

CUMBRIA POLICE & CRIME COMMISSIONER DECISION MEETING

3 MAY 2016

AGENDA

- 1. DECISION 020-2016- CAPITAL BUDGET PROVISIONAL OUTTURN 2015-16**
To receive, note and approve the provisional capital outturn position for 2015-16 (copy enclosed)
- 2. CONSTABULARY REVENUE BUDGET PROVISIONAL OUTTURN REPORT 2015-16**
To receive and note the provisional outturn report on the Constabulary revenue budget for 2015-16 (copy enclosed)
- 3. DECISION 021-2016 FINANCIAL OUTTURN REPORT 2015-16**
To receive, note and approve the provisional financial outturn for the 2015-16 financial year (copy enclosed).
- 4. TREASURY MANAGEMENT ACTIVITIES JANUARY to MARCH 2016 and ANNUAL REPORT 2015-16**
To receive and note the Treasury Management Activities January – March 2016 and Annual Report 2015-16 (copy enclosed)
- 5. DECISION 022-2016 - INTERNAL AUDIT ANNUAL REPORT 2015-16**
To receive and note the annual report from the Head of Internal Audit (copy enclosed)
- 6. DECISION 023-2016 – EFFECTIVENESS OF THE ARRANGEMENTS FOR INTERNAL AUDIT 2015-16**

Effectiveness of arrangements for audit
(a) A joint report of the Commissioner and Chief Constable's Chief Finance Officers on the effectiveness of arrangements for audit (copy enclosed)

Review of Effectiveness of the Joint Audit and Standards Committee
(b) To receive a report reviewing the activities of the JASC as a contribution to the effectiveness of arrangements for governance (copy enclosed)
- 7. DECISION 024-2016 – EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS (OPCC) 15-16**

Report of the Internal Auditor: Annual Governance Statement
(a) To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the date of this meeting (copy enclosed)

Effectiveness of Governance arrangements

(b) A report of the Chief Executive and Chief Finance Officer of the Commissioner on the effectiveness of Governance arrangements (copy enclosed)

The Commissioner's Annual Governance Statement

(c) For approval of the Commissioner's 2015-2016 Annual Governance Statement (copy enclosed)



Office of the Police and Crime Commissioner Report

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N°020 / 2016)

TITLE: Capital Budget Monitoring 2015/16 Quarter 4 to March 2016 (Provisional Outturn)

Executive Summary:

The attached report provides details of the provisional outturn on the capital budget for 2015/16. The figures quoted at this stage are provisional as the final accounts are still subject to audit, but it is not envisaged that there will be any significant changes.

Recommendation:

The Commissioner is asked to:

- Note the provisional capital outturn position for 2015/16 as reported.
- Formally approve a change to the programme budget of £7k, being the net amount arising from completed schemes.
- Approve the determinations at section 4 (paragraph 4.1), in respect of the financing of the 2015/16 capital expenditure.

Police & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police & Crime Commissioner.

Any such interests are recorded below.

I hereby approve/do not approve the recommendation above

Police & Crime Commissioner / Chief Executive (delete as appropriate)

Signature: Date:

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)



Office of the Police & Crime Commissioner

TITLE: Capital Budget Monitoring 2015/16 – Quarter 4 to Mar 2016 (Provisional Outturn)

Date of Meeting: 03 May 2016

Executive Summary:

The attached report provides an updated position of income and expenditure against the capital programme as approved for the current financial year. Projections are based on actual expenditure up to the end of March 2016. Known changes to the capital programme budget approved to date have been included in the report, this includes the capital strategy approved by the Commissioner in February 2016.

Recommendation:

The Commissioner is asked to:

- Note the provisional capital outturn position for 2015/16 as reported.
- Formally approve a change to the programme budget of £7k, being the net amount arising from completed schemes.
- Approve the determinations at section 4 (paragraph 4.1), in respect of the financing of the 2015/16 capital expenditure.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

MAIN SECTION**1. Introduction and Background**

1.1 The Commissioner approves on an annual basis a 10 year capital strategy and a more detailed four year capital programme. This includes the annual capital budget that finances the delivery of capital schemes and provides for investment in ICT, the estate, vehicles and equipment needed to deliver operational policing.

1.2 This report is set out in two main sections:

- Section 2, provides an update on the capital budget for the current financial year (2015/16).
- Section 3, provides a brief update on the overall capital programme for a four year period to 2018/19.
- Section 4, sets out the statutory determinations required to be made by the Commissioner under part IV of the Local Government and Housing Act 1989 in relation to capital financing.

2. Capital Budget 2015/16

2.1 On 24 February 2015 the Commissioner approved an indicative 10 year capital strategy up to 2024/25 with a more detailed programme including capital financing for a four year period to 2018/19. The capital programme has subsequently been amended to incorporate the effect of the capital outturn position for 2014/15 and in year changes, such as variations to existing schemes, approved by the Commissioner. The Capital Strategy for 2016/17 and beyond, approved 24 February 2016, has also been reflected in the future year budgets where required.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

The table below summarises the movement in the capital budget as at the end of the fourth quarter and shows a net reduction of just £2,634k (22.64%) against the approved budget for 2015/16. This represents projected slippage of £2,627k (of which £959k had been reported previously) and other net changes to the budget of £7k.

Summary of Budget Movement 2015/16	Capital Budget 2015/16 £000s
Capital Budget 2015/16 (approved by PCC 24/02/15)	9,941
Impact of 2014/15 Capital Outturn (approved 21/05/15)	472
New Schemes Approved/Drawdown	158
Budgets Changes - Approved	1,063
Approved Adjusted Budget 2015/16	11,633
Current Forecast of Capital Expenditure 2015/16	8,999
Forecast Variation	(2,634)
Made up of:	
1 Budget Changes (Under)/Overspend	(7)
2 Forecast Slippage to 2016/17	(2,627)
	(2,634)

The total slippage of £2,627 is made up as follows: ICT Schemes £1,467k, Fleet Schemes £148k, Estates Schemes £746k and Other £266k.

The forecast capital expenditure and financing position for 2015/16 can be summarised as follows:

Summary of Capital Budget 2015/16	2015/16 £000s
Capital Expenditure	
ICT Schemes	3,257
Fleet Schemes	578
Estates Schemes	4,450
Other Schemes	714
	8,999
Capital Financing	
Capital Receipts	0
Direct Revenue Contributions	2,075
Capital Grants	607
Reserves	4,313
Borrowing	2,004
	8,999

A more detailed breakdown of the individual schemes that make up these amounts can be found at **Appendix A**.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

2.1 The paragraphs below provide a brief update on the progress on each of the main categories of scheme:

- ICT Schemes are comprised of the rolling replacement programme in respect of ICT hardware, software and radios together with schemes to support the roll out of larger specific projects.

The equipment for the converged infrastructure approach to ICT delivery has been received and will be implemented in 2016/17. This will improve the efficiency of the rolling infrastructure replacement programme and make savings across the 10 year capital strategy.

During the 2015/16 financial year the Mobile and Digital project has successfully deployed the Smartphone devices to officers and staff delivering significant operational benefits. Stage 2 of the programme is to deploy “flex” devices. Procurement of the devices began in 2015/16 but was stalled when manufacturing problems with the devices were discovered. Other devices are currently being tested and rollout is expected in the third quarter of 2016/17.

During 2015/16 the ICT programme has been impacted by a number of different issues, including technical and resource interdependencies with other strategic initiatives and supplier delivery plans. Decisions have been taken to prioritise ICT deliveries to minimise risk and manage resource effectively and as a result some aspects of the Mobile and Digital project and Red Sigma project have been deferred to later in the programme. Total Slippage across the ICT programme was £1.5m with the main areas being Mobile and Digital £964k, Red Sigma £168k and Case and Custody £274k. The capital budgets presented in this paper represent the new, re-profiled, ICT capital programme which was approved by the Commissioner in February 2016.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

- Fleet Schemes are comprised of the cyclical replacement of the Constabulary fleet of vehicles – £148k of budgeted replacements in 2015/16 have been slipped into 2016/17 pending the outcome of reviews.
- Estates Schemes are comprised of the construction of the Barrow TPA HQ, work to HQ site in preparation for the North Resilience Flood Management Works and a number of smaller estates projects - Expenditure predominantly relates to the Barrow project. The new TPA HQ was completed and handed over in mid-September became operational in early October. Only a few outstanding commitments remain and £9k has been slipped into 2016/17 to complete the project.

