29,291	29,291
Audit of the Chief Constable	15,000	15,000
Additional fees in respect of overruns		2,500
Total audit services	44,291	46,791
Allowable non-audit services	0	0
Audit related assurance services	0	0
Mandatory assurance services	0	0
Total Non Audit Services	0	0

We are required by AGN 01 to limit the proportion of fees charged for non-audit services (excluding mandatory assurance services) to 70% of the total fee for all audit work carried out in respect of the PCC and CC under the Code of Audit Practice for the year. The ratio of non-audit fees to audit fees for the year was 0:1. We do not consider that the total of non-audit fees creates a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to the Joint Independent Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Joint Independent Audit Committee of the PCC and CC and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

KPMG LLP

KPMG LLP



Appendix 7:

Audit fees

As communicated to you in our *External Audit Plan 2017/18*, our scale fee for the audits are detailed below:

Component of the audit	2017/18 Planned Fee £	2016/17 Actual Fee £
Accounts opinion and value for money work		
PSAA Scale fee (Police and Crime Commissioner)	29,291	29,291
PSAA Scale fee (Chief Constable)	15,000	15,000
Additional fees agreed with PSAA for overruns	0	2,500
Total audit services	44,291	46,791
Total non-audit services	0	0
Grand total fees for the PCC and CC	44,291	46,791

All fees quoted are exclusive of VAT.





The key contacts in relation to our audit are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

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 [...], the engagement lead to the Authority, 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, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA'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.

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Annual Audit Letter 2017/18

**Police & Crime
Commissioner for
Northamptonshire
and
Chief Constable
for
Northamptonshire**

August 2018



A group of business professionals in a meeting, looking at documents. The image is a close-up, slightly blurred, showing several people in business attire. A woman with dark hair is on the left, looking down. A man with grey hair is in the center, also looking down. Another woman is on the right, partially visible. They are all wearing suits and ties. The background is out of focus, suggesting an office or conference room setting. A blue horizontal bar is overlaid across the middle of the image, containing the text.

Section one

Summary for the Joint Independent Audit Committee

Section one:

Summary for Joint Independent Audit Committee

This document summarises the key findings in relation to our 2017/18 external audit at the Police & Crime Commissioner for Northamptonshire ('the PCC') and the Chief Constable for Northamptonshire ('the CC').

Audit opinion

We issued an unqualified opinion on the PCC and CC's 2017/18 financial statements on 31 July 2018. This means that we believe the financial statements give a true and fair view of the financial position of the PCC and CC and of their expenditure and income for the year.

Financial statements audit

Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £3.2 million which equates to around 1.7 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We report to the Joint Independent Audit Committee any misstatements of lesser amounts, other than those that are "clearly trivial", to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £0.16 million.

Whilst we have not identified any material audit adjustments impacting the primary statements, we did identify one unadjusted audit difference above our triviality limit.

We have identified one issue relating to overtime authorisation, for which we raised a recommendation in the previous year, and we consider to be "not implemented". We have also raised a recommendation regarding coding of capital expenditure.

Based upon our initial assessment of risks to the financial statements (as reported to you in our *External Audit Plan 2017/18* and updated during our audit) we identified the following significant risks (excluding those mandated by International Standards on Auditing):

- **Pensions Liabilities** - We have reviewed the valuation of the Local Government Pension Scheme net Liability. We have identified one adjustment in relation to the inclusion of the liability applicable to Voice for Victims Limited in the individual PCC accounts..
- **Valuation of PPE** - We have reviewed the valuation of Property Plant and Equipment. Whilst we are satisfied with the compilation of the valuation, we have identified an adjustment relating to the coding of fit out costs.

Section one:

Summary for Joint Independent Audit Committee (cont.)

Faster Close – The timetable for the production of the financial statements has been significantly advanced with draft accounts having to be prepared by 31 May (2017: 30 June) and the final accounts signed by 31 July (2017: 30 September). The draft accounts were completed and we received them on the 31 of May in line with the statutory deadline. While we have experienced some delays, particularly regarding the full valuation report from your external Valuers, the processes put in place have seen a significant improvement in accounts production from the previous year.

Other areas of audit focus

A risk with less likelihood of giving rise to a material error but which are nevertheless worthy of additional audit focus was identified as:

- **Related Parties** – We have reviewed the related party disclosures in the financial statements. We have not identified any significant issues with the related party disclosure made in note 15 of the group accounts.

Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the PCC's and CC's financial statements to consider their material consistency with the audited accounts. This year we reviewed the Annual Governance Statements and Narrative Reports. We concluded that they were consistent with our understanding and did not identify any issues.

Whole of Government Accounts

The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.

Section one:

Summary for Joint Independent Audit Committee (cont.)

Value for Money conclusion

We completed our 2017/18 risk-based work to consider whether in all significant respects the PCC and CC have proper arrangements to ensure they have taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We concluded that in 2017/18 the PCC and CC had made proper arrangements to secure economy, efficiency and effectiveness in their use of resources except for in relation to MFSS governance.

We therefore issued an "except for" 2017/18 value for money opinion.

Value for Money risk areas

We set out our assessment of those areas requiring additional risk based work in our External Audit Plan 2017/18 and have updated this assessment during our interim visit. As a result of this we have identified the following significant VFM audit risks:

- **Medium Term Financial Planning** - We have reviewed the Police Medium Term Financial Plan, and we have not identified any specific concerns not already identified as risks within the plan itself. We have, however, raised a recommendation relating to the financial impact of taking on the governance arrangements of the Fire Authority.
- **MFSS Governance and VFM** - We have identified significant issues with the governance arrangements at the Multi-Force Shared Service, particularly in relation to Project Fusion. We have raised a significant recommendation relating to this, however, we do note that the PCC and Chief Constable have already taken significant steps in year to remedy the situation

High priority recommendations

As a result of our 2017/18 work we raised one high priority recommendation, related to the need to continue to monitor and manage the MFSS contract and the Fusion Project. This was reported and accepted within our 2017/18 ISA260 report.

Section one:

Summary for Joint Independent Audit Committee (cont.)

Certificate

We issued our certificate on 16 August 2018. The certificate confirms that we have concluded the 2017/18 audits of the PCC's and CC's financial statements in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

Audit fee

Our fee for 2017/18 was £44,291 (split PCC: £29,291 and CC: £15,000), excluding VAT.

Exercising of audit powers

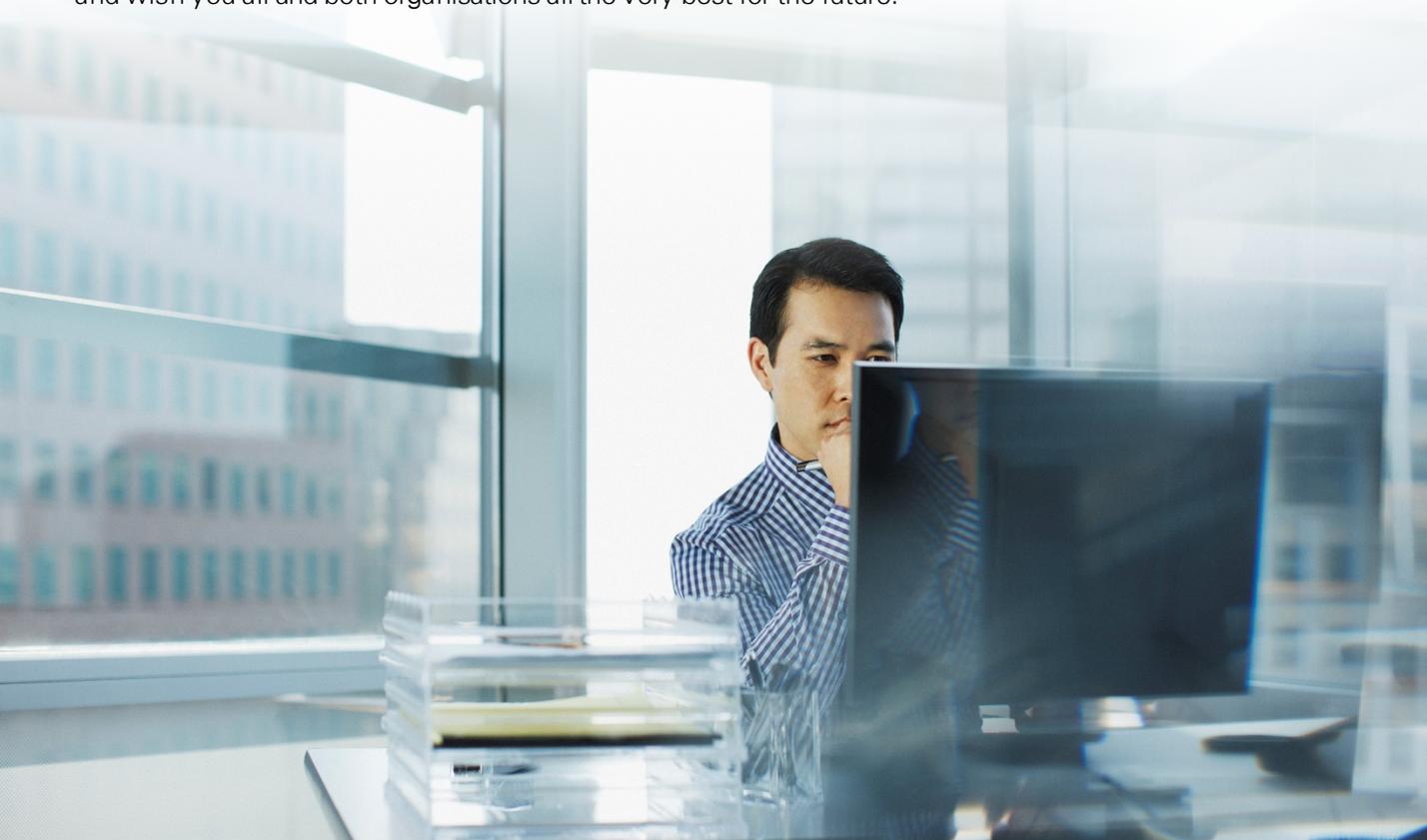
We have a duty to consider whether to issue a report in the public interest about something we believe the PCC or CC should consider, or if the public should know about.

We have not identified any matters that would require us to issue a public interest report.

In addition, we have not had to exercise any other audit powers under the Local Audit & Accountability Act 2014.

Acknowledgements

We would like to take this final opportunity to thank all officers and Members for their help and assistance over the many years that we have provided the external audit service to Northamptonshire's PCC and CC, and wish you all and both organisations all the very best for the future.



Appendices



Appendix 1:

Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can be accessed via the Joint Independent Audit Committee pages on the PCC and CC’s website.

2017/18 External Audit Plan

The External Audit Plan set out our approach to the audit of the PCC and CC’s financial statements and to support the VFM conclusion.

2017/18 Interim Audit Letter

The Interim Audit Letter summarised the results from the preliminary stages of our audit, including testing of financial and other controls.

Report to Those Charged with Governance

The ISA260 Report to Those Charged with Governance summarised the results of our audit work for 2017/18 including key issues and recommendations raised as a result of our observations.

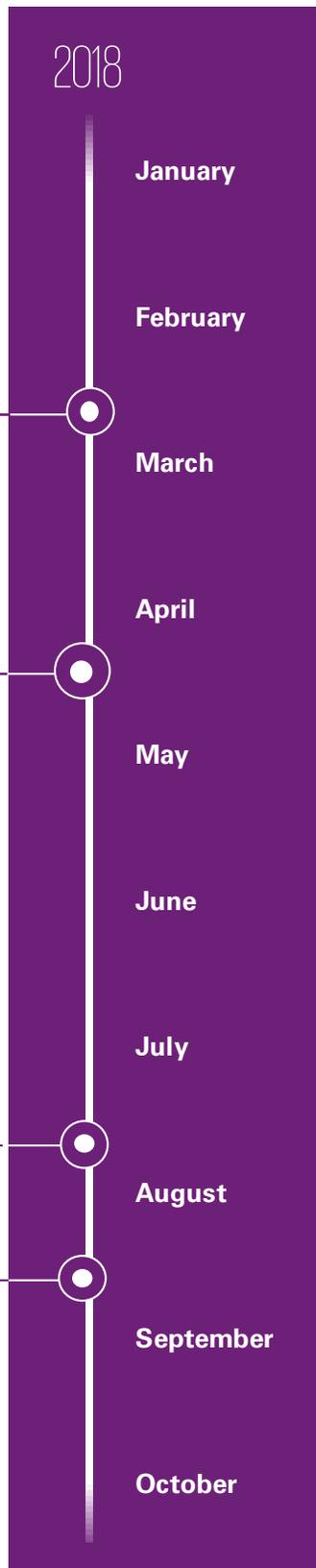
We also provided the mandatory declarations required under auditing standards as part of this report.

Auditor’s Report

The 2017/18 Auditor’s Report included our audit opinions on the PCC’s and CC’s financial statements along with our VFM conclusions and our certificates.

Annual Audit Letter

This Annual Audit Letter provides a summary of the results of our audit for 2017/18.



Appendix 2:

Audit fees

This appendix provides information on our final fees for the 2017/18 audit.

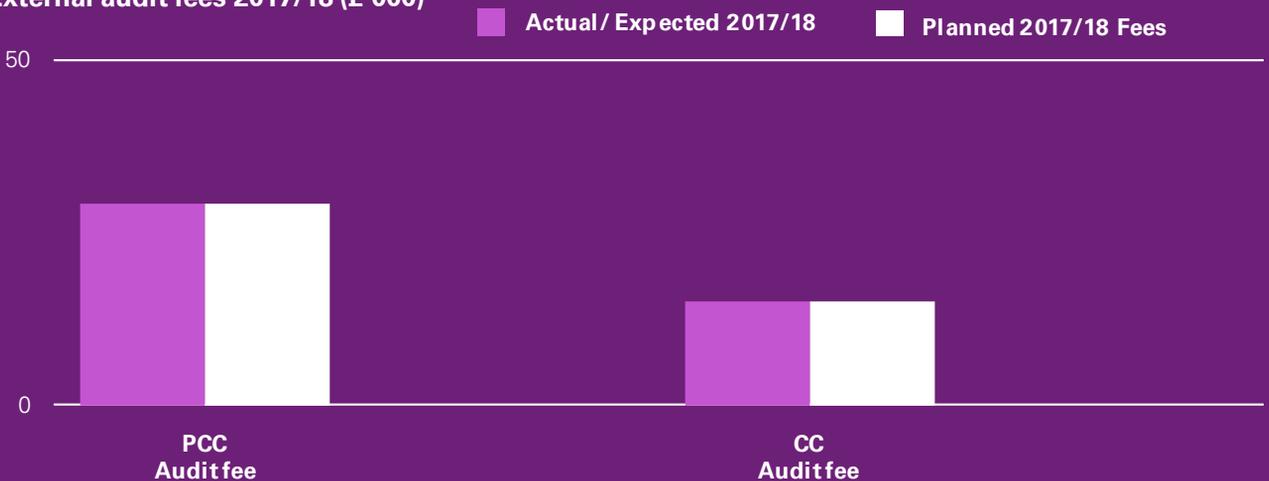
External audit

Our final fee for the 2017/18 audit of the Police and Crime Commissioner was £29,291, for the audit of the Chief Constable, the fee was £15,000. This compares to a planned fee of £29,291 and £15,000 respectively. 2016/17 total fees were £2,500 more than the 2017/18 audit due to a £2,500 overrun charge in the year.

Other services

We did not charge any additional fees for other services.

External audit fees 2017/18 (£'000)





The key contacts in relation to our audit are:

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AGENDA ITEM 9

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE 10 SEPTEMBER 2018

REPORT BY	Mazars
SUBJECT	Internal Audit Progress Report 2018/2019
RECOMMENDATION	To discuss the report



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

Internal Audit Progress Report 2018/19

August 2018

Presented to the Joint Independent Audit Committee meeting of: 10th September 2018

Contents

- 01 Introduction
- 02 Summary and conclusions from Internal Audit work to date
- 03 Performance 2018/19

Appendices

- A1 Summary of Reports 2018/19
- A2 Internal Audit Plan 2018/19
- 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 2018/19 Internal Audit Plan which was considered and approved by the JIAC at its meeting on 19th March 2018.
- 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 Since the last meeting of the JIAC, we have issued one final report, this being in respect of IT Strategy. We have also issued a draft report in respect Force Management of MFSS Arrangements. Further details are provided in Appendices A1 and A2.

Northamptonshire 2017/18 Audits	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Absence Management & Wellbeing	Final	Limited	1	2	2	5
IT Strategy	Final	Satisfactory		1	1	2
Force Management of MFSS Arrangements	Draft					
Total			1	3	3	7

- 2.2 Work in respect of the Collaboration Internal Audit Plan is progressing. Having presented the outcome of our review of Regional Collaboration Assurance Statements at the previous JIAC meeting, work is drawing to a close on the first of three collaboration audits in 2018/19, this being in respect of the Strategic Financial Planning, whilst the audit of Risk Management has also recently commenced. Further details are provided in Appendices A1 and A2.

03 Performance 2018/19

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.

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% (3/3)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (2/2)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	Achieved
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% (7/7)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	N/A

Appendix A1 – Summary of Reports 2018/19

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final report issued since the last progress report. We also include below summaries of the scope of the three collaboration audits, two of which are currently work in progress.

IT Strategy

Assurance Opinion	Satisfactory
--------------------------	--------------

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

The audit objectives were to provide a review of the arrangements in place to support the development and establishment of IT Strategy. Consideration was given to the governance of the IT Strategy. This included:

- Current position of IT strategic planning and governance structures.
- An IT strategy has been developed, documented, formally approved, and is up to date.
- The IT strategy supports both the delivery of the IT team’s departmental objectives and Force’s corporate objectives.
- The IT strategy clearly defines Force’s IT priorities over the lifetime of the business plan, and how these will be achieved. The strategy should address the following areas:
 - The level and skill set of current resources.
 - The needs of Force’s customers (both internal and external).
 - Whether the current needs of customers are being met with the current level of resources.
 - Force’s medium and long-term objectives.
 - The continuing and future needs of the Force’s customers.
 - The solutions possible to meet those needs given the technology available and are in line with Market/Sector trends and technologies.
 - The Force’s priorities (NB: consider the IT perspective).
 - Potential constraints to the delivery of the service and risks are effectively identified, managed or mitigated.
 - What the critical success factors are in assessing delivery against the IT strategy’s objectives.
- The IT strategy has been effectively communicated to key colleagues at all levels throughout the organisation.
- Senior management across the organisation are fully committed to the implementation of the IT strategy.

- There are effective governance, management structures and performance reporting structures in place to manage and monitor the implementation of IT strategy projects. This should include: (i) A project management office/IT Strategy Group to oversee implementation and delivery, (ii) terms of reference for the group (s), (iii) post implementation reviews of IT projects undertaken within agreed timescales.
- Governance procedures are in place to help support, manage and maintain the PSN accreditation.

We raised three significant (priority 2) recommendations where felt that the control environment could be improved. These related to the following:

- A formal structure for review and republication of the strategy should be established to ensure it remains up to date. For example, the strategy should be subject to at least annual review and republished for another three-year period.

We also raised one priority 3 recommendation of a more housekeeping nature relating to the promotion of the IT Strategy.

Management have confirmed that agreed actions will be implemented immediately.

Strategic Financial Planning

The audit will assess the adequacy and effectiveness of internal controls in operation. The audit review will consider:

Development of financial plans

- An effective and informed medium term financial plan (MTFP) is in place to ensure that a comprehensive review of the unit's financial position for the current and future years is undertaken and reviewed on a regular basis.
- The MTFP and financial planning process is aligned with key objectives, priorities and strategies set out in the unit's Business Plan.
- Appropriate assumptions are made as part of the planning process.
- Responsibility for creation, review and sign off of MTFP is defined and controls are in place to ensure these responsibilities are discharged effectively.
- The financial planning process takes into account the requirements of the individual regional forces.

Delivery of Efficiency Savings

- Efficiency savings are incorporated into the MTFP and these savings are monitored on a regular basis.
- There is evidence of stakeholder engagement in evaluating the proposed savings and that they take into account the impact on the wider Force and region.
- The Regional Efficiency Board has a key role in reviewing and challenging financial plans and savings assumptions.
- Procedures and guidance are available to support the effective delivery of the savings programme, including the methodology / rationale for calculating and justifying the proposed savings.
- Responsibilities for the delivery of individual savings targets are agreed and understood.

- There is a rigorous process for challenging the proposed savings targets, including their subsequent approval.
- Processes exist to enable management to highlight potential failure to deliver efficiency savings and action taken accordingly.

Budget Management and Monitoring

- MTFP is regularly monitored to ensure financial performance is aligned with ongoing budget management and monitoring procedures.
- Regular monitoring is undertaken to enable timely management information to be produced to assess performance and accuracy of the MTFP.
- Reports on financial performance are submitted in a timely manner to the relevant forum, including the relevant regional forces.

Budget Shortfall/ variances to budget projections

- Budget shortfalls/ variances to budget projections are recognised as part of the MTFP process.
- Shortfalls and variances are monitored and the MTFP updated accordingly as these occur through the financial year with future impact on deliver of the overall plan assessed.

Risk Management

The audit will assess the adequacy and effectiveness of internal controls in operation. The audit review will consider:

- Procedures are in place to ensure that risks relating to the unit are identified; assessed; recorded; and, appropriate risk owners are assigned.
- Responsibility for risk, both in terms of supporting the overall risk management process across the unit and individual risk owners, is delegated and understood.
- Risks are managed, where appropriate, at all levels of service delivery:
 - Strategic
 - Operational
 - Contracts
 - Programme
 - Partnership
- Risk registers are in place and are adequate and reasonable in terms of risk scoring, documented mitigation and action plans.
- The risk register is subject to regular review and is updated in a timely and consistent manner.

- Risk mitigation actions are in place and there is evidence they are monitored to ensure tasks are completed within agreed timescales.
- Appropriate oversight and reporting arrangements are in place and are working effectively.
- Collaboration unit risk registers are aligned with individual force registers, including how risks are escalated and reviewed, ensuring that duplication is minimised.
- The extent to which risk registers are routinely shared with force risk managers in order to ensure there is awareness across the region of the risks collectively being faced and how those risks are being mitigated.

Audit will select a sample of risks from the strategic risk registers (and others where appropriate) and provide the following challenge:

- a) Are the recorded controls relevant to the management of the risk?
- b) Are the recorded controls actually in place and are being applied in a consistent manner?
- c) Are updates on mitigation, included proposed actions, being provided regularly and to the appropriate forum?
- d) Assurances are being received by the relevant forum, including the regional forces, in respect of how risks are being managed.

Business Planning

The audit will assess the adequacy and effectiveness of internal controls in operation. The audit review will consider:

- There is a Section 22 agreement in place which sets out how the unit will operate and which underpins how the business plan is constructed.
- There is a clearly defined business plan in place that sets out, amongst other elements, the statutory duties and aims / objectives of unit and the key performance measures against which the service will be monitored.
- There is a clear link between strategic planning and service delivery such that:
 - Business Plan – how the unit will deliver its objectives;
 - Service Plans – operational plans for each area of activity; and
 - Individual Work Plans – how individuals will contribute towards the objectives and priorities of the unit.
- There is a robust business planning process in place that covers both the current year but also includes future year considerations.
- The business planning process includes the assessment of resources to achieve the stated objectives / priorities.
- The reliance on partners / suppliers to deliver the business plan is considered.

- The business plan is kept under review to ensure that it remains 'fit for purpose' and meets the requirements of each regional Force.
- The business plan is aligned with the Section 22 agreement and sets out the key deliverables of the service.
- Supporting each deliverable, there are clear, measurable performance measures against which the service will be measured.
- Performance management / reporting arrangements are in place to support the effective delivery of the service.
- Effective reporting routines are in place which provide up to date and accurate information to each regional force on the delivery of the service.
- Plans are in place and are appropriately reported in respect of agreed actions to address identified issues.
- There are clear policies and procedures in place supporting delivery of the service which are aligned to the delivery of the business plan.

Appendix A2 Internal Audit Plan 2018/19

Auditable Area	Plan Days	Planned Fieldwork Date	Actual Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Core Assurance							
Core Financial Systems	18	Nov 2018				Mar 2019	Starts 26 th Nov.
Risk Management	8	Feb 2018				Mar 2019	Deferred to Q4 to allow new software to bed in.
Strategic & Operational Risk							
Absence Management & Wellbeing	8	June 2018	June 2018	June 2018	July 2018	July 2018	Final report issued
IT Strategy	10	June 2018	June 2018	July 2018	Aug 2018	Sept 2018	Final report issued
MFSS Contract Management	8	June 2018	June 2018	July 2018		Sept 2018	Draft report issued
Partnership Working	8	Aug 2018				Dec 2018	Advisory; starts 15 th Oct.
Seized Property	10	Sept 2018				Dec 2018	Starts 10 th Sept.
Victims Voice	7	Sept 2018				Dec 2018	Starts 24 th Sept.
GDPR	10	Nov 2018				Mar 2019	
HR Performance, Skills, Talent Management	9	Jan 2019				Mar 2019	
Service Delivery Model	12	Oct 2018				Dec 2018	Discussing scope.

Auditable Area	Plan Days	Planned Fieldwork Date	Actual Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
Collaboration							
Risk Management	3	Aug 2018				Dec 2018	Work in progress.
Strategic Financial Planning	3	July 2018				Dec 2018	Work in progress.
Business Planning	3	Sept 2018				Dec 2018	Scope agreed; starts in Sept.
Review of Collaboration Assurance Statements	1	May 2018	May 2018	May 2018	June 2018	July 2018	Final memo issued.

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.

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AGENDA ITEM 10

Report to the Joint Independent Audit Committee 10 September 2018

Internal Audit Recommendations Summary Report

RECOMMENDATION

The Committee is asked to note this report.

1 PURPOSE OF THE REPORT

- 1.1 This report provides the Joint Independent Audit Committee (JIAC) with an update on the status of actions arising from recommendations made in internal audit reports.
- 1.2 The report contains actions arising from audits of both Northamptonshire Police and the Office of Northamptonshire Police and Crime Commissioner

2 OVERALL STATUS

- The report shows 65 actions that were either open following the last JIAC meeting or have subsequently been added.
- 13 actions have been completed.
- 33 actions have not yet reached their implementation date and remain ongoing.
- 19 actions have passed their implementation date and are overdue.

3 OVERVIEW

3.1 2016/17 Audits

- 11 audits were completed making 60 recommendations.
- 3 actions remained open following the July JIAC meeting.
- 2 actions have subsequently been completed and are closed.
- 1 has passed its implementation date and is overdue.

3.2 2017/18 Audits

- 11 audits had been completed prior to the July JIAC making 92 recommendations.
- 55 actions remained open following the July JIAC.
- 7 actions have subsequently been completed and are closed.
- 30 have not yet reached their implementation date and remain ongoing.
- 18 have passed their implementation date and are overdue.

3.3 **2018/19 Audits**

- 2 audits had been completed since the July JIAC making 7 recommendations.
- 4 actions have subsequently been completed and are closed.
- 3 have not yet reached their implementation date and remain ongoing.

3.4 The attached Summary of Internal Audit Recommendations Report shows details and the current status of all open audit actions.

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

None

HUMAN RESOURCES IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

None.

ENVIRONMENTAL IMPLICATIONS

None

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Force Risk and Business Continuity Advisor

Chief Officer Portfolio Holder: Rachel Swann, Deputy Chief Constable

Background Papers: Internal Audit Recommendations – August 2018

INTERNAL AUDIT RECOMMENDATIONS DASHBOARD

Summary of Audit Outcomes

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance or Significant Assurance. Some thematic audits are advisory only and not graded. Recommendations are prioritised as Priority 1 (Fundamental), Priority 2 (Significant) or Priority 3 (Housekeeping) to reflect the assessment of risk associated with the control weaknesses.

2016/17

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
OPCC Victims Code	June 2016	Limited Assurance	0	7	3
Complaints Management	June 2016	Satisfactory Assurance	0	2	2
Firearms Licensing	September 2016	Satisfactory Assurance	0	2	1
Financial Planning & Savings Programme	November 2016	Satisfactory Assurance	0	3	1
Code of Corporate Governance	November 2016	Satisfactory Assurance	0	4	3
Procurement Follow Up – EMSCU level purchases > £25k	November 2016	Limited Assurance	2	3	1
Procurement Follow Up – Local level purchases < £25k		Satisfactory Assurance			
Business Continuity	December 2016	Satisfactory Assurance	0	2	3
ICT Review	January 2017	Satisfactory Assurance	0	3	1
Walgrave Wellbeing Centre	January 2017	Limited Assurance	2	4	0
Risk Management	February 2017	Satisfactory Assurance	0	5	0
Capital Expenditure	April 2017	Limited Assurance	3	2	1

2017/18

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Audit Committee Effectiveness	June 2017	Not Rated	0	7	4
Seized Property	July 2017	Limited Assurance	4	4	0
Victims Code of Practice	July 2017	Not Rated	0	5	1

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Fleet Management	August 2017	Satisfactory Assurance	0	4	0
Procurement Follow-up	November 2017	Satisfactory Assurance	0	4	0
Core Financial Systems	December 2017	Satisfactory Assurance	0	7	3
Data Quality	January 2018	Satisfactory Assurance	0	3	3
Financial Planning	February 2018	Satisfactory Assurance	0	2	4
Estates Management	March 2018	Limited Assurance	1	4	1
Crime Management	May 2018	Substantial Assurance	0	0	4
Counter Fraud Review	May 2018	Not Rated	2	14	11

2018/19

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Absence Management & Wellbeing	July 2018	Limited Assurance	1	2	2
Northants Police – IT Strategy	August 2018	Satisfactory Assurance		1	1

Summary of Audit Recommendations Progress

This table shows a summary of the progress made on new audit recommendation raised at each JIAC during the current year and annual totals for previous years where audit recommendations are still active.

Position as at 31 July 2018

Previous Years Audits	Totals for 2016/17	Totals for 2017/18	2017/18 Audits	Reported to JIAC 19 June 17	Reported to JIAC 11 Sept 17	Reported to JIAC 04 Dec 17	Reported to JIAC 19 Mar 18	Reported to JIAC 23 Jul 18	Totals for 2017/18
Recommendations Raised	60	92	Recommendations Raised	0	19	10	26	37	92
Complete	57	37	Complete	0	8	4	19	6	37
Ongoing	0	34	Ongoing	0	4	0	0	30	34
Overdue	3	21	Overdue	0	7	6	7	1	21

Position as at 21 Aug 2018

Previous Years Audits	Totals for 2016/17	Totals for 2017/18	2018/19 Audits	Reported to JIAC 23 Jul 18	Reported to JIAC 10 Sep 18	Reported to JIAC 10 Dec 18	Reported to JIAC 20 Mar 19	Reported to JIAC 26 Jul 19	Totals for 2018/19
Recommendations Raised	60	92	Recommendations Raised	0	7				
Complete	59	44	Complete	0	4				
Ongoing	0	30	Ongoing	0	3				
Overdue	1	18	Overdue	0	0				

OUTSTANDING RECOMMENDATIONS

Key to Status



Action completed since last report



Action ongoing



Action outstanding and past its agreed implementation date



Action no longer applicable or superceded by later audit action

2016/17

Walgrave Wellbeing Centre – February 2017

	Observation/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4.5	<p>Grant Monitoring</p> <p><i>Observation:</i> Linked to the need to hold a central repository of key documentation referred to in 4.4 above, testing of a sample of grants found in some instances there was a lack of documentation to provide evidence of a robust process for confirming grants were being spent for the purposes they were given. With regards WWC, an email was provided to Audit from the WWC stating that the minibus was on order and subsequent confirmation received that the minibus had been purchased. With regards the building works element of the grant, Audit were informed that, due to the stage of completion, the OPCC had still to confirm progress on the scheme and would expect a full report by the end of the year.</p> <p><i>Risk:</i> Grants are not used for the purposes they were awarded.</p>	<p>A process should be put in place for ensuring grants are being spent for the purposes they were awarded. This should include documented reporting routines and (as per 4.4) a central repository of key documentation.</p>	1	<p>Agreed and accepted</p> <p>The Head of Office will be asked to devise a process.</p> <p>Link to serial 4.1 response</p> <p>Update – PCC Grants are not given out directly by the OPCC and are only awarded through the Community Foundation. New related party returns require all officers to disclose charities and third parties in addition to business interests. It is proposed this remains open until after the external audit for 2017/18 to ensure the new related party approach is operating effectively.</p> <p>Update May 2018 – it is anticipated that the external audit will be concluded by 31/7/18, this recommendation should remain open until that time.</p> <p>Update August 2018: COMPLETED The external audit has been completed and no issues identified from the related party process, this recommendation is now completed and can be closed.</p>	<p>Director for Resources and Governance 1st Nov 2016</p> <p>M Scoble 20 Dec 16</p>	

Risk Management – February 2017

	Observation/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4.5	<p>Training for OPCC Staff</p> <p><i>Observation:</i> In order to ensure that staff have the appropriate skills to identify, report and assess risks to their service areas, they should be provided with adequate and appropriate risk management and/or awareness training.</p> <p>Discussion with the Director of Delivery and Director of Resources and Governance confirmed that the risk management processes within the OPCC are currently under review and a new working methodology for risk management is to be implemented. This includes the use of the IPSO Risk Management software. The Director of Delivery has been trained on IPSO as he will be the officer who updates the system and it is not expected that any other members of staff will require access.</p> <p>However, other members of staff within the OPCC will require training on the new risk management processes, including their roles/responsibilities. Training was not provided on the previous methodology and will be required once the new risk management working practices have been finalised. At the time of the audit no training had been provided.</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>	<p>Key staff within the OPCC should receive appropriate risk management training, whilst wider risk awareness should be developed across the OPCC including training on the new risk management processes implemented.</p> <p>A recommendation regarding training for OPCC staff was raised within the 2015/16 internal audit report of risk management. (OPCC)</p>	2	<p>The risk lead in the OPCC recognises this issue. The OPCC lead is currently reviewing and refreshing the OPCC risk policy. Once completed this will be shared with all staff and will be the subject of a whole team briefing to aid understanding. Training and awareness briefings will be arranged and delivered to all staff on the identification of, adoption of and management of risks.</p> <p>The lead officer is seeking to source more formalised training for himself. All of this will be documented for next audit.</p> <p>Update – The OPCC and Force are currently exploring joint training to be undertaken by an external provider in spring/summer 2018.</p> <p>Update: May 2018: The OPCC are seeking to procure new Risk management software with the Force and training will be undertaken after it is in place. This remains ongoing.</p> <p>Update August 2018 – New risk management training for the OPCC and Force is being developed in conjunction with Gallagher Bassett. Draft training material has been produced and is being evaluated prior to roll out of the training later in the year.</p>	Paul Fell, Director for Delivery October 2017	

Capital Expenditure – April 2017

	Observation/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4.4	<p>Asset Registers</p> <p><i>Observation:</i> To ensure that the Force and the OPCC are easily able to identify at any given time the assets owned, the value of these assets and the remaining lifespan of the assets, and in order for effective management of the assets, the Force should simplify</p>	<p>The Force should revise the asset registers in order for only necessary information to be held on the register. All asset registers should include the following</p>	2	<p>Martin Scoble. 23 Apr 17</p> <p>Agreed. As per 4.1. Asset management will form part of the new estates strategy currently being developed (for buildings and land). These will be reviewed periodically and</p>	MS/DCC Jul 17	