Total budget of £746k has been slipped to 2016/17 in relation to approved estates schemes. Principally this slippage is in relation to the scheme to purchase a piece of land at Workington as part of the West Flood Resilience programme. The land purchase, with an estimated budget of £500k is now set to complete in quarter 2 of 2016/17.

Due to recent budget uncertainties around the Home Office Funding Formula some estates schemes were put on hold whilst priorities were re-assessed. This included a scheme of internal works to Kendal Police Station. A total of £141k has been slipped in to 2016/17 to allow completion of the works. Detailed plans and tenders were drawn up in quarter 4 of 2015/16 and the contractors started on site in April 2016. The North Flood Resilience Programme of work was another scheme that was delayed due to budget uncertainties. An enabling piece of work to prepare an area of land at HQ had been scheduled in for 2015/16. The project has now been re-instated and this first phase is now expected to start in Qtr 3 of 2016/17. A budget of £80k had been set aside for this work which has now been re-profiled in to 2016/17.

Works to the HQ Electrical Infrastructure continues with a substantial amount of the new power room construction being completed. The majority of the expenditure on this scheme falls into 2016/17 and is currently forecast to complete on time within the agreed budget.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

HQ roof repairs, HQ flood defences and works to the carpark at Durranhill have all been completed during 2015/16. This has resulted in an overspend of £1k.

- Other Schemes include the CCTV project, intranet and internet and firearms and camera replacements. – The large part of this category is in relation to the provision of a county wide CCTV system, which is now operational. One camera is still to be installed and this has been delayed due to the condition of the mounting pole. Phase 3 of the project is to interface the CCTV evidence directly into the Criminal Justice System. The criminal Justice systems are currently being updated so it is not possible to provide an interface at this time. A total of £39k has been moved into 2016/17 in relation to these 2 items.

A wider programme of works to look at the finance, personnel and business IT systems has commenced and budget has been provisioned in the capital strategy for 2017/18 and 2018/19. The remaining budget (£95k) on the Business systems upgrade project has been slipped to 2017/18 and incorporated into the new larger project.

A scheme (79k) to implement a blended learning system has been carried forward in to 2016/17. The requirements for such a system will be assessed in 2016/17.

In total slippage on other Schemes amounts to £266k.

The replacement ANPR cameras, firearms replacement, Internet, veteran's hostel and body worn camera replacement projects have all been completed during 2015/16. This has resulted in £8k of budget being returned.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

3. Capital Programme 2015/16 to 2018/19

The table below provides a summary of the capital programme and associated capital financing over the four year period to 2018/19:

Summary of Capital Budget 2015/16 to 2018/19				
	2015/16	2016/17	2017/18	2018/19
	£000s	£000s	£000s	£000s
Capital Expenditure				
ICT Schemes	3,257	5,399	4,753	1,398
Fleet Schemes	578	820	1,449	529
Estates Schemes	4,450	2,133	3,634	4,757
Other Schemes	714	201	0	0
	8,999	8,553	9,836	6,684
Capital Financing				
Capital Receipts	0	0	0	340
Direct Revenue Contributions	2,075	1,534	1,573	1,555
Capital Grants	607	1,723	6,336	2,861
Reserves	4,313	5,155	1,927	1,928
Borrowing	2,004	141	0	0
	8,999	8,553	9,836	6,684

A more detailed schedule is provided at **Appendix B** which also illustrates the whole life costs of the current projects within the capital programme.

4. Capital Determinations

4.1 Part IV of the Local Government and Housing Act 1989 requires a number of “determinations” to be made and approved in relation to the financing of capital expenditure. These are set out below:

- Useable capital receipts amounting to £556k have been received in 2015/16 from the sale of property. These receipts have not been applied to finance capital expenditure in 2015/16 but have been reserved to meet expenditure commitments in future years. In conclusion, no capital receipts have been applied to meet capital expenditure under part IV (section 60.2) of the act.
- A sum amounting to £367k has been set aside in the revenue account as a minimum revenue provision (MRP) for credit liabilities (section 63.5 of the act) in line with the policy agreed as part of the Treasury Management Strategy Statement in February 2014.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

5. Supplementary Information

5.1 Appendices to this report are provided as follows:

- Appendix A – Capital Budget 2015/16
- Appendix B – Capital Programme 2015/16 to 2018/19

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

Appendix A

Capital Budget 2015/16

Capital Budget 2015/16	Original Approved Budget £000s	Impact of 2014/15 Outturn £000s	New Schemes Approved £000s	Budget Variations Approved £000s	Approved Adjusted Budget £000s	Capital Outturn £000s	Variation £000s
ICT Schemes							
ICT End User Hardware Replacements	523	147	(265)	(48)	357	356	(0)
ICT Core Hardware Replacements	704	(7)	400	1,046	2,142	2,133	(9)
ICT Infrastructure Solution Replacemen	1,273	(24)	(120)	(178)	951	457	(494)
Mobile and Digital	1,336	(60)	0	0	1,275	311	(964)
Total ICT Schemes	3,835	55	15	819	4,725	3,257	(1,468)
Fleet Schemes	1,299	(573)	0	0	726	578	(148)
Estates Schemes							
South Estate - Kendal	137	7	0	0	145	4	(141)
South Estate - Barrow & Ulverston	3,471	683	0	67	4,222	4,213	(9)
HQ Flood Defence Works	33	(29)	0	(6)	(1)	0	1
HQ Demolition of The Green	80	0	0	0	80	0	(80)
HQ Electrical Infrastructure	200	(79)	0	70	191	176	(16)
Workington Land Purchase	500	0	0	0	500	0	(500)
North Resilience Flood Management	0	0	24	0	24	24	0
Durrhill Carpark	0	0	47	(13)	34	34	(0)
Total Estates Schemes	4,422	583	71	119	5,195	4,450	(744)
Other Schemes							
ANPR	0	9	0	0	9	1	(8)
Finance & Business Systems Upgrade	101	4	0	0	105	10	(95)
Firearms Replacement	0	7	0	0	7	6	(1)
CCTV	80	368	0	78	526	487	(39)
Intranet	0	50	0	5	55	28	(28)
Internet	75	0	0	(25)	50	50	0
Leadership & Skills - Blended Learning	110	(31)	0	0	79	0	(79)
Egremont Vetrans Hostel	19	0	0	67	86	86	0
Body Worn Video Cameras	0	0	46	0	46	46	0
Digital Interview Suites	0	0	26	0	26	0	(26)
Total Other Schemes	385	407	72	125	988	714	(274)
Total Capital Expenditure 2015/16	9,941	472	158	1,063	11,633	8,999	(2,634)

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

Appendix B

Capital Programme 2015/16 to 2018/19

	Current Approved Budget	Spend to 31 Mar '15	Programme Remaining Budget	Spend to Mar-16	Outturn 2015/16	Projected Outturn 2016/17	Projected Outturn 2017/18	Projected Outturn 2018/19	Projected Total Cost	Variation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
ICT Schemes										
ICT End User Hardware Replacements	2,397	1,088	1,309	356	356	270	95	589	2,396	(0)
ICT Core Hardware Replacements	4,564	836	3,728	2,133	2,133	746	298	551	4,564	0
ICT Core Infrastructure Replacement	675	0	675	0	0	675	0	0	675	
ICT Infrastructure Solution Replacement	7,902	4,166	3,736	457	457	1,469	1,699	111	7,902	0
Mobility and Digital	3,198	547	2,650	311	311	1,990	202	147	3,198	
ESN (Radio Replacement)	3,174	464	2,710	0	0	250	2,460	0	3,174	0
Total ICT Schemes	21,909	7,101	14,808	3,257	3,257	5,399	4,753	1,398	21,909	(0)
Fleet Schemes	3,376	0	3,376	578	578	820	1,449	529	3,376	0
SUB TOTAL CONSTABULARY PROGRAMME	25,285	7,101	18,184	3,835	3,835	6,219	6,202	1,927	25,285	(0)

NOT PROTECTIVELY MARKED

PCC 03-05-16 Capital Budget Monitoring 2015-16 Qtr 4 to March 2016 Provisional Outturn (Agenda Item 1)