	<p>its asset registers and ensure that all required information is recorded against each asset. Three separate asset registers are maintained for the following categories:</p> <ul style="list-style-type: none"> • Fixed assets (such as buildings, land and equipment); • Vehicle assets; and • IT assets. <p>A review of the asset registers identified the following:</p> <ul style="list-style-type: none"> • The Fixed Asset Register is currently maintained in a format that is used for the Finance Department's accounting purposes and therefore includes calculations and information not required for an asset register. The Fixed Asset Register can therefore be simplified for ease of reference; and • The IT Asset Register does not record current value of the assets (although does record purchase price). Additionally, although it was noted that the Force run a 4/5 year replacement cycle for most IT equipment (other than phones and tablets which are 2/3 year cycles), the IT Asset Register also does not record the expected life and age of the assets. <p><i>Risk:</i> Where the OPCC and Force are unaware of the assets owned, and the current value of these, there is a risk of potential misappropriation going undetected and/or inaccurate asset valuations in the accounts which may result in financial loss and reputational damage to the Force.</p>	<p>information:</p> <ul style="list-style-type: none"> • Item description; • Item valuation (both initial purchase value and current value for depreciation); • Item added/disposed of date; • Item age; and • Expected/Average lifespan of item <p>[Force]</p>		<p>updated with proposed changes being escalated for decisions. In addition, the reviewed and amended Corporate Governance Framework, which includes the Scheme of Governance and delegations, will allow better decision making and reporting by exception. Complimentary registers will be established and the reviewed governance process utilised.</p> <p>Richard Jones, 24 Apr 17 As part of the Asset review in 2016/17 the Statement of accounts will formally document that plant and equipment is now recorded in the OPCC Balances Sheet. These assets have formally been 'transferred' to the OPCC in last financial year (the external auditors are aware of this accounting adjustment). Furthermore, as part of the review, both parties will establish whether it is feasible to maintain one asset register going forward.</p> <p>Update - In Progress for the 2017/18 Statement of Accounts Process – it is recommended this action remains open until conclusion of the statement of accounts process for 2017/18. (HK 28/2/18).</p> <p>Updated May 2018: This remains open until the conclusion of the external audit.</p> <p>Updated August 2018: COMPLETED The external audit has now been completed and no issues identified. Any recommendations from the external audit report will be taken forward as part of that process. This recommendation can now be closed.</p>	<p>RGJ, Jul 17</p>	
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	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>Executive and the Chief Constable.</p> <ul style="list-style-type: none"> • Invitation to the PCC to attend a JIAC meeting on an annual basis. • Reviewing the OPCC website and, in particular, how it refers to the JIAC. • Consideration should be given to including direct links to the JIAC ToR (as per 4.2) and annual report. • Presentation by the JIAC Chair of the JIAC annual report to the PCC Board. <p><i>Risk:</i> The Committee's roles and responsibilities are not clear to others and may hinder its effectiveness.</p>	<p>and, in particular, how it refers to the JIAC. Consideration should be given to including direct links to the JIAC ToR and annual report.</p> <p>d) Presentation by the JIAC Chair of the JIAC annual report to the PCC Board.</p>		<p>invitation to the Chief Constable. Update - Dependent on (a) Update Aug 2018 – as above - Closed c) Part of 4.2 above</p> <p>d) To be discussed with OPCC CX and DCC. Update - Presentation made to Police and Crime Panel. Presentation to the PCC Board to be discussed.</p> <p>Update Aug 2018 - Ongoing</p>		
4.5	<p>JIAC Membership</p> <p><i>Observation:</i> The JIAC ToR states that 'the Committee shall consist of no fewer than four members' and that 'a quorum shall be two members.' At present, the JIAC has four members, which is lower than some other audit committees. Additionally, the fact that only two members are needed to ensure a meeting is quorate is lower than some other committees and could be a reflection of the number of members the JIAC currently has. Members felt the experience and competency of the Committee was good, albeit there was a little too much experience on finance (three accountants) and possibly a need for an input of skills in other areas. As the JIAC only had four members, this is potentially an area to look at going forward, ie the Committee would benefit from a wider breadth of competencies. <i>Risk:</i> The JIAC does not have a full breadth of competencies to effectively fulfil its duties.</p>	<p>The JIAC should continue to look for a fifth member in order to provide both an alternative skill set and resilience with regards being quorate.</p>	3	<p>The need to try to recruit a fifth JIAC member is agreed. Update - Recruitment deferred whilst OPCC recruited a CFO. Recruitment now planned for March / April 2018. Aim to recruit two new members. Update - Recruitment deferred whilst OPCC recruited a CFO. Recruitment further delayed to focus on the recruitment of a Chief Constable. Aim to recruit two new members.</p> <p>Update Aug 2018 – Recruitment interviews are taking place on 30 August.</p>	November 2017 JIAC Chair	
4.6	<p>Administrative Support</p> <p><i>Observation:</i> In order to facilitate an effective independent assurance function, it is important that the administrative support for the Committee enables it to fulfil its function. Feedback from, and discussions with, members, acknowledged that issues had arisen with the administration supporting the JIAC. This included planned reports not being made available, the promptness with which papers and minutes were</p>	<p>The administration supporting the JIAC should be kept under review.</p>	3	<p>Agreed, there have been concerns with the preparation and submission of reports etc in the past and there are some areas where the items are outstanding but it is understood that these are being addressed. Future concerns to be highlighted to the PCC and CC. Update - The planning of agendas, scheduling of reports and production of</p>	Ongoing JIAC Chair & Members	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>issued and the frequency of verbal reports. <i>Risk:</i> The Committee are not able to effectively fulfil their duties.</p>			<p>reports has been improved recently. Items which have been outstanding for some time are being concluded. The JIAC has had concerns about the administrative support but has agreed to run with the OPCC's proposals (including the minuting of meetings) and review if necessary.</p> <p>Update Aug 2018 – Work is outstanding on IT support for some members.</p>		
4.7	<p>Disclosable Interests <i>Observation:</i> Whilst the JIAC ToR sets out that Declarations of Interest would be a standing agenda item at meetings, it does not refer to the need to include member interests in a register. Whilst a register of interests is referred to within the Scheme of Governance, it was not clear whether this extends beyond officers. Whereas some other OPCC websites clearly set out the register of interests, and have links to each member's 'Disclosable Interest' form, this is not the case for Northamptonshire. <i>Risk:</i> Reputational damage where the work of the Committee is brought into question as a consequence of a perceived conflict of interest.</p>	<p>All JIAC members should be required to submit a 'Disclosable Interest' form and this should readily available via the OPCC website.</p>	2	<p>Agreed. Disclosable interest form to be circulated to JIAC members for completion. Update - Submissions made by JIAC members but not yet on the website (see 4.2 re: website)</p>	<p>Sept 2017 JIAC Chair & Members</p>	
4.8	<p>Panel Induction Training <i>Observation:</i> Upon joining the JIAC, members receive a copy of the JIAC ToR and the member / chair job descriptions, along with their appointment letter. From discussions with Committee members it was felt that induction training could be improved. Given the need to recruit a fifth member of the Committee, it was agreed that now was a good time to revisit the quality of induction provided. <i>Risk:</i> New Committee members do not have a clear understanding of the role and, as a consequence, this hinders their effectiveness.</p>	<p>The imminent recruitment of a new member of the JIAC should be supported by effective arrangements for their induction training. Amongst the areas to be included in the induction training, consideration should be given to the areas of good practice set out in the NAO five good practice principles; these include: a) their appointment and purpose; b) the support and training that they will receive;</p>	2	<p>Agreed that an induction programme is important and should be prepared for new JIAC members. Update - Will be undertaken in line with the revised timetable for recruiting additional committee members - Closed</p>	<p>Nov 2017 JIAC Chair</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
		<ul style="list-style-type: none"> c) the commitment required; d) their remuneration; e) conflict of interest procedures; f) expected conduct; g) duration of appointment and how often it may be renewed; and h) how their individual performance will be appraised, including a clear understanding of what would be regarded as unsatisfactory performance. 				
4.9	<p>Ongoing Committee Training</p> <p><i>Observation:</i> Members felt the experience and competency of the Committee was good, albeit there was a little too much experience on finance (three accountants) and possibly a need for an input of skills in other areas. As the JIAC only had four members, this is potentially an area to look at going forward, i.e. the Committee would benefit from a wider breadth of competencies.</p> <p>Training is provided to members on an 'as and when needed' basis. Whilst it is a subjective area to determine whether 'sufficient' training has been provided, the outcome of the questionnaires sent to JIAC members as part of this review suggested that members were generally happy with the level of training provided, although the level of training may have reduced since initial induction. This was further confirmed from discussions with JIAC members and officers, who confirmed that there was now a requirement for a review of training requirements, including where JIAC members felt they require additional support.</p> <p><i>Risk:</i> Committee members to do not have the skills to effectively fulfil their role.</p>	<p>Consideration should be given to reviewing the JIAC's training requirements, including where JIAC members feel they require additional support.</p>	2	<p>Agreed that it would be helpful to: Identify the skills which an additional member might have to compliment those of the current committee members and to inform the selection process: and Discuss with the existing members the training and support they each have and these might be addressed.</p> <p>Update - Will be undertaken as part of the recruitment of new members of the committee. The next JIAC workshop will allow the committee members to consider what training and support they might need.</p> <p>Update Aug 2018 – New members training needs will be addressed as part of recruitment. Annual report in July allowed members to identify training needs as part of the self-assessment. - Closed</p>	Sept 2017 JIAC Chair	

Seized Property - July 2017

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.2	<p>Strong Room Safe Audit</p> <p><i>Observation:</i> In discussion with the Property Team Leader it was confirmed that the last audit to be completed on the Safe / Strong room was in 2015, however this was not a full scale audit / reconciliation where the whole safe had been reconciled. Review of a Property Management System Report (Pre-NICHE March 2016) identified 59 pages of property stated to be held within the Cash/Valuables Safe dated between 2002 and 2016. Review of six items from this list confirmed that three could not be located; including a set of coins from 2002. It was also identified that one of the three identified items was located within an incorrectly labelled box – a Kettering item, within a Corby labelled box.</p> <p><i>Risk:</i> Where the safe is not regularly audited/reconciled, property may go missing/ be disposed of without notice or record on the property management systems. The integrity of the data held on NICHE is then pulled into question.</p>	<p>The Central Detained Property Team should complete a full audit of the Safe and Strong room. This should include ensuring items stated on NICHE to be held within the Strong room are available, and to ensure items have been placed in the correct and appropriate locations.</p> <p>The safe / strong room should then be periodically audited / reconciled to ensure accuracy back to the underlying records held on NICHE.</p>	1	<p>The safe/strong room is within a secure and covert building with restricted access, which reduces the level of risk highlighted.</p> <p>A recent business case was agreed to recruit 4 additional staff on fixed term contracts (FTC), initially for 6 months, to enable the elements of this report to be addressed, including a full audit of the safe/strong room & all temp & bulk stores.</p> <p>The business case for a permanent change to the Property team establishment will be progressed with the Northants Police Change Board in August. This will to ensure that the temporary solution is embedded as a long term solution.</p> <p>Update – Interviews for the FTC positions have been completed and offers issued. We are now awaiting MFSS to complete the recruitment process.</p> <p>Update - All recruitment progressed with starters joining on a staggered basis. 1 in post already, 3 joining week commencing 23rd Oct, 1 at the beginning of Nov & 1 at the beginning of Dec.</p> <p>Update – DCC has confirmed that the review should be progressed.</p> <p>Staff have been recruited and are in post to ensure stores are audited.</p> <p>The Financial Crime team will be assisting DP in auditing the strong room / safe and assisting with a review in the process. We are looking at the Notts & Leicester model to see if there are benefits in adopting in</p>	<p>Kelly Connor / Kelly Wayman - Senior managers / Tina Britten – Property team leader.</p> <p>Review and Permanent Changes requested via change board, requested to be implemented within 6 months, whereby additional staff are in place and completing the required tasks on a permanent basis. Alternatively the force will extend the FTC until the long term changes are implemented.</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>Northants.</p> <p>Update – The audits of the strong room were undertaken in April 2018 and are now audited on a regular basis.</p>		
4.4	<p>Cash Count - Insurance Policy <i>Observation:</i> The safe within Central Property Store currently contains large quantities of cash that have not been counted, but are defined as "Quantity of Cash" or "Large Quantity of Cash". Review of the insurance policy, and discussion with the legal secretary, confirmed that the Force are not covered for uncounted cash, ie only for that which the Force are able to prove was lost. Additionally, the cash that was held was not clearly identified as being held under either POCA or PACE, or for any other reason, which may have explained why the cash had not been counted. <i>Risk:</i> Where cash is not counted the Force are not insured for the amount held, also the amount held may be in breach of the insurance limits. When cash may be returned to the owner, the integrity of a police officer may be questioned if the amount seized has not been stated on seizure.</p>	<p>Cash held within the Central Property Safe should be counted for insurance and safeguarding purposes. Where cash has been seized under POCA or PACE and is not be counted, this should be made clear on the NICHE record and exhibit bag where possible.</p>	1	<p>The Central safe/strong room is within a secure and covert building with restricted access, which reduces the level of risk highlighted. A recent business case was agreed to recruit 4 additional staff on fixed term contracts, initially for 6 months, to enable the elements of this report to be addressed, including a full audit of the safe/strong room, including the counting of money held, for insurance purposes. Instructions will be disseminated on a regular basis, to ensure cash seized under POCA or PACE that is not counted, will be made clear on the NICHE record and exhibit bag where possible.</p> <p>Update – As per 4.2 re the FTC positions.</p> <p>Update - The Financial Crime team will be assisting DP in auditing the strong room / safe and assisting with a review in the process and insurance implications. We are looking at the Notts & Leicester model to see if there are benefits in adopting in Northants. Other forces have dedicated staff for the purpose of counting cash, who are part of the evidential chain & have clean facilities for the purpose of forensic protection.</p> <p>Update - The safe is being audited however the policies & procedures around counting cash are still under review, hence this element is ongoing.</p>	<p>Kelly Connor / Kelly Wayman - Senior managers / Tina Britten – team leader. Review and Permanent changes requested via change board, requested to be implemented within 6 months, whereby additional staff are in place and completing the required tasks on a permanent basis. Alternatively the force will extend the FTC until the long term changes are implemented. Ongoing training & broadcasts will continue on a Daily /weekly / monthly basis, or via the Monthly NICHE or force training</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
					activity, to include instructions re cash seized under POCA/PACE	
4.5	<p>Training on NICHE</p> <p><i>Observation:</i> Review of a temporary location collection shelf identified eight cases, from a population of 35, where the property was not available on site. The underlying Niche records indicated that a collection date with the owner had been confirmed in some cases, however the system had not been updated following this meeting to confirm if the property had been returned. Further inspection identified that two of the property items stated to be held in store had been returned to the owner. The incorrect items of property were then disposed on the system. This showed that two in store items had been disposed of, and two disposed items were in store.</p> <p><i>Risk:</i> Where property is not appropriately disposed on NICHE, the integrity of the underlying records on NICHE are called into question.</p>	<p>The Force should ensure that all staff are aware of the procedure for confirming the disposal of property, including the return to owner procedure. Namely, the initiation of a task for disposal by the Central Detained Property Team on NICHE. Training should also include the process for moving property from temporary storage.</p>	2	<p>We are changing the way officers review property so they instead directly specify in Niche when property should be retained, returned to owner or destroyed and no longer send a review task to the Property team.</p> <p>Property will receive information from scheduled business objects reports, which will drive their work for destructions and return to owners.</p> <p>This work is ongoing and with the Niche design authority currently for approval. Interim solution – see 4.1, Broadcasts & information sharing will be done via force systems by Property team leader, and ongoing training by NICHE training team both with current procedure and when changes introduced.</p> <p>Also 4.3 – Proposed new Courier role would ensure temp stores are audited, Niche amended and officers updated.</p> <p>Update - Niche changes to process delayed. Due for further discussion at the next property working group in Feb 18, at which time should have full consent. Will then take some time for Niche to implement</p> <p>4.1 - Ongoing Daily/weekly tasks. Training activity being delivered by Melissa Willis as part of the ongoing Niche training.</p> <p>4.3 Whole department & role review being completed by Process Evolution, as</p>	<p>Kelly Connor / Kelly Wayman - Senior managers / Tina Britten – team leader.</p> <p>Niche changes to process expected 31/12/2017 for implementation and associated training</p> <p>4.1 - Ongoing Daily/weekly tasks. Or Monthly training activity.</p> <p>4.3 Review and Permanent Changes requested via change board, requested to be implemented within 6 months, whereby additional staff are in place and completing the required tasks on a permanent basis. Alternatively the force will extend</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				commissioned by the Change Board. Results pending.	the FTC until the long term changes are implemented.	
4.8	<p>Policies & Procedures</p> <p><i>Observation:</i> Review of the Detained Property Procedure and Annexes (A-N) confirmed that they had not been updated following implementation of the NICHE software in March 2016.</p> <p>Review of the Web Form available on Force Net confirmed that the guidance available is not accurate based on the current processes in place and updated forms for officers to use.</p> <p><i>Risk:</i> Where procedure notes are not reviewed and updated on a regular basis there is a risk that the working practices adopted by staff may become inefficient, ineffective, and / or out-dated. This could subsequently lead to mistakes and errors in seized property.</p>	<p>The Detained Property Policy, Procedure and Annexes should be reviewed and updated on a regular basis to ensure their accuracy and fitness for purpose.</p> <p>Updates should also include the Web Form Guidance for Police Officers in Adding Exhibits and Checking Property In and Out.</p>	2	<p>The existing policies and procedures are currently being reviewed and updated by the Property Team Leader.</p> <p>The property team will continue to maintain the Forcenet / intranet pages in relation to all information with respect to property, as a one stop location for officer enquiries.</p> <p>The Property team leader will disseminate reminders to officers in respect of any property issues highlighted, and also generic reminders to all.</p> <p>Update - These are a work in progress. We are collaborating with the region to implement regional policies, hence this will take longer than expected. Our local policies are also being looked into, as some issues need resolving, for example a change to policy in relation to frozen exhibits. All moving forward as quickly as possible.</p> <p>Update - Property policies and procedures are to be regionalised. This work is in progress</p> <p>Update – We have now been informed that the policy and procedures will not be produced regionally so the local policy and procedures will be reviewed in August.</p>	<p>Kelly Connor / Kelly Wayman – Senior managers / Tina Britten – Property team leader.</p> <p>31/08/2017</p>	

OPCC Victims Code Follow Up - July 2017

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.5	<p>Dealing with Children as Victims <i>Observation:</i> Audit testing included two cases where Children were recorded as the Victim. In both instances the referral to Victim Support services were selected as not applicable, despite the OPCC having a contract in place with a provider for young victims of crime. In one instance contact details for the victim were included – a mobile number – however, it was unclear who the phone number belonged to, such as relevant guardian or relative of the child victim. In the other case no contact details were recorded in Niche. This increases the risk that young victims are not able to be given the appropriate support services. <i>Risk:</i> The Force does not provide appropriate victims support to children who are victims of crime.</p>	<p>A review of how Child Victims are recorded in Niche should take place to ensure the correct information is recorded and appropriate referrals to victim support services are made. Once this is agreed, it should be appropriately communicated to Niche users.</p>	2	<p>Discussions will be held with the Head of Public Protection to review how Child Victims are dealt with in line with current processes to identify if there are any gaps in the current system. The lack of name associated with contact numbers has already been identified with records passed to Victims Support Services and it is an ongoing issue to promote the need to input correct details from users.</p> <p>Update - We are working on how to ascertain the experiences of child victims and this is being considered through the victim surveys.</p>	<p>Detective Chief Superintendent Kate Meynell</p> <p>30th September 2017</p> <p>The work will be implemented after SDM but before the end of December 2017</p>	
4.6	<p>Reporting Capabilities of Niche <i>Observation:</i> The development of the Niche dashboard assists the OPCC and Force in reviewing the performance of its staff in compliance with the Victims Code of Practice. However, through audit discussions with staff and the Niche lead there are further opportunities to draw custom made reports out of Niche that will assist in the management of VCOP compliance. Such reports could be used to carry out DIP sampling to review if the Force has been complying with VCOP entitlements and review overall levels of performance alongside the existing reports that are produced by the Corporate Performance Team. <i>Risk:</i> The Force fails to identify where Victims are not receiving their entitlements under VCOP.</p>	<p>The Force and OPCC should work with the Niche team to review the opportunities to develop performance reports that would assist in the monitoring for VCOP compliance. Including but not limited to: -Monitor the % of cases where booklets were recorded as not issued; -Monitor where 'not applicable for referral to victim services' have been recorded - No. of right to review cases processed in the system -No. of VCOP non-compliance over period of time.</p>	3	<p>Agreed. Opportunities to extract performance information from Niche will be discussed with Paul Greener, Elle Harrison, John Fell and Sarah Crampton.</p> <p>Update - Work is in progress to ensure that niche supports VCOPs and that compliance can be easily monitored and reminders issued where necessary.</p> <p>Update – The NICHE (CARES Modules & Quality Check Module) work was not fully completed prior to the end of December as we did not receive all of the modules originally from GWENT the Niche Configuration SME from South Wales Police have been contacted and the full package is</p>	<p>Detective Chief Superintendent Kate Meynell (supported by Vicki Martin, Head of Commissioning)</p> <p>31st July 2017</p> <p>The work will be implemented after SDM but before the end of December 2017</p>	