Appendix B

Capital Programme 2015/16 to 2018/19 (Continued)

	Current Approved Budget	Spend to 31 Mar '15	Programme Remaining Budget	Spend to Mar-16	Outturn 2015/16	Projected Outturn 2016/17	Projected Outturn 2017/18	Projected Outturn 2018/19	Projected Total Cost	Variation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Estates Schemes										
South Estate - Kendal	3,610	3,465	145	4	4	141	0	0	3,610	0
South Estate - Barrow & Ulverston	9,104	4,883	4,222	4,213	4,213	9	0	0	9,104	0
HQ Flood Defence Works	59	60	(1)	0	0	0	0	0	61	1
HQ Demolition of The Green	80	0	80	0	0	80	0	0	80	0
HQ Electrical Infrastructure	717	79	638	176	176	462	0	0	717	0
Workington Land Purchase	500	0	500	0	0	500	0	0	500	0
Durranhill Carpark	34	0	34	34	34	0	0	0	34	(0)
Roof Repairs	183	146	38	0	0	0	0	38	183	0
North Resilience Flood Management	6,867	0	6,867	24	24	390	2,834	3,619	6,867	0
West Resilience Flood Management	1,800	0	1,800	0	0	0	750	1,050	1,800	0
HQ Minor Works	150	0	150	0	0	50	50	50	150	0
Garage Provision	500	0	500	0	0	500	0	0	500	0
Total Estates Schemes	23,605	8,633	14,972	4,450	4,450	2,133	3,634	4,757	23,606	1
Other Schemes										
ANPR	105	96	9	1	1	0	0	0	98	(8)
Finance & Business Systems Upgrade	747	737	10	10	10	0	0	0	747	0
Firearms Replacement	75	68	7	6	6	0	0	0	74	(1)
CCTV	1,121	595	526	487	487	39	0	0	1,121	0
Intranet	55	0	55	28	28	28	0	0	55	0
Internet	50	0	50	50	50	0	0	0	50	0
Leadership & Skills - Blended Learning	79	0	79	0	0	79	0	0	79	0
Egremont Vetrans Hostel	114	28	86	86	86	0	0	0	114	0
Body Worn Video Cameras	46	0	46	46	46	0	0	0	46	0
Digital Interview Equipment	26	0	26	0	0	26	0	0	26	0
TopCon Positioning Software	30	0	30	0	0	30	0	0	30	0
Total Other Schemes	2,447	1,524	923	714	714	201	0	0	2,439	(8)
GRAND TOTAL CAPITAL PROGRAMME	51,336	17,257	34,079	8,999	8,999	8,553	9,836	6,684	51,329	(7)

Corporate Support / Financial Services / MB/LVH

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed



Constabulary Report to OPCC

TITLE OF REPORT: Revenue Budget Monitoring 2015/16 Quarter 4 to March 2016 and Provisional Outturn

DATE OF MEETING: PCC Decision meeting 3 May 2016

ORIGINATING OFFICERS: Mark Carter, Principal Financial Services Officer and Michelle Bellis, Deputy Chief Finance Officer

PART 1 or PART 2 PAPER: PART 1 (OPEN)

Executive Summary:

The attached report provides details of the provisional outturn on the Constabulary's revenue budget for 2015/16. The figures quoted at this stage are reported as provisional as the final accounts are still subject to audit but it is not envisaged that there will be any significant changes.

The figures show net revenue expenditure on Constabulary controlled and managed budgets amounting to £108.253m which represents an underspend of £325k (0.30%) against the approved adjusted budget of £108.577m.

The underspend is made up of an overspend on expenditure budgets of £484k (0.43%) less an over achievement of income of £808k (18.41%).

The final underspend of £325k represents a decrease of £29k compared to that reported at the end of Quarter 3 of £354k and a decrease of £30k compared to that reported at February 2016 of £355k.

Recommendation:

The Commissioner is asked to note the Constabulary revenue budget provisional outturn for 2015/16.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

MAIN SECTION**1. Introduction and Background**

- 1.1 The purpose of this report is to provide information on the provisional revenue outturn for 2015/16. Total net expenditure amounts to £108.253m which is £325k under the approved budget. This represents a decrease in the underspend of £29k when compared to the forecast reported at the end of Quarter 3 of £354k.
- 1.1 The total budget is based on the funding arrangement between the Commissioner and the Chief Constable. This was approved and signed off by both the Chief Constable and Police & Crime Commissioner on 1 April 2015.
- 1.2 The approved funding amounted to £113.647m, which is made up of a net revenue budget of £108.513m plus a plant and equipment capital budget of £5.134m. This report deals solely with the revenue funding. The original approved funding has subsequently been amended by a number of budget adjustments. The revised net revenue budget currently stands at £108.577m.

2. Revenue Expenditure

- 2.1 The provisional outturn of net revenue expenditure for 2015/16 is £108.253m, which is £325k (0.30%) below the approved adjusted budget of £108.577m, which represents a decrease in the underspend of £29k compared to that forecast as at 31 December 2015 (£354k). The provisional outturn is made up of an overspend on expenditure of £484k (0.43%) and an over achievement in income of £808k (18.41%).
- 2.2 The principal variances at the end of the financial year, together with comparatives as reported at December, are outlined in the table below:

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

Description	Revised Budget	Provisional Outturn	Provisional (Under)/Overspend	Provisional (Under)/Overspend	Explanation Paragraph	Forecast (Under)/Overspend	Change in Forecast
	2015/16	2015/16	2015/16	2015/16		at Dec-15	to Year End
	£'000s	£'000s	£'000s	%		£'000s	£'000s
Constabulary Funding							
Police Officers	76,104	75,796	(308)	-0.40%	2.4	(702)	394
Police Community Support Officers	2,627	2,630	4	0.14%	2.5	(21)	25
Police Staff	18,900	18,988	88	0.47%	2.6	29	59
Other Employee Budgets	1,272	1,954	682	53.62%	2.7	576	106
Transport Related Expenditure	2,191	2,140	(51)	-2.31%	2.8	(178)	127
Supplies & Services	10,125	10,243	118	1.16%	2.9	273	(155)
Third Party Related Expenses	1,749	1,700	(49)	-2.81%	2.10	(13)	(36)
Total Constabulary Funding	112,968	113,451	484	0.43%		(36)	519
Income	(4,390)	(5,199)	(808)	18.41%	2.11	(318)	(491)
Total Constabulary Funding Net of Income	108,577	108,253	(325)	-0.30%		(354)	29

A more detailed analysis of the figures in the above table is provided at **Appendix A**. Commentary on specific variances is provided in the paragraphs below.

- 2.3 The provisional outturn variance reported for 2015/16 is only £29k different to the variance forecast as at the end of December (Qtr 3). The main reasons for this difference will be explained in the remainder of Section 2 heading by heading.

The quarterly reported variances for 2015/16 together with the comparators for 2014/15 are summarised in the table below:

Constabulary Reported Variance	(Under)/Overspend	
	2014/15	2015/16
	£'000s	£'000s
Quarter 1 (to 30 June)	(167)	(51)
Quarter 2 (to 30 September)	(175)	(188)
Quarter 3 (to 31 December)	(245)	(354)
Quarter 4 (to 31 March)	(258)	(325)