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
			now with our NICHE team to be uploaded to our system. The main blocker is that WEBFORM is no longer accepting amendments and it will be PRONTO that is configured for the officer front end input with NICHE crime recording (June 2018).	Revised timescale June 2018	

Fleet Management – August 2017

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>4.1 Strategy and Implementation Plan <i>Observation:</i> The Force are currently in the process of finalising and approving a Transport Strategy that is to sit alongside the new Police & Crime Plan for 2017-21. Audit reviewed the latest draft version of the Strategy, which includes 16 principles which the Transport department are to achieve over the next four years. Whilst the principles are stated in the draft strategy, the Force does not have a clear implementation plan that sits beneath these principles that provides details of how the Strategy will be achieved. <i>Risk:</i> The Force does not have an effective strategy and implementation plan in place to support the delivery of Force and OPCC objectives.</p>	<p>The Force should ensure that the Transportation Strategy is approved at the appropriate forum. Once the Strategy has been ratified, an appropriate implementation plan should be put in place. This should include details of how the principles of the Strategy will be achieved by the Force.</p>	2	<p>Agreed. The draft version of the strategy is currently being reviewed and will be approved shortly. DCC confirmed 25Jul17 that the strategy document has been signed off and we have the final document. Copy has been forwarded to internal audit. Following this, the intension is to collate the work being completed to support the strategy into an implementation plan. A meeting is arranged on 31Jul17 with a Ch Insp who is tasked with getting this finalised in terms of Travel review.</p> <p>Update - The Strategy document has been ratified by the DCC. Meetings have taken place with Ch Insp Dorothy and under Op Balance a review of Transport and Travel is being undertaken with Triaster looking at processes within the workshop, a review of Post and Courier Services is being looked at separately and the Travel office is subject to a Tender programme to see how this can best be delivered.</p> <p>Update - The Drivers/mail review is still under development by the change team and we have an update meeting on 07 Feb 18 to look at options so far. The Travel Office is</p>	<p>Graham Crow Transport Manager 31st October 2017</p> <p>Revised timescale 31st December 2017 Due to the work being undertaken by Triaster</p> <p>Clearly we have not met the Dec17 deadline and I would put a realistic date</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>still under review and we are working with EMSCU on this. The workshop processes are still under review with the priority being given to the driver review initially. This is being run between the Change team and Transport Management.</p> <p>A Business Innovation Analyst has been assigned to conduct the analysis. Due to the level of detail the analysis will achieve, the department will have a clearer picture around their level of service. Therefore the work will support Graham develop this plan. The business analyst will support the department in identifying clear measurable outcomes and actions with plan owners. They will be assigned to the Transport and Travel Management Team as well as Key Stakeholders across the Force.</p> <p>Update - The Change Team review is now at the point of suggesting the To Be scenario for Transport and Travel, including Driver services. This objective will therefore embed into these procedures.</p> <p>Update 02/07/18 - The internal review that affects servicing programme, KPI's, method of working is still under review and we await a date for the 'To be' meeting being rearranged. We hope by the end of August 18. Once we see the proposals and put in an action plan for new working practices then the requirements can be met.</p>	<p>of June 18 bearing in mind we are now into the end of year processes.</p> <p>Revised implementation date 01/04/2019</p>	
4.2	<p>Monitoring of Performance <i>Observation:</i> As set out in 4.1 above, the Force does not currently have an approved strategy in place. To ensure that the Force is able to scrutinise and review the department's performance against the strategy, an effective monitoring system should be put in place. The Transport Team currently carry out some monitoring of performance, such as the availability of</p>	<p>Once the Strategy and Implementation Plan have been established, an appropriate monitoring process should be put in place to measure performance against the Strategy. Performance should be reported to</p>	2	<p>Agreed. Following the approval of the Strategy and Implementation Plan, defined performance indicators will be discussed and agreed. Discussions will be held with the Force and OPCC to decide on the best way for Transport to feed this back.</p>	<p>Graham Crow Transport Manager 31st December 2017</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>the existing fleet and carbon reduction, which are principles in the Strategy, however this is not reported outside of the Transport Team at present. <i>Risk:</i> The Force is not aware of performance against the Transport Strategy.</p>	<p>the appropriate Force and OPCC forums on a regular basis to provide assurance that the Strategy is being achieved.</p>		<p>Update - Part of the review by Ch Insp Dorothy and the Op Balance review will all impact on what service is delivered and how this is to be achieved. Once the revised methods of working are established KPI's can be agreed. In the meantime we still produce vehicle availability statistics on a monthly basis and as SDM has been rolled out we deliver a weekday daily report to Response showing their fleet availability. We have also delivered a full years data to CIPFA as part of the National Association of Police Fleet Managers (NAPFM) benchmarking programme. Once analysed this should show how Northamptonshire Police are performing against all other forces in terms of fleet.</p> <p>Update - The CIPFA results have yet to be issued. I am attending an NAPFM Technical Committee meeting on 8Feb17 and this is an agenda item so we should have an update. In terms of the change team review this is still underway and we continue to produce our KPI's monthly. In addition each work day we produce statistics for Response teams and adjust our work priority as a result of the analysis.</p> <p>The review is addressing these issues by developing reporting methods and enabling the management to have a clearer picture of their current level of service. There are some technology blockers and data quality issues. Any identified issues that can be rectified are having immediate resolution. Part of the review will look at the current scheduling processes for vehicle servicing and maintenance and ensure this is aligned to delivering against the values and priorities set out in the Strategy. The Change Team will support any system</p>	<p>I would suggest that this again needs to be Jun18 allowing for year-end accounting and continuation of work.</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>developments and reporting tools that will enable the management team to measure outputs.</p> <p>Update - The CIPFA National benchmarking is still under review and we hope to hear more on the results at NAPFM Conference next week. Especially as to why the reports have not been issued. In the meantime we still report Response vehicle availability (Mon – Fri) daily to the Response Hubs.</p> <p>Update 02/07/18 - The CIPFA National Benchmarking is still outstanding and is being chased by Richard Elkin (Assistant Chief Officer Resources) at Warwickshire/West Mercia as National lead for fleet.</p>	<p>Revised implementation date 01/04/2019</p>	
4.3	<p>Procurement Process <i>Observation:</i> The procurement of vehicles by the Transport team is particularly complex due to the variety of specifications and service requirement needs. There are two elements to the Force procurement of vehicles, one being the basic vehicle itself and the second being the commissioning (customisation element) of the vehicle. The Force are part of the national buying group that has been facilitated by the NAPFM (National Association of Police Fleet Managers). A contract framework, managed by the Crown Commercial Services, has been in place since October 2015 for the purchase of the base vehicle. There are separate framework agreements in place for the commissioning element of the work and this can be completed by the manufacture as part of the base vehicle, completed by approved suppliers who can convert the vehicles for police use or be customised in-house at the Force workshop. The Transport Team maintains paper audit files for each vehicle procured that documents the quotes obtained, specification requirements discussed, and order confirmation from Head of Transport. Audit</p>	<p>The Transport Team should ensure they are complying with contract procedure rules when they are procuring commissioning of vehicles especially if any over £10k, as these require three quotes. The Transport Team should document the process that should be followed for the procurement of vehicles, including the commissioning process that clearly demonstrates how value for money has been achieved.</p>	2	<p>Agreed. A simple flow chart signposting staff to the key steps in the procurement process will be completed to assist in business continuity and providing some resilience in the process. Further, NAPFM are working with CIPFA to undertake a National Benchmarking Exercise. This will inform all forces on a range of Transport key indicators. The next meeting is set for 27Jul17 to discuss next steps.</p> <p>Update - The Transport Manager has met with the key Transport team as well as Op Balance Team. Procedures are being reviewed, especially by Triaster and any changes will be made following due consideration. Draft process charts have been drawn up and will be amended once the reviews have been completed. These are in written hand and may need assistance in getting them into typed form.</p>	<p>Graham Crow Transport Manager 31st October 2017</p> <p>Revised timescale 31st December 2017 Due to the work being undertaken by Triaster</p> <p>June 18 as</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>carried out testing on six vehicles procured over the last 12 months and found:</p> <ul style="list-style-type: none"> · 6/6 vehicles were purchased through a framework contract for the base vehicle; <p>However, in the four vehicles that required elements of commissioning, only one quote or option was documented and therefore it was unclear how value for money had been achieved. The value was below £10k, so no breach of CPR's however the option taken was not clearly documented.</p> <p>It was noted that the Transportation Team are experienced in their roles, having been in post for some time and have a depth of knowledge in their area of work. They were able to provide explanations and background information in respect of the decisions that they made, however they were not clearly documented.</p> <p><i>Risks:</i> The Force fails to achieve value for money in the procurement of vehicles. Loss of knowledge should key staff be unavailable.</p>			<p>Update - The Analyst is meeting EMSCU on 13th March to understand in more detail the procurement process and any improvements that can be recommended.</p> <p>Triaster completed the process maps for the commissioning and decommissioning of vehicles in December 2017. The Change Team will obtain metrics to add value to these maps, and engage with the Management team to inform process improvement recommendations to increase efficiencies. This will occur during stage 3 of the review: due for completion April 2018.</p> <p>Update - We are now in the To Be period of the Review and once that is agreed and procedures evolve from the new working practices this work can continued.</p> <p>Update 02/07/18 – see 4.1</p>	<p>above</p> <p>Revised implementation date 01/04/2019</p>	
4.4	<p>Maintenance Work Value for Money</p> <p><i>Observations:</i> The Force use external workshops to carry out some of their regular maintenance work on its vehicles due to either a lack of capacity or vehicles that are too large to be serviced at the Force HQ workshop. Discussions with the Transport Manager confirmed that there is no framework agreement in place for this externally carried out maintenance work. Each instruction to carry out services is managed on a case by case basis with a number of manufacturer garages and independent garages used who meet Force criteria to carry out the work such as security and, technical abilities.</p> <p>Where a framework agreement is not in place with external suppliers who regularly carry out services, there is an increased risk that value for money is not obtained through establishing discounted prices through mass purchases.</p> <p><i>Risk:</i> Force fails to achieve value for money in the servicing of its vehicles.</p>	<p>The Transport Team should liaise with Procurement to review how the external providers of maintenance services costs could be reduced through implementation of a framework contract.</p>	2	<p>Agreed.</p> <p>The Transport Team will make contact with the Procurement team in Northants to progress this.</p> <p>Transport Manager met with EMSCU colleague on 24Jul17 in order to get this work underway.</p> <p>At the same time this links in with work commissioned by the DCC under Op Balance to review current contracts and attaining best value.</p> <p>Update - The Transport Manager has met regularly with EMSCU and certain contracts have been identified, such as Vehicle Maintenance, Accident Repairs. The Accident Repair tender is being issued on the 17Nov17 via Leicestershire Procurement. Work continues to develop further</p>	<p>Graham Crow Transport Manager 31st October 2017</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				<p>tenders/frameworks from within Northants and EMSCU.</p> <p>Update - We are working with EMSCU, Leicestershire Procurement and Derbyshire Procurement on various tender programmes that ensure that we are procuring within guidelines and rules. The Accident Repair tender has slipped and we are going back out to the market. In conjunction with this we have made contact with various forces in regard to their servicing regime and one is linked via the Change Team. Work is in progress to look at overhauling our system of work with a view to allowing better vehicle availability whilst reducing maintenance costs. We are visiting Northumbria Police in early March 18.</p> <p>The analysis in Stage 2 of the review is identifying how much of the servicing and repair work is carried out by external garages. Some of this work is necessary due to the current estate and garage facilities. However some of this work is outsourced due to a lack of resources. The review will quantify the demand in terms of cost and this will be compared to the cost of the work being outsourced. Currently the decision to outsource is based on the extensive knowledge and experience of the management team. The risk to staff resilience and decision making without the supporting evidence is high. The data collected throughout this review will support a formal decision making process which will support Value for Money.</p> <p>Update - Maintenance is still under review following the Change Team work. We are holding a meeting with them on the 7Jun18 to review servicing regime including how to reduce outside work by using Northants Fire</p>	<p>June 18 as above</p>	

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
			<p>and Rescue premises. In the meantime the Accident Repair Contract is in the last stages of being agreed and issued.</p> <p>Update 02/07/18 - Vehicles are being procured through framework or joint collaboration projects between for example Northants and Derbyshire, or via EMSCU. Accident repair contracts and vehicle disposals are being worked through by collaboration with Leicestershire procurement.</p>	Revised implementation date 01/04/2019	

Core Financial Systems – December 2017

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>4.1 Procedures <i>Observation:</i> MFSS have a number of detailed procedure documents in place that provide guidance to staff on how they should carry out certain tasks i.e. the creation of a new supplier. There are two types of procedure, with Level 5 guidance being a step by step guide and Level 4 guidance being a flow chart that shows key stages in the process. Audit reviewed a number of level 4 and 5 procedures and found that 4/4 of the level 4 procedures were last reviewed in March 2016 and therefore had not been reviewed and updated for 18 months. Moreover, a review of the procedures for payroll found that 4/6 were overdue their review date and 5/6 procedures made reference to the ePayfact system that MFSS no longer use.</p> <p><i>Risk:</i> Out of date procedures are in place and therefore staff carry out the incorrect processing leading to errors in the Force finances</p>	<p>MFSS should put a process in place to ensure the procedures are reviewed and updated in line with the Next Review Dates that are stated in their procedures.</p> <p>(MFSS)</p>	2	<p>All processes will be reviewed as part of the move to Oracle Cloud Apps. These reviews will take place over the coming months. Resource will be identified to ensure that future reviews take place at the appropriate time.</p> <p>In addition to this, a new payroll manager has been recruited (starting 11/12/17) who will be tasked with reviewing the current processes and updating where necessary.</p>	Pam Rourke John McGill April 2018	

Data Quality – January 2018

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p>Niche Governance</p> <p><i>Observations:</i> When the Force adopted the Niche system a Niche Governance Board was set up to monitor any issues that the Force were facing in regard to the new system. Audit were informed that the Board meet on a quarterly basis and discuss wide ranging issues, from local governance to more operational issues such as data quality. Audit confirmed this through the Action Log that is maintained for this group. Whilst the Board does have a documented Terms of Reference in place it has not been reviewed or updated since its creation in 2014.</p> <p>In addition to the Niche Governance Board, a quarterly Data Quality Working Group meeting is held with leads of departments attending, including the Crime Management and Intelligence department, to discuss the operational issues. Whilst an action log is maintained to track the work this group is undertaking, there is no Terms of Reference in place that clearly sets out the role and responsibility that this group has. Moreover, there are two further groups who have a role in managing data quality in respect of Niche – the Regional Data Quality Team and the Local Data Quality Team. However, it is unclear on the remit and role of each team in dealing with data quality issues relating to Niche.</p> <p><i>Risk:</i> There is a lack of clear governance underpinning the management and maintenance of Niche.</p>	<p>The Force should put in place clear terms of reference for the Niche Data Quality Working Group. The Terms of Reference should include but not be limited to:</p> <ul style="list-style-type: none"> • Purpose • Scope • Membership • Decision making authority • Reporting Requirements • Frequency of meetings • Review period for terms of reference <p>Moreover, the roles and responsibilities for data quality of the system should be clearly stated within the Terms of Reference of all Governance Groups for the Niche System, including the Regional & Local Data Quality Teams.</p>	2	<p>Agreed. It would be best practice to update the Terms of Reference for the Niche Governance Board and review the remit of the Niche Working Group to ensure no duplication of responsibilities.</p> <p>Update - The terms of reference will be for review and update/resign off when the next governance board happens.</p> <p>Update - The Niche team, and interested parties, are working together to decide on ownership, format and frequency of ongoing meetings, and what that will look like is yet to be determined.</p> <p>There have been no further Niche governance boards to revisit or agree terms of reference, and the Business user group, which is looking to become a core part of the ownership of the strategy is also currently looking at how it will be run, governed etc. in the future with a new chair.</p> <p>The Data Quality strategy will not be updated to dictate what has been done so far, but will be based on the new models once agreed.</p> <p>There is also national strategic prioritisation regarding data quality emerging which may also influence Northants next steps.</p>	<p>Niche Operational Lead (Elle Harrison) 30th April 2018</p> <p>Revised date 30 June 2018</p>	
4.2	<p>Niche Data Quality Strategy</p> <p><i>Observations:</i> A Data Quality Strategy for the Niche system was completed and signed off by the Deputy Chief Constable in February 2017. The aims of the Strategy is “to ensure that Northamptonshire has a system that can best protect people from harm, with consistently applied standards that deliver accurate statistics that are trusted by the public and puts the needs of victims at its core”.</p>	<p>The Data Quality Strategy for the Niche system should be owned by the Niche Governance Board and it should be reviewed at each meeting to ensure that the achievements and next steps set out in the strategy are being delivered.</p>	2	<p>Agreed. The performance monitoring on the strategy had yet to be completed although this has been identified and will be carried out.</p> <p>Update – EH is updating the strategy ahead of handover as business as usual.</p>	<p>Niche Operational Lead (Elle Harrison) 30th April 2018</p> <p>Revised date 30 June 2018</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>The strategy sets out a number of tasks that it would like to achieve and the next steps that should be taken to deliver these.</p> <p>However, it was found that there is currently no monitoring of these next steps to ensure the aims of the strategy are being achieved.</p> <p><i>Risk:</i> Failure to achieve the aims of the Data Quality Strategy.</p>			Update – as per 4.1		
4.3	<p>Governance of E-Cins</p> <p><i>Observation:</i> E-Cins is a jointly owned system between the Police and the partners that it works with, including local NHS and council teams across the county such as social care and housing.</p> <p>As such, an E-Cins Management Group has been set up which is chaired by the Deputy Chief of Kettering Council and the operational lead for Northamptonshire Police also sits on this group.</p> <p>Audit reviewed the terms of reference for this group and found it was a simple document that had four objectives listed for the Group. It lacked clarity as well as basic good governance information, including membership, frequency of meeting and the scope of the group.</p> <p>One key omission from the current objectives was that there was no reference to the maintenance of data quality within the system.</p> <p><i>Risk:</i> There is a lack of clarity and consistency in the Governance structure leading to errors, duplications and poor decision making.</p>	<p>The Force should liaise with the E-Cins Management Group to update the existing Terms of Reference. The Terms of Reference should include but not be limited to:</p> <ul style="list-style-type: none"> • Purpose • Scope • Membership • Decision making authority • Reporting Requirements • Frequency of meetings • Review period for terms of reference <p>Moreover, the scope of the E-Cins Management Group should clearly state its role in respect of the maintenance of data quality within the system.</p>	2	<p>The Police lead will raise this with the Chair of the E-Cins management group with a view to it being discussed at the next meeting of the group. The points raised will be reviewed and a revised TOR produced.</p> <p>Update - The chair of the ECINS board has been briefed on the audit findings. At this time a full ECINS management group hasn't been convened as the core members are negotiating funding for the new role that is required to oversee data quality and data sharing. These discussions will conclude over the next few weeks and the final position will be known. Once the funding for the role is secured the TOR will be rewritten to include the role and the functions it will perform.</p> <p>Update-The operational ownership of ECINS has been passed to the AIM Inspector as they use the system for EI and AIM case management and are actively involved in its development.</p> <p>An officer within the EI/ AIM team will, on a temporary basis, take responsibility for supporting the inspector in governing ECINS and auditing data quality.</p> <p>A user guide will be provided to support new users and to explain the developments that have taken place with ECINS.</p>	<p>E-Cins Strategic Lead (Mick Stamper) 28th February</p> <p>Revised date 30 June 2018</p>	
4.4	<p>Monitoring of Data Quality – E-Cins</p> <p><i>Observation:</i> E-Cins is a partnership system that is</p>	The Force should put in place an	2	The system is being audited but a more	E-Cins Strategic	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>utilised by the Police and partner organisations to share relevant data. The Police manually input any relevant police data onto the system. There is currently no regular monitoring of the Police's data that is stored on the system. Audit were informed that the E-Cins partners have recently agreed to recruit a permanent support staff member and data quality responsibilities will be part of this role once post is filled. However, it was noted from the E-Cins Management Group meeting minutes, that discussions in regard to this role have been on-going for some time and, in the meantime, the Force need to ensure the information that it owns on the system is correct and accurate, as well as adhering to Data Protection Act rules. Audit were informed by the E-Cins Operational Lead that discussions with the Force Crime Registrar on how the system can be audited have taken place. However, at the time of audit, there is no agreed plan for undertaking data quality monitoring of the E-Cins system.</p> <p><i>Risk:</i> Force data on the E-Cins systems is inaccurate or incomplete, leading to partners taking wrong decisions based on the information provided. Force breaches the Data Protection Act.</p>	<p>audit plan to ensure that the Force's data held on the E-Cins system is regularly reviewed for quality purposes and any inaccurate or inappropriate data placed on the system removed where appropriate.</p>		<p>formal audit programme (for ECins) will be developed and put in place. This will be a task for the data sharing manager who will be recruited once funding has been approved. It is expected this role will be established by the 31st March and the audit plan will be written with six weeks of the post holder commencing work.</p> <p>The initial audit has already been commissioned.</p> <p>Update - , the audit team have been asked to do this but they do not had capacity to do this. The role mentioned above will have this function in their role description. Once the discussions regarding funding have been finalised I fuller update will be given. Regardless of this I will commission a member of the EI team (Who is a heavy user of ECINS) to write an audit/ inspection plan to ensure the data is being stored, shared and, where necessary, destroyed correctly.</p> <p>Update – As per 4.3</p>	<p>Lead (Mick Stamper) 15th May 2018</p> <p>Revised date 30 June 2018</p>	
4.5	<p>User Guide – E-Cins</p> <p><i>Observation:</i> The Force have a user guide that is available to provide staff with guidance on the correct use of the E-Cins system. The user guide is communicated to officers and staff via the Force intranet. Audit reviewed the user guide and found that it was last updated in February 2014 and that it included names of staff who were no longer at the Force, including an out of date Strategic Lead for the system. It therefore needs to be updated to ensure the correct details are shared with staff.</p> <p><i>Risk:</i> Incorrect working practices are followed and staff are unaware of the key contacts should they need to discuss the use of the E-Cins system.</p>	<p>The E-Cins user guide should be updated to reflect the current processes to be followed and up to date contact information for key staff.</p>	3	<p>This will be discussed at the next ECins management group and a new user guide commissioned. Critical or pressing changes will be made once identified and the responsibility for future review and amendment will fall to the above post holder.</p> <p>Update – As per 4.3 above</p>	<p>E-Cins Strategic Lead (Mick Stamper) 31st March</p> <p>Revised date 30 June 2018</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.6	<p>Performance Reporting of Data Quality</p> <p><i>Observation:</i> The Force have developed a number of monitoring tools for data quality, including an application that reviews data quality issues within Niche, as well as a dashboard for individuals to see data quality issues.</p> <p>The data quality application allows an oversight of the data quality issues by volume, however there is no regular reporting of this performance data. Audit were informed that a Business Objectives reporting tool can summarise the data but is unable to track it over time to show the trend of issues being reported.</p> <p>Moreover, as the version of Niche used by the Force is the same as the regional partners, there is an opportunity for being able to benchmark the Force's data quality performance against other Forces to provide a contrast in data quality performance.</p> <p><i>Risk:</i> The data quality performance of the Force is unknown by key decision makers.</p>	<p>The Force should develop the reporting functionality of the data quality application to allow for effective performance reports on data quality issues to be utilised by those charged with governance of the system.</p>	3	<p>The performance team at the Force are already developing the reporting functionality across the Force systems. Liaison will be done with the Performance Team to ensure appropriate reports can be utilised in the management of data quality within Niche.</p> <p>The business intelligence tool we are looking to implement shortly will help increase the visibility of data quality issues. A project team is being established to progress a proof of concept and we have a good case study from another force to develop from.</p>	<p>Niche Operational Lead (Elle Harrison) 30th June 2018</p>	

Estates Management – March 2018

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.4	<p>Operational Plans</p> <p><i>Observation:</i> The draft Estates Strategy sets out the long term vision for the estate for Northamptonshire Police, as well as providing the methodology and approach that will be required to deliver this.</p> <p>The Implementation Plan that is part of the Estates Strategy sets out the proposals to retain or dispose of sites/buildings over the next three years, as well as highlights where investments are required to update the existing estate to align with the Estates Strategy.</p> <p>Through discussion with the Head of Estates, there are a number of budgets for building maintenance, property enhancements and minor works, however these are reactionary budgets rather than works that are planned specifically. Recent expenditure from these budgets has included refurbishment of canteens at some sites.</p>	<p>Once the Estates Strategy and Strategy Implementation Plan have been approved, operational plans should be prepared to ensure that property enhancements and minor works budgets are spent in line with the future plans for each site.</p>	2	<p>Agreed and endorsed by OPCC CFO. CEO 14 Mar 18</p> <p>Update - Capital Budgets Reflect the Strategy at the beginning of the year and quarter1 and Revenue Budgets will be reviewed.</p> <p>Update – COMPLETED. Quarterly review is happening with Head of Finance and OPCC CFO. Mazars has also reviewed the capital programme with no issues to report.</p>	<p>Head of Finance/CFO July 2018</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>However, once the Strategy and Implementation Plans have been approved there will be an opportunity to have more detailed plans for minor works to support the medium and long term estate plans at particular sites. For example, once a building is earmarked for disposal, expenditure can be limited and, similarly, once a site is to be retained expenditure can be strategically planned to ensure sites are maintained in line with the Strategy.</p> <p><i>Risk:</i> The estates management budgets are not aligned to the overall estates strategy leading to poor value for money spending.</p>					
4.5	<p>Capital vs Revenue Budgets</p> <p><i>Observation:</i> The management of estates has a mix of revenue and capital budgets depending on the type / level of expenditure that is being incurred for the asset. It was noted when reviewing the Minor Works revenue budget (£150k in 2017/18) that this had not been spent.</p> <p>Discussion with the Finance Team and the Head of Estates confirmed that a differing approach to this budget had been adopted. Due to the Force being required to submit Home Office returns on the amounts spent on each building, the individual buildings are set up with individual codes and then expenditure is accounted for against each building.</p> <p>This includes the minor works expenditure which is effectively netted off against overspends on each individual building. The Head of Estates and Finance Team Lead communicate and meet regularly to monitor the spend, however due to the current approach spend of the minor works budget cannot be readily determined.</p> <p>Moreover, there appears to be a lack of clarity over the classification of revenue expenditure and capital expenditure, for example, the Property Enhancement capital budget and the Minor Works revenue budgets do not have clear guidance on the differences between the two types of spend.</p> <p><i>Risk:</i> The Force incorrectly account for its estates expenditure leading to incorrect financial statements</p>	<p>The Force should review the approach taken on the minor works budget to ensure there is clarity over the expenditure from this budget.</p> <p>Consideration should be given to provide clarity on the Revenue and Capital budgets within the Estates Management portfolio.</p>	3	<p>Agreed. CFO will monitor this closely with the Force Finance Department to show this clarity from 2018/19 budget onwards. CEO 14 Mar 18</p> <p>Update - This is under review with the appointment of the Head of Finance who commenced in role in May 2018.</p> <p>Update – COMPLETED. The Finance Team are monitoring the revenue costs throughout the year, consulting with the Head of Estates, and the Head of Finance meets with the OPCC CFO quarterly to review capital expenditure.</p>	<p>Head of Finance/CFO April 2018</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	being prepared. Lack of clarity over the expenditure of minor works budget expenditure.					
4.6	<p><u>Monitoring of Estates Strategy Delivery</u></p> <p><i>Observation:</i> The reporting process followed at Northamptonshire is a quarterly update report is prepared by the Head of Estates and is presented to the Estates Board on a quarterly basis. The report includes the following sections: Progress since last report, key milestones and deliverables, actions and outputs for next period, most significant current risks and most significant current issues.</p> <p>As the delivery of the Estates Strategy will encompass significant changes to the estate, there is a need for effective monitoring of its delivery. The governance structure for the management of the estate is set out in the draft Estates Strategy and the right information should be presented at the right forum to allow for effective oversight.</p> <p>A reporting timetable set throughout the year would assist this matter and by creating relevant reporting templates for the appropriate forum, this would assist in ensuring effective monitoring of the strategy takes place.</p> <p><i>Risk:</i> Failure to deliver the estates strategy, failure to identify areas of underperformance in the delivery of the strategy.</p>	An appropriate reporting template and reporting timetable should be drafted to ensure that, once the Estates Strategy and Strategy Implementation Plan have been approved, there will be effective monitoring of its delivery put in place.	2	Agreed. This is part of the planning requirement already in place as part of the new estates board establishment. Additionally, attendance, structure and frequency will be included. CEO 14 Mar 18	CEO September 2018	

Crime Management – May 2018

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p><u>Clear Roles & Responsibilities</u></p> <p><i>Observation:</i> The Service Delivery Model was implemented by the Force in October 2017 and included changes to the way that the Force manages the incidents and crimes that are reported. The changes were designed to deliver efficiencies and ensure compliance with the National Incidents and National Crime Recording Standards throughout the</p>	The roles and responsibilities stated on the intranet, for the departments involved in crime management and crime recording, should be updated to reflect the changes since the Service Delivery Model went live.	3	There are a number of changes in the next month with the crime allocation policy being finalised and Sgts being able to file crimes directly. The page will be refreshed/updated over the next month in line with these changes, this is an ongoing piece of work.	DI Tania Ash Head of Crime Management Unit 31 July 2018	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>process. Whilst the teams included as part of the process remain the same – Force Control Room and Crime Management Unit – their roles have changed slightly as to when a crime or incident is recorded, including the introduction of a new Managed Appointments Unit.</p> <p>The intranet provides the Force with details about each department and the Force Control Room and the Crime Management Unit have a page on the intranet. However, it was noted that the intranet pages have not been updated post the Service Delivery Model going live and therefore they are not in line with the current processes followed.</p> <p><i>Risk:</i> Lack of clarity within crime recording and crime management leading to failure to comply with relevant standards and regulations.</p>			<p>Update – 06/08/18 - The Crime Allocation Policy is still awaiting agreement by Chief Officers. In addition there is now an ongoing review, Op Stereo, around demand management and resources. As soon as the policy is agreed the intranet will be updated.</p>		

Counter Fraud Review– May 2018

	Recommendation	Rationale	Priority	Management response	Timescale/ responsibility	Status
Confidential Reporting (Whistleblowing) Policy						
1	OPCCN and Northamptonshire Police should make reference to the Public Interest Disclosures Act 1998 and the protection this offers to staff.	The policy currently makes no reference to the Act that the policy should be based on and is governed by.	1	Noted	Head of PSD 30/09/18	
2	Prior to the 'Mechanisms for reporting Professional Standards issues'; OPCCN and Northamptonshire Police should include a section which details the types of issues that may be reported under this policy.	This will make it clear to staff what the policy is intended to deal with and what constitutes an appropriate whistleblowing disclosure. See Appendix 1 to this report for suggested wording.	1	Noted	Head of PSD 30/09/18	
3	OPCCN and Northamptonshire Police should update the 'Mechanisms for reporting Professional Standards issues' to include details surrounding Public Concern at Work (PCAW).	PCAW is an independent whistleblowing charity which provides free help to prospective whistleblowers and advice on whistleblowing laws. It important that staff are offered both internal and external assistance.	2	Noted. The force has a well-used confidential reporting line 'Bad Apple' and has recently joined other East Mids forces to utilise Crimestoppers as further anonymous reporting line. PCAW could be added to the option list	Head of PSD 30/09/18	
4	OPCCN and Northamptonshire Police should update Section 6 to include related documents. Some examples are: <ul style="list-style-type: none"> • Police (Conduct) Regulations 2012; • Police (Complaints and Misconduct) (Amendment) Regulations 2008; • Police (Performance) Regulations 2012; • Gifts and Hospitality Procedure; • Health and Safety Procedure; and • Information Security Policy. 	It is important that staff are made aware of relevant legislation and documentation.	3	Noted.	Head of PSD 30/09/18	
Corporate Governance Framework						

	Recommendation	Rationale	Priority	Management response	Timescale/ responsibility	Status
1	OPCCN and Northamptonshire Police should specify how often the corporate risk register is reviewed and document further measures to improve the control environment.	Appendix 1, section F is not specific enough with regards to the risk register review process. In addition, section F does not cover the role of internal audit.	2	Noted	Head of CDD 30/09/18	
2	Information regarding the Confidential Reporting (Whistleblowing) Policy should be updated and a link to the policy included.	Appendix 1, section G states that the policy 'will be established' - however, there is already a policy in place. OPCCN and Northamptonshire Police should ensure that staff are kept up to date with all current procedural documents.	3	Noted	Head of PSD 30/09/18	
EMSCU - Data Handling in the Procurement Process						
1	OPCCN and Northamptonshire Police should consider moving the definitions sections to the start of the process.	Staff should ensure they have a clear understanding of the terms referred to within the policy prior to reading it.	3	Noted. EMSCU is a regional unit so this is not necessarily a matter for the Force. To be remitted to the EMSCU lead	Head of EMSCU	
2	All references to the Data Protection Act (1998) should be replaced with the General Data Protection Regulation (2016) which comes into force as of 25 May 2018.	Policies and procedures (and therefore staff) must be kept up to date with current legislation.	2	Noted. The Force has a comprehensive plan to prepare for the introduction of GDPR. This is captured within the action plan Update – All policy owners will be instructed via the Force Assurance Board to ensure that all references to the Data Protection Act (1998) are replaced with the Data Protection Act (2018) and additionally the General Data Protection Regulations (2016).	Head of PSD 30/09/18	
3	OPCCN and Northamptonshire Police should update the third bullet point within section 4 policy statement to refer to the Information Security Policy.	It currently refers to the Security Policy, however we assume this is a typo.	3	Noted Update – The Force Information Security Manager has confirmed the process should refer to the Information Security Policy. EMSCU will be asked to update the	Force Information security manager 30/09/18	

	Recommendation	Rationale	Priority	Management response	Timescale/ responsibility	Status
				document.		
4	OPCCN and Northamptonshire Police should ensure that where decisions are made at the pre-tender stage, these decisions are documented and stored on file.	Page 3 includes the decision made by the IAO as to which category of the data handling schedule should be included. OPCCN and Northamptonshire Police should ensure that all procurement decisions are documented on file.	2	Noted. EMSCU is a regional unit so this is not necessarily a matter for the Force. To be remitted to the EMSCU lead	Head of EMSCU	
EMSCU - Policy SME Friendly Procurement						
1	OPCCN and Northamptonshire Police should remind staff that although some of the rules with regards to SME tender exercises differ from normal exercises, staff must still comply with rules set out in the Business Interests and Additional Employment Procedure.	Staff may become complacent when dealing with smaller suppliers. It should be made clear that declarations of interest are still vitally important and if any conflicts of interest arise, staff should remove themselves from the tender process.	2	Noted. EMSCU is a regional unit so this is not necessarily a matter for the Force. To be remitted to the EMSCU lead	Head of EMSCU	
Gifts and Hospitality Procedure						
1	OPCCN and Northamptonshire Police should seek to streamline the Gifts and Hospitality procedure and just create one single document.	Currently there is a PDF procedure document, with both another procedure document and policy document referred to within. This may confuse staff as to which document to follow. Given the above recommendation and for the avoidance of doubt, we have reviewed PRO866_3110101835.doc.	2	Noted	Head of PSD 30/09/18	
2	OPCCN and Northamptonshire Police should ensure that PRO2064_85114229.pdf - Gifts and Hospitality Register within 'related documents' is up to date. Potentially a link should be included to the intranet document.	OPCCN and Northamptonshire Police should ensure that staff have access to the most recent versions of the aforementioned document.	3	Noted	Head of PSD 30/09/18	

	Recommendation	Rationale	Priority	Management response	Timescale/ responsibility	Status
3	OPCCN and Northamptonshire Police should consider making an amendment to their definition of a gift within this procedure.	Gifts are not necessarily given 'in response to a policing service provided or offered'. There is a risk with this definition that staff do not declare all gifts provided / offered.	2	Noted	Head of PSD 30/09/18	
4	OPCCN and Northamptonshire Police should also update section 3.2 to state that as well as cash, staff should also not accept cash equivalents such as vouchers or gift cards.	OPCCN and Northamptonshire Police should be clear on what can and what cannot be accepted.	3	Noted	Head of PSD 30/09/18	
5	OPCCN and Northamptonshire Police should ensure that all staff are aware of the procedures regarding acceptance of alcohol. OPCCN and Northamptonshire Police should also consider reviewing past instances of breaches in this policy.	A review of the Gifts and Hospitality register identified six gifts of alcohol that had previously been accepted with no mention of the gift being donated to charity.	2	Noted	Head of PSD 30/09/18	
6	OPCCN and Northamptonshire Police should include a full email address for the Gifts and Hospitality department.	The 'email address Gifts and Hospitality' is not specific enough. OPCCN and Northamptonshire Police should ensure that staff know how to make contact regarding these matters.	3	Noted	Head of PSD 30/09/18	
7	OPCCN and Northamptonshire Police should consider the cumulative value of gifts and hospitality within this policy.	For example, if staff are accepting 100 gifts of £4.99 over a year, then the total value would be material. However, no declaration would currently need to be made.	2	Noted	Head of PSD 30/09/18	
8	The policy specifically states that the policy does not cover meals provided at conferences, internal gifts and sponsorship. OPCCN and Northamptonshire Police should detail which policy these are covered within.	These instances should be covered within other policies and procedures. This policy should detail where information relating to these can be found.	2	Noted	Head of PSD 30/09/18	
9	OPCCN and Northamptonshire Police should make reference to the Bribery Act (2010) within this	Bribery and corruption are key issues where gifts and hospitality	2	Noted	Head of PSD	