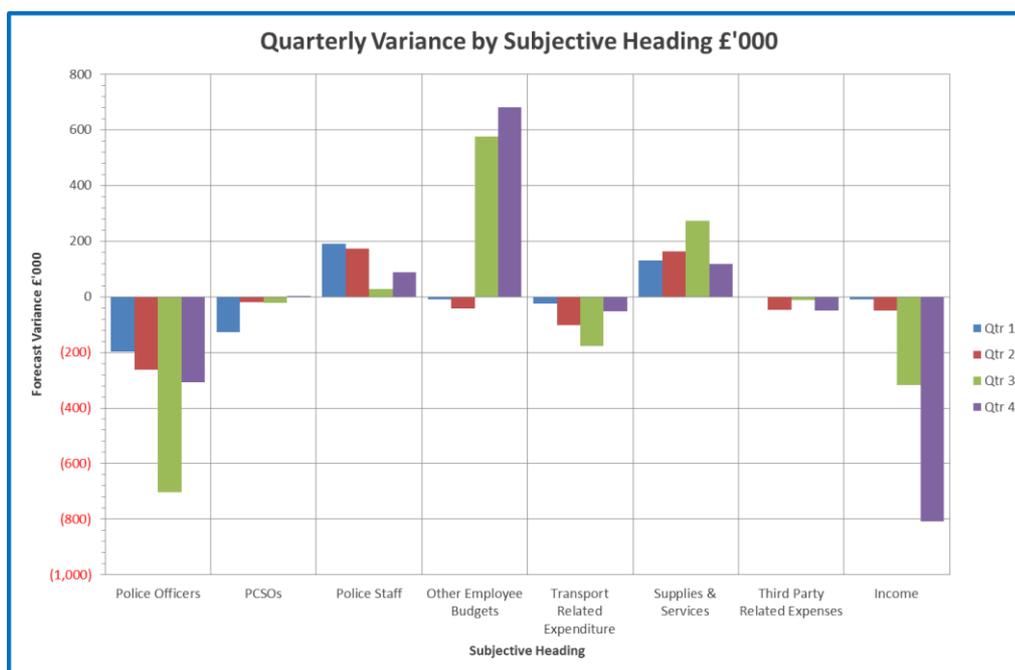
NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

The provisional outturn incorporates the decisions to fund additional pressures on the 2015/16 budget from within the overall funding envelope provided by the Commissioner rather than drawing down the contingency (see Efficiency Savings section in 2.9). These pressures have principally arisen from the implementation of the change programme reviews, additional requirements of projects and changes to the custody medical contract.

The provisional outturn also incorporates expenditure associated with the December 2015 floods, both the policing of the floods and the damage caused to Constabulary property together with income received in relation to our insurance claims. It should be noted that some of the expenditure in relation to the flood recovery appears in the management accounts of the Constabulary and some in the accounts of the Commissioner. All of the income in respect of projected insurance receipts has been included in the accounts of the Constabulary. The net effect of the flooding for the combined position of the Constabulary and Commissioner is a credit of £27k, this is broken down into net income for the Constabulary of £171k and expenditure for the Commissioner of £144k. A schedule providing a forecast total position of the 2015 floods with comparative figures from the 2009 floods is provided at **Appendix F**.

The chart below provides a graphical analysis of the forecast variances for 2015/16 quarter by quarter by subjective heading.



NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

2.4 Police Officer Pay, Allowances and Overtime came in under budget by £308k (£702k as at December).

The underspend of £308k is as a result of underspends on police officer pay as a result of higher than anticipated leavers in the year, reduced payments in relation to unsocial hours and a reduction in intakes of new recruits. These underspends are being offset to a degree by an overspend on police officer overtime, largely attributable to the policing response to the December 2015 floods and a number of other specific operations.

During 2015/16 the Constabulary was on average 17.63 FTE below establishment and, on average, 16.15 FTE below the original workforce plan created at the time the 2015/16 budget was set.

Appendix B provides a graphical representation of the current HR WFP assumptions compared with the original WFP budget and budgeted establishment. Where the latest WFP forecast (red line) falls below the original WFP budget (green line) an underspend will result, where the workforce plan rises above the adjusted budget line an overspend will result.

2.5 PCSO Pay, Allowances and Overtime came in over budget by £4k (£21k under budget as at December). It should be noted that £200k of the original PCSO funding has previously been returned to the Police & Crime Commissioner following the Constabulary's projection that PCSO recruitment for the year would be lower than expected. The overspend is largely as a result of increased overtime incurred responding to the December 2015 flooding. At the end of March there were 84.64 FTE in post (10.36 FTE under establishment). Recruitment through two intakes is planned for 2016/17 which will see the numbers increase to match the establishment of 95 FTE.

2.6 Police Staff Pay & Allowances came in over budget by £88k (£29k as at December). The overspend has arisen through a combination of circumstances but is largely as a result of some delays in the implementation of the change programme. These overspends have been offset to a degree by reduced expenditure in respect of overtime and other change programme reviews delivering higher/earlier than anticipated savings.

2.7 Other Employee Expenditure came in over budget by £682k (£576k as at December). The primary reason for the overspend is that during the budget setting process for 2016/17 the decision was

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

taken to fund termination (redundancy and pension) costs in 2015/16 from the overall envelope of funding provided by the Commissioner rather than drawing down funds from the management of change reserve.

- 2.8 Transport related expenditure came in under budget by £51k (£178k as at December). It should be noted that £220k of the transport related budget has previously also been reallocated to other budgets to fund additional budget pressures (see Efficiency Savings section in 2.9).

The main reason for the underspend is in relation to a reduction of expenditure on vehicle fuel due to lower fuel prices during the year, these underspends are offset to a degree by increased expenditure on vehicle repair and maintenance as a result of the flooding for which an insurance claim has been submitted with the resulting income shown within the income section (2.11).

- 2.9 Supplies & Services related expenditure came in over budget by £118k (£273k over as at December). This heading covers a wide range of budgets. The principal reasons for the overspend is in relation to the replacement of office equipment and furniture damaged in the December 2015, for which insurance claims have been submitted and the income is shown within the income section (2.11) and the decision to meet other expenditure pressures arising in 2015/16 amounting to £366k from within existing budgets rather than drawing down the Chief Constables Contingency. These additional costs have been offset by savings identified and budget realigned from Transport (£220k); Third Party Expenditure (£80k) and Income (£100k).

- 2.10 Third Party related expenditure came in under budget by £49k (£13k under budget as at December). It should be noted that £80k of the third party related expenditure budget has also been reallocated to fund additional budget pressures (see Efficiency Savings section in 2.9). This relates to lower than anticipated contributions to a number of collaborative operational policing arrangements which are offset by a period of dual running following the change of provider for police pensions administration.

- 2.11 Income has exceeded the budget by £808k (£318k as at December). It should be noted that £100k of the income budget has also been reallocated to fund additional budget pressures (see Efficiency Savings section in 2.9). In addition, a decision was taken (under delegated limits) for a virement in

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

respect of additional income of £150k be made into the estates budget (part of PCC budget) to help fund additional costs associated with the upgrade of the power supply to HQ to provide greater resilience and reduce risks associated with the power supply. The main areas of additional income are in respect of forecast insurance receipts following the December 2015 flooding and additional income in respect of Private Hire / Special Police Services in particular in relation to policing of events and concerts and escorting abnormal loads.

2.12 As reported in Sections 1 and 2 above, the Constabulary underspend for 2015/16 amounts to £325k. This figure can be adjusted to £181k if the distorting effects of the flood (whereby insurance income is included within the Constabulary budget to offset estates related spend within the Commissioners budget) is removed. A number of requests have been received to carry forward budget underspend from 2015/16 into 2016/17. These requests are summarised in the table below:

Budget Carry Forward Requests	£'s
Finance Team - MBTI Training & Feedback	2,800
Marketing - Web Design & Running Costs	8,000
Marketing - Training	500
Legal Services - Training	1,000
Operation Tweed - Agency Staff	47,000
Mobile & Digital - Staff	80,900
Mobile & Digital - Non Staff	74,000
Fitness Room - Workington	4,000
Fitness Room - HQ	16,000
Drones - Training & Equipment	33,000
Occ Health Unit - Digital Recording System	33,000
Durranhill - Works to Aircon System	4,500
Total	304,700

The overall provisional outturn position for the Constabulary and Commissioner was for a combined underspend of £486k. Whilst the position at out-turn is a financial underspend, total applications to carry forward budget for the Constabulary and Commissioner combined exceed the amount of that underspend. There is also a risk in respect of accrued income that is currently being applied for to offset expenditure arising from the December floods. The cumulative impact of these financial pressures is £988k which would result in an overspend of £502k if were they applied in full to the 2015/16 budget. As a result of the total demand for resources exceeding the budget, the Commissioner's provisional outturn report proposes that the underspend should be ring-fenced to

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

offset these pressures with further consideration then being given to wider options for resourcing this expenditure in 2016/17.

3. Sponsorship Activity

3.1 Under the terms of the funding arrangement, the Chief Constable is required to include in the annual revenue outturn report details of sponsorship activity undertaken/received in the year. Chief Officers responsibilities with regard to sponsorship are set out in section C13 of the Financial regulations and include:

- To determine whether gifts, loans or sponsorship will be accepted
- To ensure there are guidelines in place for staff with regard to gifts, loans and sponsorship and that all staff are aware of and operate within the guidelines.
- To ensure guidelines provide that the PCCCFO/CCCFO are advised of any gifts, loans or sponsorship prior to acceptance to ensure that decision making takes into consideration any financial implications including those pertaining to insurance and taxation.

3.2 During 2015/16 no items of sponsorship have been notified as accepted.

4. Financial Performance

4.1 In accordance with the funding arrangement, this revenue outturn report is required to include details of financial administration performance during 2015/16. A schedule of performance against the list of financial performance targets is provided at **Appendix C** for information.

5. Bad and Doubtful Debts

5.1 In accordance with the funding arrangement, this revenue outturn report is required to include details of bad debts written off during the year and any provision for bad and doubtful debts made at 31 March 2016.

5.2 During 2015/16 a total of 11 debtor invoices with a combined value of £1,097.84 were approved for write off by the Commissioner's Chief Finance Officer Ruth Hunter. A schedule of all debt write offs is provided at **Appendix D (Note Appendix D to be Part 2 Paper for PCC Decision Meeting)**.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

5.3 At 31 March 2016 a provision for bad and doubtful debts has been established for an amount of £1,258. This provision relates to 2 debtor invoices for which uncertainty exists as to whether the debt will be recovered. A schedule of these doubtful debts is provided at **Appendix E (Note Appendix E to be Part 2 Paper for PCC Decision)**.

6. Supplementary Information

6.1 Appendices to this report are provided as follows:

- Appendix A – Constabulary Revenue Budget monitoring as at the end of 2015/16.
- Appendix B – Graph showing current WFP assumptions compared to original/budget for 2015/16.
- Appendix C – Financial Administration Performance against Targets
- Appendix D – Schedule of Bad Debts Written Off During 2015/16 (Part 2)
- Appendix E – Calculation of Provision for Bad & Doubtful Debts at 31 March 2016.
- Appendix F – Summary of December 2015 Flood Expenditure.

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

Appendix A**The Chief Constable for Cumbria Constabulary****Revenue Budget Monitoring Full Year 2015/16**

Description	Base Budget	Revised Budget	Budget To Date	Actual To Date	Provisional Outturn	Provisional (Under)/ Overspend	Provisional (Under)/ Overspend	Projected (Under) / Overspend @ Dec-15	Change Dec-15 to Year End	Change Dec-15 to Year End
	2015/16 £	2015/16 £	2015/16 £	2015/16 £	2015/16 £	2015/16 £	2015/16 %			
Constabulary Funding										
Police Officers	76,347,224	76,103,613	76,103,613	75,795,559	75,795,559	(308,055)	-0.40%	(701,747)	393,693	-56.10%
Police Community Support Officers	2,810,501	2,626,741	2,626,741	2,630,377	2,630,377	3,636	0.14%	(21,045)	24,681	-117.28%
Police Staff	18,555,500	18,899,751	18,899,751	18,987,955	18,987,955	88,204	0.47%	28,920	59,284	204.99%
Other Employee Budgets	803,280	1,272,012	1,272,012	1,954,003	1,954,003	681,991	53.62%	576,149	105,841	18.37%
Transport Related Expenditure	2,469,876	2,190,963	2,192,963	2,140,299	2,140,299	(50,664)	-2.31%	(177,603)	126,939	-71.47%
Supplies & Services	9,877,535	10,125,098	10,142,016	10,242,876	10,242,876	117,778	1.16%	272,966	(155,187)	-56.85%
Third Party Related Expenses	1,615,709	1,749,399	1,749,399	1,700,309	1,700,309	(49,090)	-2.81%	(13,308)	(35,782)	268.87%
Total Constbaulary Funding	112,479,625	112,967,577	112,986,495	113,451,377	113,451,377	483,801	0.43%	(35,668)	519,469	-1456.4%
Income	(3,966,595)	(4,390,227)	(4,409,145)	(5,198,632)	(5,198,632)	(808,405)	18.41%	(317,885)	(490,519)	154.31%
Total Constbaulary Funding Net of Incom	108,513,030	108,577,350	108,577,350	108,252,746	108,252,746	(324,604)	-0.30%	(353,553)	28,949	-8.2%

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

Appendix B

The Chief Constable for Cumbria Constabulary

Current Workforce Plan (WFP) Assumptions Compared to Budget & Original WFP Budget (Police Officers)



NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

Appendix C**Financial Performance against Targets 2015/16**

Performance Indicator	2015/16 Target	2015/16 Actual	Target Achieved?	Comments
Date by which audited statutory accounts are issued	10/09/2015	23/09/2015	✗	Accounts signed by PCC/CC/CFO 17/09/15, audit sign off delayed due to technical pensions accounting issue.
Number of material changes to the accounts following audit	0	0	✓	
External audit opinion and vfm conclusion	unqualified /positive	unqualified /positive	✓	
Financial Systems reconciliations completed within 30 days of period end	100%	92%	✗	For 2016/17 the cycle of control account reconciliations has been reduced to quarterly for certain non material control account. The more risky control accounts will continue to be reconciled on a monthly basis.
% Government financial/statistical returns submitted by due date	95%	85%	✗	
Arrangements for internal audit comply with public sector audit standards.	100%	100%	✓	
Treasury activity compliance with prudential indicators set within the annual strategy	100%	100%	✓	
Revenue budget outturn variation as a % of budget (exc contingency/commissioned)	<2%	0.51%	✓	
Capital budget outturn variation as a % of budget	<10%	23%	✗	
% finance staff with relevant qualifications	100%	100%	✓	
Number of days lost to sickness absence per FTE – direct finance staff	-	3.03	✓	Total of 35 days out of possible 2,949 for 11.57 staff which equates to 3.03 days per FTE or 1.19%. Constabulary Target is 3%.
Employee Development Sessions Completed	100%	100%	✓	PDR process current suspended pending introduction of new scheme. In meantime regular one 2 one meetings are held with all staff.
Compliance with funding arrangements information requirements for finance	100%	100%	✓	

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

Appendix D

Bad Debts Written Off During 2015/16

Appendix provided in Part 2 only

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

Appendix E

Provision for Bad and Doubtful Debts as at 31 March 2016

Appendix provided in Part 2 only

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

Appendix F**Summary of December 2015 Flood Expenditure with Comparison to November 2009**

	2015 Flood		2009 Flood
	Actual Cost To 31/03/16 £	Forecast Total Cost £	Total Cost £
Policing the Emergency (Bellwin)			
- Overtime & Other Costs	113,434	113,434	386,312
Reimbursed by Bellwin Scheme (Threshold £199k in 2015, £201k in 2009)	0	0	(148,049)
Net Cost to Constabulary/PCC	113,434	113,434	238,263
Headquarters (Firearms, OHU & Gym)			
- Buildings/Contents	312,339	478,185	127,668
- Business Interruption	6,450	6,450	24,463
Total Cost	318,789	484,635	152,131
Reimbursed by Insurance (Excess £5k 2015, £100 in 2009)	(320,739)	(484,635)	(151,179)
Net Cost to Constabulary/PCC	(1,950)	0	952
Workington			
-Contents (note building insured by PFI provider)	11,764	11,764	118,242
- Business Interruption	27,267	28,117	238,978
- Less PFI Unavailability Rebate (currently in dispute)	(182,521)	(182,521)	(249,551)
Total Cost	(143,490)	(142,640)	107,668
Reimbursed by Insurance (Excess £5k 2015, £100 in 2009)	0	(6,764)	(105,110)
Net Cost to Constabulary/PCC	(143,490)	(149,404)	2,559
Appleby			
- Buildings/Contents	62,248	69,792	<i>Not Flooded in 2009</i>
- Business Interruption	0	0	
Total Cost	62,248	69,792	
Reimbursed by Insurance	(57,248)	(69,792)	
Net Cost to Constabulary/PCC	5,000	0	
Ambleside			
- Buildings/Contents	3,050	3,050	<i>Not Flooded in 2009</i>
Total Cost	3,050	3,050	
Reimbursed by Insurance (Excess £5k 2015, £100 in 2009)	0	0	
Net Cost to Constabulary/PCC	3,050	3,050	
Kendal			
- Buildings/Contents	2,067	2,067	<i>Not Flooded in 2009</i>
Total Cost	2,067	2,067	
Reimbursed by Insurance (Excess £5k 2015, £100 in 2009)	0	0	
Net Cost to Constabulary/PCC	2,067	2,067	