	Recommendation	Rationale	Priority	Management response	Timescale/ responsibility	Status
	procedure.	are concerned. Staff should be made aware of all relevant legislation.			30/09/18	
Information Security Policy						
1	OPCCN and Northamptonshire Police should make clear what they are referring to by the acronym 'ACC' within section 4.1.	It is currently unclear as to who OPCCN and Northamptonshire Police is referring to. The policy needs to be as easy to understand as possible.	3	Noted	Force Information security manager 30/09/18	
2	OPCCN and Northamptonshire Police should update section 4.5.1 'All Staff' to include the following: 'Staff should advise line managers and the Information Security Officer, as appropriate, of any potential weaknesses in information security or associated procedures'.	This is proactive and should reduce future breaches or issues related to information security.	2	Noted	Force Information security manager 30/09/18	
3	OPCCN and Northamptonshire Police should update section 6 'All Staff' to include the following: 'Where staff are unclear on any matters relating to the implementation and application of this policy, they should seek clarification from the Information Security Officer or the Senior Information Risk Officer'.	This area of information security can often be complicated. This demonstrates a clear line of communication if staff are not clear on the policy.	3	Noted	Force Information security manager 30/09/18	
4	OPCCN and Northamptonshire Police should update Section 6 to include related documents. Some examples are: <ul style="list-style-type: none"> • Computer Misuse Act 1990; • Copyright, Designs and Patents Act 1988; • Civil Contingencies Act 2004; • Freedom of Information Act 2000; • General Data Protection Regulation 2016 (as of 25 May 2018); • Human Rights Act 1998; and • Official Secrets Acts 1911, 1920 and 1989. 	It is important that staff are aware of relevant legislation and documentation.	3	Noted	Force Information security manager 30/09/18	

	Recommendation	Rationale	Priority	Management response	Timescale/ responsibility	Status
	Scheme of Governance					
1	OPCCN and Northamptonshire Police should update all references to the Data Protection Act (1998) and replace these with the General Data Protection Regulation (2016) which comes into force as of 25 May 2018.	Policies and procedures (and therefore staff) must be kept up to date with current legislation - see for example section 2.4 and Appendix B.	2	Noted. The Force has a comprehensive plan to prepare for the introduction of GDPR. This is captured within the action plan Update – All policy owners will be instructed via the Force Assurance Board to ensure that all references to the Data Protection Act (1998) are replaced with the Data Protection Act (2018) and additionally the General Data Protection Regulations (2016).	Head of PSD 30/09/18	
2	OPCCN and Northamptonshire Police should make reference to the Intellectual Property Act (2014) within Appendix 1.	Appendix 1, Section C6 currently refers to intellectual property. However, it does not mention the act by which it is governed.	3	Noted. EMSCU is a regional unit so this is not necessarily a matter for the Force. To be remitted to the EMSCU lead	Head of EMSCU	
3	With regards to the use of procurement cards, OPCCN and Northamptonshire Police should consider a 'key control' concerning a review of the actual purchases.	Appendix 1, Section D9 currently details a review of who the cards are issued to and the limits on each card. However, it does not refer to the type of spend permitted on these cards. It is important that staff do not purchase items for personal use or items that could bring OPCCN and Northamptonshire Police into disrepute.	1	Noted. EMSCU is a regional unit so this is not necessarily a matter for the Force. To be remitted to the EMSCU lead	Head of EMSCU	
4	OPCCN and Northamptonshire Police should update the EU Procurement Thresholds. Supplies and services are now £181,302 (€221,000) and works are now £4,551,413 (€5,548,000).	Appendix 2, Appendix C details the old thresholds. The thresholds have been updated and are effective from 1 January 2018.	2	Noted. EMSCU is a regional unit so this is not necessarily a matter for the Force. To be remitted to the EMSCU lead	Head of EMSCU	

2018/19

Absence Management & Wellbeing – July 2018

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<p>Sickness Absence Management <i>Observation:</i> The Force have an Attendance Management Policy that sets out the expectations of staff and line managers. It refers to the use of a self-service approach to recording sickness absence and the availability of HR to provide advice and guidance where needed. These expectations include:</p> <ul style="list-style-type: none"> Staff to report sickness within 1 hour of their shift and report the expected number of sick days; Line managers to contact staff and maintain a record of communications on DMS; After 7 days of absence it is the staff members' responsibility to ensure that the "Statement of Fitness" is provided to their manager within 3 working days of its issue where the statement advised that they are unfit for work and line managers must record this on DMS; Managers must carry out a Return to Work Interview when an individual returns to work following each period of sickness absence and this must be recorded on DMS. <p>Audit carried out testing on a sample of 10 cases of sickness recorded over the previous six months and testing found:</p> <ul style="list-style-type: none"> In all ten cases there was no records on DMS to support the correct sickness reporting procedure had been followed i.e. within 1 hour, expected number of days and the line manager communication had taken place; Five of the ten cases reviewed were for periods of sickness longer than seven days and required a Statement of Fitness. However, 3/5 Statements were not evident on the system; Eight of the ten cases had returned to work after the sickness absences, however 6/8 had not 	<p>HR should review the data available to confirm that individuals are recording sickness correctly in line with the stated procedure.</p> <p>The process for recording line manager communications with staff who are off sick should be re-communicated to line managers and then reviewed to monitor compliance.</p> <p>Line Managers should be reminded of the need to upload Fit Notes for sickness absence longer than 7 days. Moreover, HR should consider dip sampling to confirm levels of compliance. Line Managers should be reminded of the need to complete Return to Work Interviews in all instances of sickness.</p> <p>Furthermore, HR should consider dip sampling to confirm levels of compliance.</p>	1	<p>It is accept that this is a risk and it is a requirement for the new proposed HR structure which is currently under review. The ability to review and provide management information will be improved upon once the new structure has been put in place and the appropriate role included to carry out this oversight.</p> <p>Accept. These actions are already being progressed via a Communications Plan that is has been set up and actioned via the Gold Group</p> <p>Update from Ali Roberts: Managers have been reminded via a Forcewide Video Comms message with regards to expectations around managing attendance and recording accordingly by DCC Swann in July 2018.</p> <p>Line Manager guidance already exists in relation to 'How to...on DMS' in relation to recording appropriately and has been re-published.</p> <p>I have proposed a dip sampling process for the HR BP team (Noting that this may sit somewhere else in the new structure going forward) I have attached our process to the response email This dip sample will examine fit notes and RTW forms.</p>	<p>Head of HR October 2018</p> <p>On-going but started June 18</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>recorded a return to work interview.</p> <p>Testing indicates that there is a significant amount of noncompliance by staff and line managers when recording and managing sickness absences.</p> <p><i>Risk:</i> Staff are not complying with the sickness absences procedures, leading the Force open to abuse of the system and unauthorised sickness absences not being addressed.</p> <p>Lack of oversight of compliance with the system leading to the Force being unaware of levels of compliance.</p>					
4.2	<p>Formal Reviews of Sickness Absence</p> <p><i>Observation:</i> The Absence Management Procedure and the Managers Guidance clearly state that a formal review should be undertaken when an individual has three instances of sickness over the previous six month period.</p> <p>The guidance provides advice on the approach that should be taken to review reasons why and if any support can be provided to assist the individual. It also provides managers with the option to agree formal procedures to ensure improvement in attendance where these may be required.</p> <p>As part of the automated emails that are sent to line managers from DMS, these include the number of absences the individual has had over the last six months and thus provides a trigger point for line managers to carry out the formal review.</p> <p>The Managers Guidance does not specifically state where the formal review should be recorded i.e. as a note on the DMS System or retained locally.</p> <p>Audit carried out testing on five sickness absences that had reached the trigger point for a formal review. A review of DMS found no evidence of any formal reviews having taken place.</p> <p><i>Risk:</i> Opportunities to support staff and reduce levels of absences are missed.</p>	<p>The current Formal Review of sickness absence should be reviewed and updated so there is clarity and consistency on how to record the reviews.</p> <p>HR should consider undertaking dip sampling to confirm that the Formal Reviews are taking place.</p>	2	<p>Accepted and already done, although the document date hadn't been updated.</p> <p>Accepted</p> <p>Update from Ali Roberts: This has been part of the dip sample process as taken in July 2018. The HR BP Team will continue to educate and support Line Managers in reviewing appropriately.</p>	<p>HR Business Partner July 2018</p> <p>HR Business Partner July 2018</p>	
4.3	<p>Special Leave</p> <p><i>Observation:</i> The Force have a Special Leave policy that provides guidance to line managers on the approach to take when granting special leave for staff.</p>	<p>HR should liaise with the Performance Team to understand what data reports are available to</p>	2	<p>Accepted- Procedural guidance under review and data update provided to HR business team.</p>	<p>HR Business Partner August 2018</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>It covers instances such as Compassionate Leave, Care Leave and Time Off for dependents.</p> <p>The policy makes clear reference to the fact each case will be different and needs to be handled differently, although provides line managers with the discretion to make such decisions, with it being recorded on DMS. It states that HR's role is to provide advice to managers and promote a fair and consistent application of the policy.</p> <p>However, from discussion with staff and review of available information, it was found that HR have a lack of data to enable effective oversight of special leave that is authorised by managers. A high level report of HR performance is prepared by the Performance Team, however it does not provide a breakdown of the information that HR would require to investigate / review individual cases. For example, the high level report provides the total type of leave, i.e. Family Leave, but does not provide detail on how many staff this relates to and how many days on average they have taken.</p> <p><i>Risk:</i> The Force does not have consistent and fair approach to special leave</p>	<p>assist in the oversight of special leave approvals.</p>		<p>Update from Ali Roberts: : I have prepared a paper to Ali Naylor and the Attendance Gold group with respect to current policy, statutory requirements and our practice with some recommendations. A recommended way forward was agreed at the last meeting and discussions with the Federation and UNISON are underway in this regard. Ali Naylor will take this to FEG for debate on the preferred way forward with regards to proposing maximum paid limits on some aspects of special leave. Our guidance notes are very visual which may appeal to a wider audience and these will need to be updated according to the decisions following FEG. Sarah Crampton will pick up with regards to data around special leave/other leave and pick this up in her performance report.</p>		
4.4	<p>Capability Procedure</p> <p><i>Observation:</i> The Force have a Capability Procedure, which provides a framework for dealing with individual employees ability to perform the work expected of them to the required standards or their attendance within the workplace. Therefore, this procedure can be used when dealing with attendance issues as part of the attendance management approach taken.</p> <p>The procedure states that it is owned by HR and will be reviewed every 12 months. However, audit found that this procedure had not been reviewed or updated since October 2013.</p> <p><i>Risk:</i> The capability procedure is not in line with current working practices at the Force leading to inconsistent application of the process</p>	<p>The Capability Procedure should be reviewed and updated to ensure it is a fit for purpose document.</p>	3	<p>Accepted and already completed.</p>	<p>HR Business Partner Completed.</p>	
4.5	<p>Wellbeing Strategy & Monitoring.</p> <p><i>Observation:</i> The Wellbeing Strategy was launched in August 2017 and includes aims, goals, principles,</p>	<p>The Wellbeing Strategy should be updated to reflect the current</p>	3	<p>The ACO for HR has recently taken over as chair of the Strategic Wellbeing Board and</p>	<p>ACO Human Resources</p>	

	Observatio4.5n/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>strategic objectives and the strategic governance. Audit reviewed the Strategy and noted that the aims stated are only in respect of those up until Autumn 2018.</p> <p>Moreover, with the Strategic Wellbeing Board no longer being in place, there is a need to reflect this in the Strategy.</p> <p>Whilst audit evidenced that there has been monitoring of Wellbeing reported to the Leadership Wellbeing Board and to the Accountability Board, it is not in a consistent and clear format. The Force have a number of action plans in place and these should be clearly monitored and reported for progress to the appropriate forum.</p> <p><i>Risk:</i> There is a lack of strategic direction for the Wellbeing agenda.</p> <p>Lack of appropriate monitoring leading the Force to fail to achieve its strategic aims.</p>	<p>strategic governance arrangements and the aims it will have moving forward.</p> <p>There should be an agreed monitoring process within the Wellbeing Governance structure to demonstrate the delivery of all strands of the Wellbeing Strategy at a strategic and operational level.</p>		<p>the recommendations will be actioned under the new arrangements being put in place.</p>	<p>August 2018</p>	

IT Strategy – August 2018

	Observatio4.5n/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p><u>Strategy, implementation review and republication plan</u></p> <p><i>Observation:</i> Whilst a formal review and update timetable for the strategy has not been formalised it is anticipated that it will be subject to a review at least annually if not more frequently dependent of circumstances, such as the retirement of the current Chief Constable before the end of the year.</p> <p><i>Risk:</i> The strategy does not become an effective evolving process or document and becomes out of date or not aligned with Force priorities.</p>	<p>A formal structure for review and republication of the strategy should be established to ensure it remains up to date. For example, the strategy should be subject to at least annual review and republished for another three-year period.</p>	2	<p>Agreed</p> <p>Update – Agreed that the strategy will be reviewed twice yearly.</p>	<p>Annually Head of ISD</p>	
4.2	<p><u>Promotion of the strategy</u></p> <p><i>Observation:</i> The IT Strategy is currently in the process of being rolled out and promoted internally. As such it has already been communicated to key stakeholders</p>	<p>We support the wider distribution of the strategy.</p>	3	<p>Agreed</p>	<p>Ongoing Head of ISD</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p>and ISD staff and due to be distributed to a wider audience in the near future. <i>Risk:</i> Force staff not aware or engaged in aims and what it means for them.</p>					



AGENDA ITEM 11

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE 10 SEPTEMBER 2018

REPORT BY	Paul Fell
SUBJECT	OPCC Risk Register
RECOMMENDATION	Committee to note report

1 Background

In March 2017, the Joint Independent Audit Committee (JIAC) received a report which provided an overview of process and policies put in place within the Northamptonshire Office of Police and Crime Commissioner (OPCC), to identify and manage corporate risks.

That report outlined that the OPCC had chosen to utilise the IPSO software package to record and assist in the management of these risks, allowing greater visibility of these, both within the OPCC and between OPCC and Force.

The initial report also provided a high level overview of the risks recorded on the OPCC risk register at that point in time.

2 Purpose of the Report

This report provides an update to the JIAC on the current position relating to the OPCC risk register, including the number of risks that have been captured and changes in those risk levels.

The report also provides an update relating to the internal processes used to manage the identified risks.

The report aims to provide appropriate reassurance to members of the JIAC as to how the OPCC identifies, records and then manages the threats raised and posed by identified business risks.

3. Current Risk Register

The OPCC risk register currently contains as a total, 21 recorded risk entries on the IPSO system.

2 of these are entries that have been cancelled as they were duplicates or entered as an administrative error when the system was set up.

The remaining 19 entries relate to assessed and recorded risks.

Of the 19 actual risks that have been recorded:

12 have, after recording had mitigation put into place and have since been closed.

4 have seen no change in risk levels since the initial recording of the risk, despite mitigation being put into place.

2 have seen reducing levels of risk since initial recording.

1 risk has seen increasing levels of risk since the initial recording.

Risks with no change

Risk 1 – intentions from central government to delegate additional responsibilities to Police and Crime Commissioners, which may include as examples, matters relating to police complainants systems and wider CJ responsibilities.

The key risk here is a lack of clarity on what these might be, timescales, whether they will be mandatory or voluntary and whether additional resource will be required to deliver them.

The OPCC has effective work streams in place to monitor this and respond as required.

Risk 15 – replacement for the current Airwave system, with Emergency Services Network (ESN).

The risk relates to slippage in the implementation timescales and lack of clarity relating to responsibility for any resulting financial implications.

This risk is managed at Director Level in the OPCC, with attendance at national groups managing this and other technology matters.

Risk 19 – new police operating model.

Relates to any failure to effectively implement the new operating model, leading to adverse impact on service delivery and operational performance.

The new operating model has been in place for just over 6 months and will be subject to ongoing review and amending as required. PCC manages this through a variety of means including 1-2-1 meetings with the Chief Constable, ensuring appropriate level attendance from OPCC at Force meetings and via his monthly formal accountability board meetings with the Chief Constable.

Risk 21 - Effective management of changes to MFSS fusion.

This relates to adverse effect on operational delivery and the financial implications of this change not being effective. Effective mitigation is being put into place to try to manage this risk.

Risks reducing

Risk 2 – relates to longer term financial settlements.

This risk has had significant mitigation put into place. Balanced MTFP has been agreed with the Force alongside savings requirements.

Risks Increasing

Risk 9 – reducing budgets in other agencies leading to lack of support to deliver community safety and police and crime plan priorities.

This remains a risk and emerging evidence suggest that it is increasing. PCC and OPCC will continue to work with Force and other partners to mitigate this as best as possible.

All risks are presented to PCC and Chief Executive on a 6 weekly basis for review. While recommendations are made no risk is signed off, without agreement at that level.

Submitted for attention of members of the Joint Independent Audit Committee.

Paul Fell
Director of Delivery
Office of Police and Crime Commissioner



AGENDA ITEM 12A

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE 10 SEPTEMBER 2018

REPORT BY	Vaughan Ashcroft, Head of Finance
SUBJECT	Revised MTFP 2018/19 to 2022/23
RECOMMENDATION	To note

1. Purpose

1.1. The MTFP is reviewed regularly and this paper is intended to present the latest version and highlight any risks, new developments and changes to assumptions. Two versions of the revised MTFP Summary can be found in Appendix A and B.

2. Assumptions

2.1. The MTFP that was built and approved as part of the 2018/19 budgeting process was based on 'flat cash' grant assumptions going forward. The results of this funding assumption can be seen in Appendix A and are unchanged.

2.2. There is analysis nationally that indicates that grant reductions beyond 2019/20 are likely and that these could be approximately 1.4% per year. The version of the MTFP at Appendix B shows the year-on-year effect of this reduction.

2.3. There have been no further adjustments made to the other general MTFP assumptions.

3. Pressures and Savings

- 3.1. The approved budget included some savings that needed to be identified to achieve a balanced budget in 2018/19 and 2019/20. Those which have not yet been identified have been added back in to give a true picture of the financial challenge.
- 3.2. Pressures have been identified since the budget build relating to MFSS over and above those already built into the base budget. This is expected to be at least £373k and is liable to change following the departure of Avon and Somerset from the collaboration. This remains a significant risk.
- 3.3. Since the budget build, it has been clarified that the cost of Pronto (the middleware solution on handheld devices) will be a revenue cost, not capital. This has caused a revenue pressure of approximately £313k. However, there are savings expected on capital financing which can be used to offset this. A decision record has been written to formally document use of the underspend for this purpose.
- 3.4. The above decision record also allows for the remaining saving on capital financing to be used to partly offset the MFSS pressure (3.2 above).
- 3.5. There are a number of other smaller pressures that have been identified since the budget was originally approved.
- 3.6. Savings include £650k for capital financing as described above and £260k due to recruitment delays of growth posts.