NOT PROTECTIVELY MARKED

PCC 03-05-16 Constabulary Revenue Budget Monitoring Quarter 4 to March 2016 and Provisional Outturn 2015-16 (Agenda Item 2) - Part 2 Items Removed

Appendix F**Summary of December 2015 Flood Expenditure with Comparison to November 2009**

	2015 Flood		2009 Flood
	Actual Cost To 31/03/16 £	Forecast Total Cost £	Total Cost £
Cockermouth			
- Buildings/Contents			107,695
- Business Interruption			35,083
Total Cost	Not Flooded in 2015	Not Flooded in 2015	142,778
Reimbursed by Insurance (Excess £5k 2015, £100 in 2009)			(141,585)
Compensation for Lost Car Park			(60,000)
Net Cost to Constabulary/PCC			(58,807)
Keswick			
- Buildings/Contents			5,891
- Business Interruption			429
Total Cost	Not Flooded in 2015	Not Flooded in 2015	6,320
Reimbursed by Insurance (Excess £5k 2015, £100 in 2009)			(6,025)
Net Cost to Constabulary/PCC			295
Vehicles			
- Vehicles for which Claim Submitted	779	81,482	32,467
- Vehicle Repairs (No Claim)		2,729	0
Total Cost	779	84,211	32,467
Reimbursed by Insurance (Excess £31k in 2015)	(779)	(50,482)	(38,756)
Net Cost to Constabulary/PCC	0	33,729	(6,290)
Computer			
Total Cost	220	23,029	31,633
Reimbursed by Insurance	(220)	(23,029)	(31,042)
Net Cost to Constabulary/PCC	0	0	590
Personnal Effects			
Total Cost	2,091	2,091	1,142
Reimbursed by Insurance	(2,091)	(2,091)	(1,142)
Net Cost to Constabulary/PCC	0	0	0
Misc/Other			
IAS19 Adjustments to Bellwin Overtime	943	0	(4,900)
Items not covered by insurance	0	0	1,317
Grand Total to be met by Constabulary/PCC	(20,947)	2,875	173,979



Office of the Police and Crime Commissioner Report

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N°021/ 2016)

TITLE: Approval of The Commissioner's Revenue Budget Provisional Outturn 2015/16

Executive Summary:

The attached report presents the revenue budget financial outturn for the Commissioner for the 2015/16 financial year. Total net expenditure amounts to £94.385m compared to an approved budget of £94.871m. This is a net variance of £486k (0.51%), and comprises £778k over recovery of income and £292k overspend on expenditure.

Recommendation:

- The Commissioner is asked to note the combined provisional outturn position, before applications to carry forward budget, of an underspend of £486k, for the financial year 2015/16.
- The Commissioner is asked to approve the year end appropriation of this balance into a single budget carry forward reserve.

Police & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police & Crime Commissioner. Any such interests are recorded below.

I hereby approve/do not approve the recommendation above

Police & Crime Commissioner / Chief Executive (delete as appropriate)

Signature: Date:



Cumbria Office of the Police and Crime Commissioner Report

Title: Commissioner's Revenue Budget Monitoring 2015/16 Quarter 4 and Provisional Outturn 2015/16

Date: 3 May 2016

Originating Officer: Michelle Bellis – Deputy Chief Finance Officer

Report of the PCC Chief Finance Officer

1. Purpose of the Report

- 1.1. The purpose of this report is to provide information on the provisional revenue outturn for 2015/16. Total net expenditure, before applications to carry forward budget, amounts to £94.385m compared to an approved budget of £96.871m. This is a net variance of £0.486m (0.51%), and comprises £778k over recovery of income and £292k overspend on expenditure. The forecast variation of £486k represents an increase in the forecast underspend of £389k compared to the £97k reported as at 31 December 2015.
- 1.2. Whilst the position at out-turn is a financial underspend total applications to carry forward budget exceed the amount of that underspend. There is also a risk in respect of accrued income that is currently being applied for to offset expenditure arising from the December floods. The cumulative impact of these financial pressures is £988k which would result in an overspend of £502k were they applied in full to the 2015/16 budget. As a result of the total demand for resources exceeding the budget, this report proposes that the underspend should be ringfenced to offset these pressures with further consideration then being given to wider options for resourcing this expenditure in 2016/17. Further information is set out in paragraph 3.6.

2. Recommendation

- 2.1. The Commissioner is asked to note the combined provisional outturn position, before applications to carry forward budget, of an underspend of £486k, for the financial year 2015/16.
- 2.2. The Commissioner is asked to approve the year end appropriation of this balance into a single budget carry forward reserve.

3. Revenue Expenditure

- 3.1. The provisional outturn for net expenditure, after taking account of movements to and from earmarked reserves, amounts to £94.385m, and is £0.486m (0.51%) under the approved budget of £96.871m. The forecast position is made up of £325k in respect of funding provided to the Constabulary (made up of anticipated over recovery of income of £808k offset by a forecast overspend on expenditure of £483k) plus a £161k underspend in respect of budgets controlled by the Commissioner (made up of a forecast underspend on expenditure of £191k offset by under recovery of income of £30k).
- 3.2. The principal variances at the end of the financial year are outlined in the table below with comparative figures reported as at December 2015:

Description	Revised Budget 2015/16 £	Provisional Outturn 2015/16 £	Provisional Variance 2015/16 £	Provisional Variance 2015/16 %	Explanation Paragraph	Projected Variance @ Dec'15 £	Change Dec'15 to Yr End £
Office of the Police and Crime Commissioner	794	768	(25)	-3.18%	3.3	(7)	(18)
Other PCC Budgets	(10,396)	(10,542)	(146)	1.40%	3.4	264	(410)
Funding Provided to the Constabulary	108,577	108,253	(325)	-0.30%	3.5	(354)	29
Movements To / (From) Reserves	(4,104)	(4,094)	10	-0.24%		0	10
Net Expenditure	94,871	94,385	(486)	-0.51%		(97)	(389)
External Funding	(94,871)	(94,871)	(0)	0.00%		0	(0)
Total	0	(486)	(486)	0.51%		(97)	(389)

A more detailed analysis of the figures in the above table is provided at **Appendix A**. Commentary on specific variances is provided in the paragraphs below.

3.3. The budget for the Office of the Police and Crime Commissioner came in under budget by £25k or 3.18% (previously £7k 0.88% at December). The underspend is largely as a result of the OPCC contingency budget of £15k which was not required to be used in the year and the utilisation of capital receipts to fund costs of disposal of fixed assets as allowed by capital financing regulations. The contingency budget has been removed for 2016/17 and reliance will be placed on reserves to manage any unplanned expenditure.

3.4. The Other PCC Controlled Budgets came in under budget by £146k or 1.40% (previously over budget by £264k 3.64% at December). The net underspend is made up of underspends on the following expenditure lines:

- Commissioned services (£582k) as a result of longer than anticipated lead in times on a number of project initiatives during the year. The significant areas that have impacted on this are: mental health triage - this is a partnership project to triage 24/7 access to mental health nurses. During 2015/16 the opportunity was recognised to expand this area into a bigger proof of concept project with potential to bid for innovation funding from the Home Office. This has resulted in a longer lead in time for the expenditure to commence however that project has been successful and mental health nurses are now part of a wider project that has attracted central government matched funding; Vulnerable Localities Index & Positive Action Youth Engagement Scheme (PAYES): These are multi-agency projects that commenced in June as planned but have experienced slippage as a result of the timescales needed to comply with the governance arrangements for approval of the projects in partner organisations. There are also a number of smaller schemes that were temporarily put on hold during 2015/16 as a consequence of the then planned reduction to formula funding from 2016/17. Schemes have been reinstated following the announced delay to changes in funding. Collectively these factors have resulted in expenditure being lower than planned for 2015/16 with an application being made to carry forward the budget into 2016/17 to meet the continued costs of these projects.
- A reduced contribution at year end to the Constabulary balance sheet provision in respect of legal claims as a result of amounts set aside in 2014/15 that are no longer required which has resulted in an underspend of £214k.
- A reduction in technical accounting charges in respect of the minimum revenue provision £21k.

These underspends are being partially offset by overspends on various budget lines. Significantly:

- Increased estates costs as a result of expenditure incurred to re-instate commissioners assets damaged as a result of the flooding in December 2015, for which a credit appears in the constabulary income lines with regard to expected insurance receipts of £305k
- Increased expenditure on insurance as a result of the increase in the rate of insurance premium tax from 6% to 9.5% that was announced in the Chancellor's emergency budget in July 2015 and became effective from November 2015 of £21k. The budget for 2016/17 has been adjusted to cover the full year effect of this increase.
- Increased expenditure on termination costs over and above the amount that was agreed to be funded through the use of the management of change reserve £315k
- A reduction in the amount of specific grant received £28k.

3.5. The Commissioner provides funding to the Chief Constable to operate the Constabulary under the terms of a funding arrangement. The Chief Constable has reported a provisional outturn position of an underspend against this budget of £325k or 0.30% (£354k 0.33% at December). The forecast underspend is made up of an anticipated over recovery of income of £808k (previously £318k at December) partially offset by a forecast overspend on expenditure budgets of £483k (previously £36k at December). The underspend has in the main arisen through a combination of savings on police officer pay, transport related expenses and forecast receipts in respect of the insurance claims in respect of the December 2015 flooding. These underspends are being offset by overspends in respect of termination/redundancy costs and increased supplies and services. The Chief Constable has provided a separate report elsewhere on this agenda which provides a specific update regarding funding provided to the Constabulary.

3.6. The combined provisional outturn position, ahead of applications to carry forward budget, is a forecast underspend of £486k. The underspend has arisen as a result of the net effect a number of under and overspends. In some areas of budget, the underspend has arisen as a result of delays to delivering specific projects and schemes that were due to complete during 2015/16 and will now complete in 2016/17. This means that there is still a requirement for those resources without which budget pressures will materialise in the 2016/17 budget. Further to this, the outturn position includes income accruals in respect of insurance applications made to recover costs arising from the December 2015 floods and an application in respect of an unavailability fee for the PFI building. Whilst it is reasonably assured that the

significant proportion of this income will be received, there is estimated to be a risk in respect of some of this income. In total, budget carry forward requests and income risk present a cumulative budget pressure of £988k. This exceeds the resources of £486k within the 2015/16 budget that are available to fund this expenditure. To manage this, this report recommends ring-fencing the £486k underspend to a budget carry forward reserve that will then be available to meet a proportion of these costs. Further work will then be undertaken by the Constabulary and OPCC to determine wider options for resourcing the balance of £502k expenditure in 2016/17.

- 3.7. Total expenditure in 2015/16 has been supported by the use of £4.1m of reserves. The significant proportion of the reserves drawn down to support the budget are capital reserves. This has supported £4.3m of capital financing costs, provided for through the revenue budget as a result of the limited resources available from capital grants. The use of reserves has supported significant investment in ICT, the estate and fleet with the aim of facilitating reductions in future revenue expenditure to meet decreases in external funding. The difference of £0.2m reflects a reduction in the general reserve balance of £2.1m from £5.1m to £3.0m which is being offset by increased to earmarked revenue reserves of £2.3m.
- 3.8. The Commissioner maintains the police property act fund. This fund has been accumulated over a period of time as a result of the disposal of property coming into the possession of the police under the Police Property Act 1987 and the Powers of Criminal Courts Act 1973. On a quarterly basis community groups or individuals can submit applications for funding to the Commissioner, the proposals should support priorities within the Commissioner's Police and Crime Plan, have an impact on community safety and crime reduction or contribute to the delivery of the Constabulary youth strategy (e.g. diversionary activities for young people). At 31 March 2016, the fund amounted to £66k. In June, September and December, awards to successful applicants totalling £6.2k were made. In March further awards totalling £4k were made and details of these are shown in **Appendix B**. Further details of the funding allocations can be found on the Commissioner's website <http://www.cumbria-pcc.gov.uk/working-for-you/property-fund.aspx>

Appendix A

Revenue Budget Monitoring 2015/16 – Provisional Outturn

Description	Revised Budget 2015/16 £	Provisional Outturn 2015/16 £	Variance (Under)/Overspend 2015/16 £	Projected (Under)/Overspend @ Dec'15 £	Change Dec'16 to Year End £
Office of the Police and Crime Commissioner	793,586	768,388	(25,198)	(7,019)	(18,179)
Other PCC Budgets					
Commissioned Services Budget	2,311,145	1,729,484	(581,661)	462	(582,123)
Sexual Assault Support Services	349,379	349,337	(42)	(24,411)	24,369
Estates	3,493,652	3,799,121	305,469	(62,640)	368,109
Insurances	506,816	527,679	20,863	20,648	215
Redundancies	623,540	938,710	315,170	300,001	15,169
Provision for Insurance Liability	131,802	(82,197)	(213,999)	0	(213,999)
Technical Accounting	1,304,943	1,304,941	(2)	1	(3)
Capital Financing	7,423,100	7,401,765	(21,335)	(21,335)	0
Grants & Contributions	(26,415,125)	(26,386,837)	28,288	43,210	(14,922)
Interest/Investment Income	(125,000)	(123,795)	1,205	8,000	(6,795)
	(10,395,748)	(10,541,792)	(146,044)	263,936	(409,980)
Total Police & Crime Commissioner Directly Controlled	(9,602,162)	(9,773,404)	(171,241)	256,917	(428,158)
Constabulary Funding	112,967,577	113,451,377	483,801	(35,668)	519,469
Constabulary Income	(4,390,227)	(5,198,632)	(808,405)	(317,885)	(490,520)
Total Constabulary Funding	108,577,350	108,252,746	(324,604)	(353,553)	28,949
Total Approved Budget	98,975,188	98,479,342	(495,846)	(96,636)	(399,210)
Transfers To/(From) Earmarked Revenue Reserves	2,357,734	2,367,687	9,953	0	9,953
Transfers To/(From) Capital Reserves	(4,312,825)	(4,312,825)	0	0	0
Transfers To/(From) General Revenue Reserves	(2,148,917)	(2,148,917)	0	0	0
Aggregated External Financing	(94,871,180)	(94,871,181)	(1)	(0)	(1)
Net Requirement	0	(485,894)	(485,894)	(96,636)	(389,258)

Police Property Act Awards - Quarter 4 March 2016

Award To	Amount Awarded £
Baylife Community Association	300
Millom Recreation Centre	695
The Bowness and Windermere Community Care Trust	625
Millom BeSPOKE Biking	500
Dalton Community Policing Team	500
1862 (City of Carlisle) Squadron Air Training Corps	500
Heathlands Community Gardens	900

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn



Cumbria Office of the Police and Crime Commissioner

Title: Treasury Management Activities 2015/16 Quarter 4 (January to March 2016)

PCC Decision Meeting: 3 May 2016

Joint Audit & Standards Committee: 3 May 2016

**Originating Officers: Michelle Bellis, Deputy Chief Finance Officer and,
Lorraine Holme, Principal Financial Services Officer.**

1. Purpose of the Report

- 1.1. The purpose of this paper is to report on the Treasury Management activities, which have taken place during the period January to March 2016 and to provide a brief annual report on the treasury management function for the 2015/16 financial year. Both elements of the report are requirements in accordance with the requirements of CIPFA's Code of Practice on Treasury Management.
- 1.2. Treasury Management activities are undertaken in accordance with the Treasury Management Strategy Statement and Treasury Management Practices approved by the Commissioner in February each year.

2. Recommendation

- 2.1. The Commissioner is asked to note the contents of this report. The report will also be presented to the Joint Audit and Standards Committee meeting of 3 May as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy.

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

- 2.2. JASC Members are asked to note the contents of this report. The report is provided as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy. The report will also be presented to the Commissioner at his decision meeting on 3 May.