4. Conclusion

- 4.1. The 2018/19 deficit is currently expected to be £1.0m although this is subject to change and savings are expected to be made to reduce it.
- 4.2. The savings target for 2019/20 is £0.5m.
- 4.3. The deficit in 2022/23 is expected to be between £3.0m (Appendix A) and £5.8m (Appendix B).
- 4.4. The MTFP will continue to be revised as new information becomes available.

5. Appendix A

NORTHAMPTONSHIRE POLICE						Updated	28 August 2018	
Medium Term Financial Plan Summary - 2018/19 (STATIC FORMULA GRANT ASSUMPTIONS)								
Estimated Funding								
	2018/19		2019/20		2020/21		2021/22	2022/23
	£m		£m		£m		£m	£m
Home Office Grants								
Formula Grant	66.4		66.4		66.4		66.4	66.4
Council Tax Support Grant	5.1		5.1		5.1		5.1	5.1
Council Tax Freeze Grant	1.6		1.6		1.6		1.6	1.6
	73.1	57.5%	73.1	55.9%	73.1	54.9%	73.1	53.9%
Precept								
Council Tax	53.0		56.9		59.2		61.6	64.2
Council Tax Collection Fund Surplus	1.1		0.8		0.8		0.8	0.8
	54.1	42.5%	57.7	44.1%	60.0	45.1%	62.4	46.1%
Total Funding [A]	127.1	100.0%	130.7	100.0%	133.0	100.0%	135.4	100.0%
Approved Budgets								
	2018/19		2019/20		2020/21		2021/22	2022/23
	£m		£m		£m		£m	£m
OPCC	1.7		1.7		1.7		1.7	1.7
OPCC - Commissioning & Delivery	3.6		3.9		4.2		4.2	4.5
Force	118.7		121.3		125.3		127.9	129.8
Capital Financing	2.8		4.0		4.8		4.0	4.6
Contributions to/(from) Reserves	0.4		-0.1		0.0		0.0	0.0
Total Budget [B]	127.1		130.7		136.0		137.8	140.6
Savings Requirement								
	2018/19		2019/20		2020/21		2021/22	2022/23
	£m		£m		£m		£m	£m
Funding shortfall in above MTFP	0.0		0.0		2.9		2.3	2.6
Savings requirement built into approved budget	0.7		0.2		0.1		0.1	0.1
MFSS Revenue overspend 2018/19	0.4		0.1		0.1		0.1	0.1
Other miscellaneous pressures	0.8		0.2		0.2		0.2	0.2
Revised funding shortfall	1.9		0.5		3.3		2.7	3.0
Savings achieved so far this year	-0.9		0.0		0.0		0.0	0.0
Remaining funding shortfall	1.0		0.5		3.3		2.7	3.0
Key Assumptions								
	2018/19		2019/20		2020/21		2021/22	2022/23
Grant Settlement reductions			0.00%		0.00%		0.00%	0.00%
Precept increases			5.43%		1.99%		1.99%	1.99%
Tax Base increases			2.04%		2.04%		2.04%	2.04%
Police Pay Award			2.00%		2.00%		2.00%	2.00%
Police Staff Pay Award			2.00%		2.00%		2.00%	2.00%
Gas inflation			3.00%		3.00%		3.00%	3.00%
Other Utilities & Rates			2.00%		2.00%		2.00%	2.00%
Fuel inflation			2.00%		3.00%		3.00%	3.00%

6. Appendix B

NORTHAMPTONSHIRE POLICE						Updated	28 August 2018
Medium Term Financial Plan Summary - 2018/19 (REVISED FORMULA GRANT ASSUMPTIONS)							
Estimated Funding							
	2018/19	2019/20	2020/21	2021/22	2022/23		
	£m	£m	£m	£m	£m		
Home Office Grants							
Formula Grant	¹ 66.4	66.4	65.5	64.6	63.7		
Council Tax Support Grant	5.1	5.1	5.1	5.1	5.1		
Council Tax Freeze Grant	1.6	1.6	1.6	1.6	1.6		
	73.1	73.1	72.1	71.2	70.3	57.5%	55.9%
Precept							
Council Tax	53.0	56.9	59.2	61.6	64.2		
Council Tax Collection Fund Surplus	1.1	0.8	0.8	0.8	0.8		
	54.1	57.7	60.0	62.4	64.9	42.5%	44.1%
Total Funding	127.1	130.7	132.1	133.6	135.2	100.0%	100.0%
Approved Budgets							
	2018/19	2019/20	2020/21	2021/22	2022/23		
	£m	£m	£m	£m	£m		
OPCC - Office	1.7	1.7	1.7	1.7	1.7		
OPCC - Commissioning & Delivery	3.6	3.9	4.2	4.2	4.5		
Force	118.7	121.3	125.3	127.9	129.8		
Capital Financing	2.8	4.0	4.8	4.0	4.6		
Contributions to/(from) Reserves	0.4	-0.1	0.0	0.0	0.0		
Total Budget	127.1	130.7	136.0	137.8	140.6		
Savings Requirement							
	2018/19	2019/20	2020/21	2021/22	2022/23		
	£m	£m	£m	£m	£m		
Funding shortfall in above MTFP	0.0	0.0	3.9	4.2	5.4		
Savings requirement built into approved budget	0.7	0.2	0.1	0.1	0.1		
MFSS Revenue overspend 2018/19	0.4	0.1	0.1	0.1	0.1		
Other miscellaneous pressures	0.8	0.2	0.2	0.2	0.2		
Revised funding shortfall	1.9	0.5	4.3	4.6	5.8		
Savings achieved so far this year	-0.9	0.0	0.0	0.0	0.0		
Remaining funding shortfall	1.0	0.5	4.3	4.6	5.8		
Key Assumptions							
	2018/19	2019/20	2020/21	2021/22	2022/23		
Grant Settlement reductions	¹	0.00%	-1.40%	-1.40%	-1.40%		
Precept increases		5.43%	1.99%	1.99%	1.99%		
Tax Base increases		2.04%	2.04%	2.04%	2.04%		
Police Pay Award		2.00%	2.00%	2.00%	2.00%		
Police Staff Pay Award		2.00%	2.00%	2.00%	2.00%		
Gas inflation		3.00%	3.00%	3.00%	3.00%		
Other Utilities & Rates		2.00%	2.00%	2.00%	2.00%		
Fuel inflation		2.00%	3.00%	3.00%	3.00%		
¹ Formula Grant - In the version of the MTFP presented at the Police & Crime Panel, the formula grant was assumed to stay constant across the medium term. This has now been revised to reflect 'worst case' 1.4% year-on-year top-slicing from 2020/21 onwards.							



AGENDA ITEM 12B

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE 10 SEPTEMBER 2018

REPORT BY	Vaughan Ashcroft, Head of Finance
SUBJECT	Budget Build 2019/20
RECOMMENDATION	To note

1. Purpose

- 1.1. The full Budget Build Guidance paper has been produced to give context to the 2019/20 budget round, to provide guidance for the finance team and to give assurance to those charged with governance. The key principles are summarised below.

2. Budgeting Principles

- 2.1. The budget will be benchmarked on the indicative MTFP figures included in the February 2018 Police and Crime Panel report.
- 2.2. Variations to the approved MTFP will be documented and presented to the ACO Finance & Resources and Chief Finance Officer (PCC) for consideration.
- 2.3. Statutory and other unavoidable costs will be budgeted as required and variations to previous assumptions presented to the ACO Finance & Resources and Chief Finance Officer (PCC) for consideration.
- 2.4. Devolved Budget Holders will be fully consulted and given opportunity to provide operational context throughout the budget build process.
- 2.5. Where practicable, budget proposals will be calculated using on zero-based approach.

- 2.6. Detailed workings will be recorded for all budgets over £10k or of a sensitive nature.
- 2.7. The 2019/20 budget will be presented in such a way to clearly show department level and the subjective breakdown of Force budgets, in particular to identify the cost of enabling services vs. operational policing.

3. Timelines

- 3.1. A detailed timetable has been produced to ensure key milestones are met (Appendix A). This allows sufficient time to provide papers in good time for key meetings which include:
 - **10th December 2018** – JIAC Meeting to consider proposed budget and MTFP.
 - **15th January 2019** – Accountability Board to agree proposed budget.
 - **5th February 2019** – Police and Crime Panel to consider proposed budget and precept.

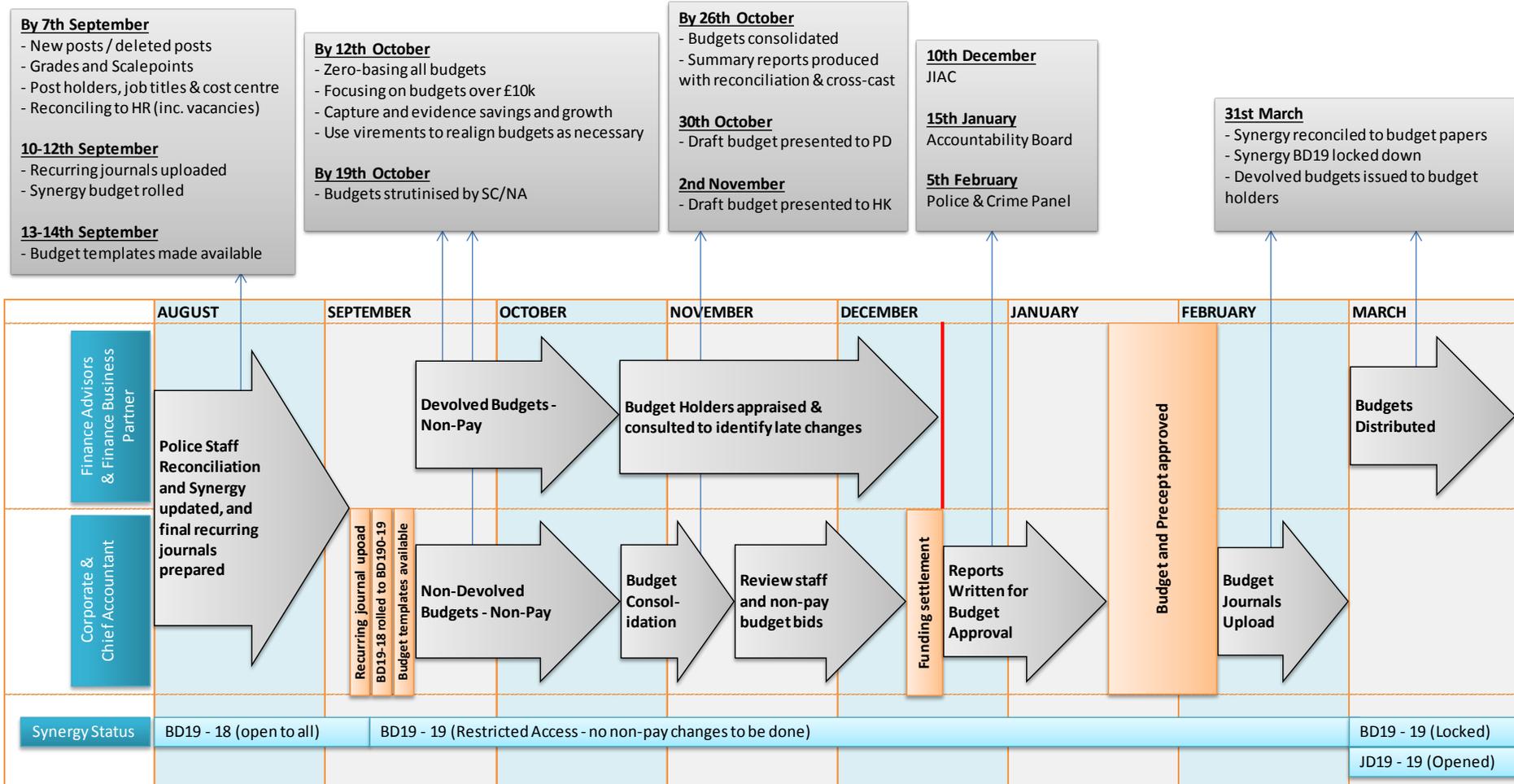
4. Appendix A – Timetable

Force Deadlines	Key Meetings																																																																																								
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Draft Capital Programme Shared with OPCC	23/10/18	VA/DC																																																																																							
Draft Treasury Management Strategy shared with OPCC	23/10/18	VA/DC																																																																																							
Force Draft Budget discussed with CC CFO	30/10/18	VA/PD																																																																																							
Final Draft OPCC Budgets	31/10/18	OPCC HK																																																																																							
Force Draft Budget Shared with OPCC	02/11/18	VA/PD																																																																																							
OBB Briefing for Board Members	05/11/18	CHANGE TEAM																																																																																							
OBB Boards	6-9/11/18	ALL																																																																																							
Updated draft MTFP to be shared with OPCC	09/11/18	VA																																																																																							

EMPCCB Agree Regional Budgets (work ongoing May to November 2018)	20/11/18	PCCs/CCs
2018 Autumn Budget	? 21/11/18?	HOC
Deadline for JIAC papers	23/11/18	ALL
Finalise draft budget proposals (incl., incorporating OBB results)	01/11/18-30/11/18	PD/VA (Force) HK (OPCC)
Deadline for Police and Crime Panel Papers	30/11/18	HK
JIAC Consider: 2019-20 Force budget proposals and MTFP – Update/Progress Q2 Capital Programme Treasury Management Strategy Treasury Management Q2 Update Capital Programme Q2 Update Update on MFSS	10/12/18	PD PD/HK PD/HK PD/HK PD/HK RS
Provisional Police Settlement Announced	W/C 10/12/18 or 17/12/18	HOME OFFICE
Police and Crime Panel – Budget Monitoring and budget Update (as at Q2)	13/12/18	HK
Accountability Board – Consider: Force budget proposals (pending final settlement)	18/12/18	PD
Finalise budget work	18/12-10/01/19	PD/HK/VA
Accountability Board – Agree: Force budget Capital Programme Treasury Management Strategy Reserves Strategy	15/01/19	PD/VA PD/HK PD/HK PD/HK
Draw the Line on Council Tax Changes/Taxbase to Finalise total Budget and Requirement	20/01/19	HK/VA
Communicate Total Budget and Requirement (if changed from 15/01/19)	20/01/19	HK/PD/VA
Police and Crime Panel Papers finalised	22/01/19	HK/ALL
Statutory Date for CT Surplus and Taxbase Confirmations	31/01/19	LA's
Police and Crime Panel consider proposed budget and precept	05/02/19	PCP
Police and Crime Panel Response to Budget	12/02/19	PCP
PCC Issues Precept	20/02/19	HK
Advise of Grant and Council Tax Settlement Dates and Amounts	20/02/19	HK
Budgets uploaded and reconciled to Panel papers	28/02/19	VA
Issue Budgets to Budget Holders: - Force - OPCC	31/03/19 31/03/19	VA HK

5. Appendix B – Revenue Budgeting Workflow

2019/20 BUDGET BUILD - FORCE REVENUE





AGENDA ITEM 13

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE 10 SEPTEMBER 2018

REPORT BY	Helen King, Chief Finance Officer OPCC
SUBJECT	Capital Programme 2018/19 Q1 and Strategy Update
RECOMMENDATION	To discuss the report

1. Capital Programme 2018/19 Q1 Review

- 1.1 The 2018/19 Capital Programme was considered by the Police and Crime Panel in February and the JIAC in March 2018.
- 1.2 The Quarter 1 review (Q1) was completed in July 2018, took into account the 2017/18 outturn, the newly developed Force ICT Strategy and estimates for 2023/24.
- 1.3 The Q1 capital programme is summarised below:

Expenditure	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Change Programme	165	59	-	-	-	-	-
Property	7,151	2,377	7,730	6,580	5,200	5,150	275
Information Technology & ESN	3,481	6,628	8,364	1,360	743	757	772
Vehicle Fleet	1,141	1,311	1,233	1,169	1,208	1,143	1,047
Operational Equipment	290	366	322	225	150	245	150
Q1 Revised	12,228	10,741	17,649	9,334	7,301	7,295	2,244
2018 Approved	16,682	12,870	15,562	9,356	2,426	2,420	-

- 1.4 The main variances are as follows:
- Development costs for the HQ site have been reprofiled to 2019/20 and later years, rather than significant costs in 2018/19 as originally envisaged.
 - ICT Strategy costs have been reprofiled based on the new strategy
 - Emergency Services costs are still unclear and further information on the national programme and costs is awaited.
- 1.5 The Capital programme is now reviewed quarterly in detail, together with the capital funding profile and is included with the force monitoring reports. These reports are considered monthly by the Force Chief Officers and shared with the OPCC CFO who briefs the PCC, CEO and directors.
- 1.6 The budget monitoring, capital and treasury management reports are also now reviewed at the Accountability Board, where the PCC holds the Chief Constable to account and the minutes are available publicly on the PCC website.

2. Capital Strategy Update

- 2.1 As outlined to the JIAC in March 2018, the 2017 Prudential Code includes a requirement for an organisation to have a Capital Strategy.

“in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.” (Source: CIPFA: The Prudential Code 2017 Edition, paragraph E13).

- 2.2 Whilst it was initially hoped that a draft capital strategy could be completed alongside the Q1 review of the Capital Programme, review of the requirements and discussion with national and regional peers, it is clear that this is a significant piece of work and .
- 2.3 CIPFA have already recognised these challenges and issued the following statement in response to frequently asked questions:

The new Prudential Code was only issued in December 2017, so how can a local authority meet the requirement to produce a capital strategy for 2018/19?

CIPFA recognises that those authorities that do not already have a capital strategy will be unable to produce one for the first year of implementation the new Prudential Code. As a consequence the Treasury and Capital Management Panel has issued the following statement to assist practitioners.

Statement by the Treasury and Capital Management Panel on the Production of Capital Strategies

The updated the Prudential code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code have been issued in December 2017.

Both these codes will be effective for the 2018/19 financial year. However, it is recognised that the requirement included in the Prudential Code to produce a Capital Strategy may require a longer lead-in period. Therefore the Treasury and Capital Management Panel recognises that this requirement may not be able to be fully implemented until 2019/20 financial year.

2.4 A number of key documents and strategies have been developed or refined in the last six months which align to the Police and Crime Plan priorities and Service Delivery Model requirements and which are key to informing the Capital Strategy as follows:

- Treasury Management Strategy
- Estates Strategy
- ICT Strategy
- Disposals Strategy, and
- Fleet Strategy

All of these documents have been reflected in the capital programme.

2.5 Colleagues in the East Midlands Region have already identified their interest to work together on the approach to a Capital Strategy.

2.6 At the Police and Crime Commissioners Treasurers Society (PACCTS) meeting on the 18/7/18, the society agreed to examine ways for advice and guidance on the development of Capital Strategies at future meetings.

2.7 This work will be progressed over the coming months to ensure a Capital Strategy is produced by 2019/20 and the JIAC will be updated on progress.

3. Recommendation

3.1 That the JIAC discuss the report.

CAPITAL PROGRAMME												
	Total Scheme from 01/04/17	2017/18 Expenditure	2018/19 Approved at Police & Crime Panel	Add 2017/18 Slippage	Other Adjustments	Revised 18/19 Budget	Exp as at 30/06/18	2019/20 Estimate inc. slippage	2020/21 Estimate inc. slippage	2021/22 Estimate inc. slippage	2022/23 Estimate inc. slippage	2023/24 Estimate
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CHANGE PROGRAMME												
Interoperability Programme	74	62	-	12	-	12	19	-	-	-	-	-
Criminal Justice-Interoperable CJ NICHE	150	103	30	17	-	47	30	-	-	-	-	-
TOTAL CHANGE PROGRAMME	224	165	30	29	-	59	49	-	-	-	-	-
INFORMATION SERVICES - ISD Strategy												
Legacy - IT	133	-	25	14	-	39	39	-	-	-	-	-
Agile Working	(674)	237	678	1,107	(1,785)	0	-	-	-	-	-	-
IT Strategy - Known & scheduled	1,200	-	-	-	650	650	-	550	-	-	-	-
IT Strategy - Known not scheduled	3,387	-	-	-	1,000	1,000	-	2,320	-	-	-	-
IT Strategy - Decisions to be made	350	-	-	-	250	250	-	100	-	-	-	-
IT Replacement Equip.	6,863	99	386	860	104	1,350	1,417	1,650	1,150	437	446	456
IT Infrastructure Hardware Replacement	3,554	69	275	544	91	910	910	640	140	306	311	316
Photocopier Replacement Programme	452	145	51	66	-	117	117	70	70	-	-	-
TOTAL INFORMATION SERVICES - ISD Strategy	15,265	550	1,415	2,591	310	4,316	2,483	5,330	1,360	743	757	772
INFORMATION SERVICES - Other Projects												
Emergency Services Network (Airwaves replacement)	3,624	5	250	244	-	494	494	3,034	-	-	-	-
Business Intelligence	284	4	-	48	-	48	48	-	-	-	-	-
Tri Force Regional IT Transformation Fund Match Funding	1,860	1,592	-	201	-	201	201	-	-	-	-	-
Fusion (Oracle re-implementation)	2,898	1,331	1,568	(0)	-	1,568	1,568	-	-	-	-	-
TOTAL INFORMATION SERVICES - Other Projects	8,666	2,931	1,818	494	-	2,312	2,312	3,034	-	-	-	-
TOTAL INFORMATION SYSTEMS PROGRAMME	23,931	3,481	3,233	3,085	310	6,628	4,795	8,364	1,360	743	757	772
PROPERTY - Estates Strategy												
Northamptonshire HQ (inc. Training facility (31 WHP))	13,900	-	6,600	-	(6,100)	500	-	4,875	4,875	4,875	4,875	-
Learning and Development Centre (LDC)	21	-	-	-	-	-	-	-	-	-	-	-
Radio Mast	55	-	15	70	(15)	70	-	-	-	-	-	-
Towcester	30	50	-	20	(20)	-	-	-	-	-	-	-
Brackley	-	-	-	-	-	-	-	-	-	-	-	-
Northern Accommodation Hub	-	-	-	-	-	-	-	-	-	-	-	-
Pytchley	60	-	-	-	-	-	-	30	-	-	-	-
Robert Street	30	-	-	-	-	-	-	-	30	-	-	-
Desborough	-	-	-	-	-	-	-	-	-	-	-	-
Earls Barton	20	-	20	-	-	20	-	-	-	-	-	-
Yardley Chase	10	-	10	-	-	10	-	-	-	-	-	-
Campbell Square	750	-	-	-	-	-	-	750	-	-	-	-
Criminal Justice Centre	350	-	200	-	-	200	62	-	150	-	-	-
Daventry	250	-	-	-	-	-	-	250	-	-	-	-
Firearms Range	1,700	-	500	-	-	500	-	-	1,200	-	-	-
Wellingborough	250	-	250	-	-	250	-	-	-	-	-	-
Weston Favell	1,392	-	-	-	-	-	-	1,500	-	-	-	-
Other investment required	35	-	-	-	35	35	-	-	-	-	-	-
TOTAL PROPERTY - Estates Strategy	18,854	50	7,595	90	(6,100)	1,585	62	7,405	6,255	4,875	4,875	-
PROPERTY - Other Projects												
21st Century Estate (NAH)	21,338	6,201	-	-	-	-	79	-	-	-	-	-
21st Century Estate (NAH) - AIRWAVES & MOBILE	439	-	320	-	-	320	-	-	-	-	-	-
Accessibility Fund	150	-	25	25	(25)	25	30	25	25	25	25	25
Criminal Justice Centre	28	-	-	-	-	-	-	-	-	-	-	-
Criminal Justice Centre (Cooling)	-	-	-	-	-	-	-	-	-	-	-	-
Property Enhancements	1,950	103	188	259	-	447	-	300	300	300	250	250
Op EVO Original Budget	74	74	-	3	(3)	-	-	-	-	-	-	-
New Estates Strategy 2017-18 (Op EVO)	723	723	-	107	(107)	-	(64)	-	-	-	-	-
TOTAL PROPERTY - Other Projects	24,703	7,101	533	394	(135)	792	45	325	325	325	275	275
TOTAL PROPERTY PROGRAMME	43,556	7,151	8,128	484	(6,235)	2,377	107	7,730	6,580	5,200	5,150	275
VEHICLES												
Vehicle Purchases (mixed replacement)	8,637	1,141	1,083	108	-	1,191	1,191	1,086	1,083	1,121	1,057	963
SDM Corsas (5 Year replacement)	54	-	54	-	-	54	56	-	-	-	-	-
Chief Officer Vehicles (4 year replacement)	60	-	-	-	-	-	-	60	-	-	-	-
Contract Inflation	100	-	-	-	-	-	-	21	20	21	20	18
SRT Vehicles	396	-	66	-	-	66	66	66	66	66	66	66
TOTAL VEHICLES PROGRAMME	9,246	1,141	1,203	108	-	1,311	1,311	1,233	1,169	1,208	1,143	1,047
OPERATIONAL EQUIPMENT												
ANPR Equipment programme (RCU)	575	102	60	-	-	60	60	61	62	63	63	63
Procurement of Body Worn Video	1,451	98	87	13	-	100	100	261	87	87	87	87
Taser Uplift (Force)	317	90	130	-	-	130	130	-	-	-	95	-
Firearms Body Worn Video	152	-	-	76	-	76	76	-	76	-	-	-
TOTAL OPERATIONAL EQUIPMENT	2,495	290	277	89	-	366	366	322	225	150	245	150
COMPLETED SCHEMES												
CIPFA Statement of Accounts Tool (BRB)	19	19	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	79,472	12,247	12,871	3,795	(5,925)	10,741	6,629	17,649	9,334	7,301	7,295	2,244
Grant (provisional TBC and maybe subject to topslice)												
			424	-	-	424	-	424	424	424	424	424
Borrowing Requirement												
			8,377	-	5,942	2,435	-	13,986	6,421	5,934	5,391	340
Capital Receipts - Property												
			3,408	-	(2,850)	6,258	-	1,007	-	-	-	-
Safer Roads Team Reserves												
			66	-	-	66	-	66	66	66	66	66
Funded by long term Dilapidations												
			429	-	404	25	-	-	285	-	-	-
Budgeted RCCO as per MTFP												
			166	-	(1,367)	1,533	-	2,166	2,138	877	1,414	1,414
Total Funding			12,870	-	2,129	10,741	-	17,649	9,334	7,301	7,295	2,244



AGENDA ITEM 14

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE POLICE

JOINT INDEPENDENT AUDIT COMMITTEE 10 SEPTEMBER 2018

REPORT BY	Helen King, Chief Finance Officer, OPCC
SUBJECT	Update on Multi Force Shared Services Costs
RECOMMENDATION	That the Committee discuss the report.

1. Scope of the Report

- 1.1 As requested at the July 2017 JIAC, this report outlines the costs of the original MFSS Business case for the Fusion project updated for the impact of decisions made by the Shared Services Joint Operating Committee (SSJOC).
- 1.2 Furthermore, this report outlines the ongoing business as usual costs for MFSS and the impact of decisions made.
- 1.3 This report does not update on the project progress as updates were provided to the JIAC in March and May 2017 and is on the agenda for December as a standing item.
- 1.4 At the July Joint Independent Audit Committee meeting, the Committee members discussed the external audit ISA260, in particular the exception contained within the Value for Money Opinion in relation to the Fusion system upgrade.

2. Partners and Services Provided

- 2.1 MFSS currently comprises the following partners: Cheshire Constabulary, Nottinghamshire Police, Civil Nuclear Constabulary and Northamptonshire Police with Cheshire Fire and Rescue on boarding in autumn 2018. MFSS principally provides all transactional back office finance and human resources services. The Force has been a member of MFSS for over four years.
- 2.2 Members will recall that Avon and Somerset were due to on-board in 2018, had delayed this until 2019 and in August 2018 have now decided not to join the collaboration. At the time of writing this report, the financial implications on business as usual and the Fusion project of this decision are awaited, which is of concern.

3. Costs of the Fusion Upgrade

- 3.1 Following a number of considerations by the SSJOC since September 2016, the final Oracle Cloud Business Case was approved in March 2017, based on an implementation date of April 2018 and included Cheshire Fire and Rescue Service.
- 3.2 The Business Case highlighted annual savings of £709,444 from the Fusion upgrade compared to the 2015/16 budget and costs avoided of £1m for hosting and support upgrades.
- 3.3 Programme cost reports were updated to reflect Avon and Somerset in June 2017.
- 3.4 Following concerns raised initially by Northamptonshire and Nottinghamshire regarding timescales and functionality of the programme (for which a report was produced and shared with the SSJOC), an assurance review and follow up was commissioned. These were received and considered by the SSJOC in December 2017.
- 3.5 Both reviews advised the programme could not be delivered within the original timescales and recommended they be reviewed and partners upgraded to R12 rather than R13 as originally intended. As outlined below, the delayed timescale has significantly impacted on the cost.
- 3.6 In March 2018, Avon and Somerset decided to defer their implementation to 2019 and advised they were reviewing their options. On this basis, the SSJOC agreed to replan and upgrade all partners to R13 in autumn 2018 rather than R12.
- 3.7 Key costs and milestones of the Fusion programme are as follows:

Date	Milestone	Total £m	Northants £m
March 2017	March 2017 Business Case	4.549	0.917
June 2017	On boarding of Avon & Somerset & Updated Programme Costs	2.237	0.067
	Revised Cost of the Programme	6.786	0.984
December 2017	Revised timescale for implementation to Autumn 2018 agreed by SSJOC	3.698	0.583
March 2018	Replanning based on A&S decision to defer. Additional costs for Northants relate to R13 upgrade.	1.297	0.084
	Revised Cost of the Programme	11.781	1.651

- 3.8 Timescales are at a critical point in the programme and if any re-planning is required, further costs could be incurred. Additionally, with Avon and Somerset no longer on boarding, there are concerns about any potential impact on both Fusion and business as usual costs moving forwards.

4. Business as usual costs

- 4.1 MFSS financial support is provided by Cheshire and historically the financial impact of decisions made have not been fully captured and disseminated and nor has budget information been received in line with the budget setting process in Northamptonshire.
- 4.2 The assurance reviews identified a number of business as usual areas for improvement and development for financial management, performance management, leadership and governance. The need for improvement was recognised and supported by all partners within the SSJOC.
- 4.3 MFSS submitted an interim budget for the first three months of 2018/19. Whilst the SSJOC have considered a number of budget and updates, and MFSS are working to it (with the exception of some new posts) the budget has not been finally approved and one partner has sought further clarification on some of the areas included within it.
- 4.4 Whilst annual costs have increased in MFSS, the decision by the SSJOC partners to invest in the service has also increased costs to Northamptonshire as demonstrated by the changes between 2017/18 and 2018/19 below:

	£m
2017/18 Budget	1.229
Net Increase in Contract and Support Costs	0.117
Reduction in Apportionment Charges based on headcount	(0.056)
Increased floor space charges and staff increments	0.074
In Year Staffing Changes and SSJOC agreed investment in Business Relationship Managers	0.064
December 2017 Approved Investment Costs following the Assurance Review (Interim CEO, Performance, Finance. Governance. Delivery)	0.176
2018/19 Budget	1.604

- 4.5 The budget includes reduced apportionment charges based on headcount, however, with Avon and Somerset no longer on boarding, there are concerns about the potential impact on business as usual costs moving forwards.

5. Governance Arrangements

- 5.1 During the last eight months, the SSJOC have developed the governance arrangements to receive regular reports on the cost of the Fusion programme and business as usual.
- 5.2 Following these developments, both the CFO and ACO Finance and Resources now attend the Management Board which has recently started to receive and consider the financial papers and those being considered by the SSJOC.

- 5.3 This provides better visibility and this enables challenge, review and advice to the PCC and CC on any papers prior to the SSJOC meetings. However, improvements still need to be made to the information provided, particularly for robustness, forecasting, programme costing, budget monitoring and medium term financial planning.
- 5.4 The CFO and ACO Finance and Resources will continue to be proactive, raise concerns and challenge the costs of the programme and seek improvements to the financial information and management of MFSS and the programme.
- 5.5 The 2018/19 Internal Audit Plan included a review of MFSS Force Governance arrangements. The fieldwork is complete on the audit and the report will shortly be finalised. It is hoped that this audit will identify further improvements which can be made, it will be shared with JIAC in line with usual processes and results shared with MFSS partners.

6. Value For Money

- 6.1 The CFO and ACO Finance and Resources have kept the PCC, CC, SSJOC and the Management Board apprised of their concerns, the external audit Value for Money opinion exception and the concerns of the JIAC members.
- 6.2 At the August Management Board, members recognised that concerns had been raised and have agreed for a piece of work to be undertaken to consider how Value for Money could be demonstrated. A number of members identified this as a priority piece of work and it is intended the Terms of Reference will be reviewed at the next meeting
- 6.3 Northamptonshire identified this as a high priority, will contribute to the Terms of Reference where possible and will update the JIAC accordingly.

7. Risks

- 7.1 This report outlines both the changes to costs for the Fusion programme and the annual business as usual costs. The JIAC are advised that there are currently a number of potential financial risks for MFSS which include:
- Any slippage in Fusion project timescales could result in additional costs to partners.
 - The financial impact of Avon and Somerset's decision to withdraw from on boarding onto MFSS has not yet been finalised. There is a concern that these costs will impact on both the programme and annual budgets.
- 7.2 The financial impact of these potential risks could be significant and it is expected that these will be considered at the SSJOC on the 11 September 2018.

8. Recommendation

- 7.1 That the JIAC discuss the report.



**NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE POLICE
JOINT INDEPENDENT AUDIT COMMITTEE
10 SEPTEMBER 2018**

AGENDA ITEM 15

REPORT BY	Chief Finance Officer
SUBJECT	Joint Independent Audit Committee (JIAC) - Agenda Plan – Updated 31/7/18
RECOMMENDATION	To note the report

Date of JIAC	4.12.17	13.3.18 WORKSHOP	19.3.18	6.6.18 WORKSHOP	23.7.18	10.9.18	20.9.18 WORKSHOP	23.11.18 WORKSHOP	10.12.18
Confirmed agenda to be circulated	15.11.17		28.02.18		02.07.18	20.08.18			
Deadline for papers to be submitted to OPCC	22.11.17	CANCELLED DUE TO AVAILABILITY	07.03.18		11.07.17	28.08.17			
Papers to be circulated	27.11.17	PAPERS CIRCULATED	12.03.18		16.07.18	03.09.18			

Agenda items								
Apologies		Apologies		Apologies	Apologies			Estates strategy
Declarations		Declarations		Declarations	Declarations			
Meetings log and actions		Meetings log and actions		Meetings log and actions	Meetings log and actions			Meetings log and actions

Corporate Governance inc. Specific assurance topics								
		Voice Update		Annual meeting of members and Auditors without Officers Present	Update on Fraud and Corruption Processes (RS)	Estates Strategy	ICT developments (Simon Clifford & Clare Taylor to present)	
Governance framework	JIAC assurance	OPCC HR Policies	JIAC annual report review	Update on: Fire Governance Implementation	Change Programme Update (RS)	Outcome Based Budgeting (OBB)	Police and Crime Plan	Update on: Fire Governance Implementation
Estates Strategy		Capital Programme 2018-2022		JIAC Annual Report				
	Update on: Collaboration AGS progress	Update on: MFSS		Update on: MFSS	Update on: MFSS (HK/PD)			Update on: MFSS
		Finance Update – Force & OPCC						Value For Money (if HMIC Indicators available)
Treasury Mgmt strategy 2017/18		Treasury Mgmt strategy 2018/19		Treasury Management outturn 2017/18				Treasury Management Strategy 2019/20
Treasury Mgmt outturn 2016/17		Capital Programme		Treasury Management Q1 2018/19	Capital Programme Q1 & Capital Strategy Update (HK/PD)			Treasury Management Q2 update 2018/19
HMIC reviews – update				HMIC reviews – update				Capital programme Q2 update
Risk Register								
OPCC risk register		Force strategic risk register		Review of risk (CC and OPCC) policy	OPCC risk register (PF)			Force strategic risk register

External Financial Reporting								
MTFP and budget update	Discussion on the final budget				MTFP process and plan update & Timetable (VA)			
	MTFP and budget update		Annual accounts review	Annual Accounts 2017/18 inc. ISA 260				
Internal Audit								
		Annual Plan 18/19						
Progress report		Progress report		Progress report	Progress report (BW)			Progress report
Implementation of recommendations		Implementation of recommendations		Implementation of recommendations	Implementation of recommendations (RS/RB)			Implementation of recommendations
External Audit								
Progress report		Progress report		Progress report	Final ISA260 (KPMG)			Progress report
		New Auditor		ISA 260	Verbal Update (EY)			Annual Plan & Fee letter (EY)
Appointment of new Ext Auditor –					EA letter (KPMG)			
Other Agenda Items								
Agenda plan		Agenda plan		Agenda plan	Agenda plan (HK)			Agenda plan
AOB (inc member updates)		AOB (inc member updates)		AOB (inc member updates)	AOB (inc member updates)			AOB (inc member updates)
Next meeting ¹		Next meeting		Next meeting	Next meeting			Next meeting

¹ Confirmation of the date and venue of next meeting