3. Economic Background

- 3.1. Growth, Inflation, Employment: The UK economy slowed in 2015 with GDP growth falling to 2.3% from a robust 3.0% the year before. CPI inflation hovered around 0.0% through 2015 with deflationary spells in April, September and October. The prolonged spell of low inflation was attributed to the continued collapse in the price of oil from \$67 a barrel in May 2015 to just under \$28 a barrel in January 2016, the appreciation of sterling since 2013 pushing down import prices and weaker than anticipated wage growth resulting in subdued unit labour costs. CPI picked up to 0.3% year/year in February, but this was still well below the Bank of England's 2% inflation target. The labour market continued to improve through 2015 and in Q1 2016, the latest figures (Jan 2016) showing the employment rate at 74.1% (the highest rate since comparable records began in 1971) and the unemployment rate at a 12 year low of 5.1%. Wage growth has however remained modest at around 2.2% excluding bonuses, but after a long period of negative real wage growth (i.e. after inflation) real earnings were positive and growing at their fastest rate in eight years, boosting consumers' spending power.
- 3.2. Global influences: The slowdown in the Chinese economy became the largest threat to the South East Asian region, particularly on economies with a large trade dependency on China and also to prospects for global growth as a whole. The effect of the Chinese authorities' intervention in their currency and equity markets was temporary and led to high market volatility as a consequence. There were falls in prices of equities and risky assets and a widening in corporate credit spreads. As the global economy entered 2016 there was high uncertainty about growth, the outcome of the US presidential election and the consequences of June's referendum on whether the UK is to remain in the EU. Between February and March 2016 sterling had depreciated by around 3%, a significant proportion of the decline reflecting the uncertainty surrounding the referendum result.
- 3.3. UK Monetary Policy: The Bank of England's MPC (Monetary Policy Committee) made no change to policy, maintaining the Bank Rate at 0.5% (in March it entered its eighth year at 0.5%) and asset purchases (Quantitative Easing) at £375bn. In its Inflation Reports and monthly monetary policy

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

meeting minutes, the Bank was at pains to stress and reiterate that when interest rates do begin to rise they were expected to do so more gradually and to a lower level than in recent cycles.

- 3.4. Improvement in household spending, business fixed investment, a strong housing sector and solid employment gains in the US allowed the Federal Reserve to raise rates in December 2015 for the first time in nine years to take the new Federal funds range to 0.25%-0.50%. Despite signalling four further rate hikes in 2016, the Fed chose not to increase rates further in Q1 and markets pared back expectations to no more than two further hikes this year. However central bankers in the Eurozone, Switzerland, Sweden and Japan were forced to take policy rates into negative territory. The European Central Bank also announced a range of measures to inject sustained economic recovery and boost domestic inflation which included an increase in asset purchases (Quantitative Easing).
- 3.5. Market reaction: From June 2015 gilt yields were driven lower by the a weakening in Chinese growth, the knock-on effects of the fall in its stock market, the continuing fall in the price of oil and commodities and acceptance of diminishing effectiveness of central bankers' unconventional policy actions. Added to this was the heightened uncertainty surrounding the outcome of the UK referendum on its continued membership of the EU as well as the US presidential elections which culminated in a significant volatility and in equities and corporate bond yields. 10-year gilt yields moved from 1.58% on 31/03/2015 to a high of 2.19% in June before falling back and ending the financial year at 1.42%. The pattern for 20-year gilts was similar, the yield rose from 2.15% in March 2015 to a high of 2.71% in June before falling back to 2.14% in March 2016. The FTSE All Share Index fell 7.3% from 3664 to 3395 and the MSCI World Index fell 5.3% from 1741 to 1648 over the 12 months to 31 March 2016.

4. Treasury Management Operations and Performance Measures

- 4.1. The Commissioner's day to day treasury management activities are undertaken on behalf of the Commissioner's Chief Finance Officer/Deputy Chief Executive by the financial services team under the management of the Chief Constable's Chief Finance Officer. Responsibilities and requirements for treasury management are set out in the financial regulations and rules. Treasury management practices are approved annually setting out the arrangements as part of the Treasury Management Strategy Statement (TMSS).

The TMSS sets maximum limits for investments according to category. The categories and overall limit per category is illustrated in the table below together with the actual investments outstanding

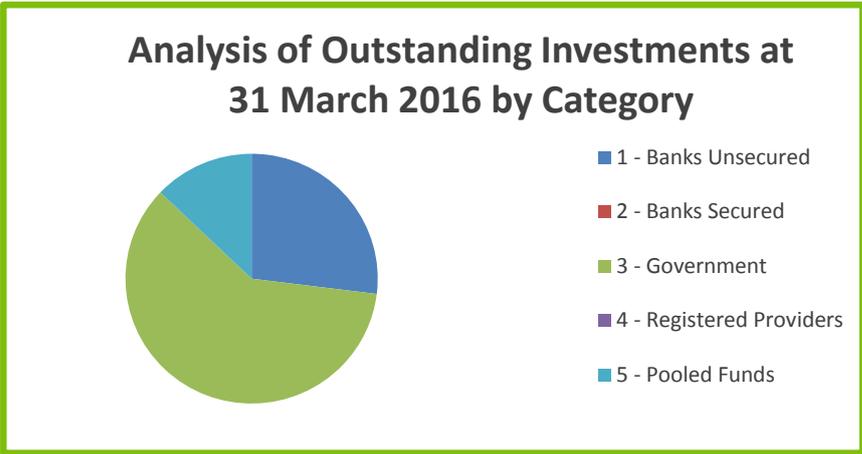
NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

as at 31 March 2016. Within each category there are further limits to the total amount and duration of investments that can be placed with individual counterparties, these vary depending on the credit rating of the counterparty at the time the investment is made.

Category	Category Limit (£m)	Actual Investments at 31 March (£m)	Compliance with Limit
1 - Banks Unsecured	20	4.928	Yes
2 - Banks Secured	20	0.000	Yes
3 - Government	unlimited	11.000	Yes
4 - Registered Providers	10	0.000	Yes
5 - Pooled Funds	15	2.353	Yes
Total		18.280	

A schedule detailing the individual investments that make up the £18.28m total invested at 31 March 2016 is attached at **Appendix 2**. A further illustrative analysis is provided of the balance outstanding at **Appendix 3**, where the first chart analyses the outstanding balance by the credit rating of the investment counterparty and the second shows the maturity structure of investments by the credit rating of the counterparty.



4.2. Management of Cash Balances

The aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner’s funds. Actual un-invested balances for the months of January to March 2016 for the Commissioner’s main bank account are summarised in the table below:

	Number of Days	Average Balance (£)	Largest Balance (£)
Days In Credit	91	2,228	30,529
Days Overdrawn	0	0	0

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

The largest un-invested balance occurred on the 10 March as a result of a large banking of seized cash. We are advised by the bank that transactions being posted during the day are subject to checking and can be removed, therefore, we do not invest these sums until the following day to limit the risk of being overdrawn.

During the period January to March 2016 there were no instances where the main bank account was overdrawn.

Within the Treasury Management Strategy a target is set to achieve a daily balance of +/- £2k on the Commissioner's main bank account. Whilst the daily treasury management process always calculates the anticipated balance within these limits, daily transactions through the bank of which we are not aware (e.g. banking of cash/cheque receipts) can alter the closing balance for the day. During the months January to March 2016, the balance was within the £2k limit for 58 out of 91 days (64%). This statistic is skewed by our policy to ensure that all cash and cheques are banked on a Friday, as a minimum, more often if large sums are received. If cash is banked it clears our account on the same day and we will be over our £2k limit for 3 days over the weekend not just the day it is banked. This occurred on 6 occasions during this quarter, one of which was over the Easter bank holiday weekend so accounted for 5 days.

An estimate of the interest forgone on un-invested balances over £2k during this three month period is £42.

4.3. Investment Activity

The table below illustrates the number and value of investments made with banks (category 1 unsecured & 2 secured) and Government (category 3) of the approved investment counterparties during the months of January to March 2016:

Month	Number of Investments	Total Value of Investments
		£m
January 2016	3	5.0
February 2016	2	4.0
March 2016	2	4.0

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

In addition to the above there are regular smaller investments made via money market funds (category 5 pooled funds).

The Commissioner sets a limit for “non-specified” investments of over 364 days at the time of investment. The maximum of all investments with outstanding maturities greater than 364 days is set at a limit of £5m for 2015/16. The Commissioner currently has no investments that have an outstanding maturity of greater than 364 days. However, as at 31 March, there were two investments which at the time of investing, were for a period of just over 364 days. These are set out in the table below:

Borrower	Value £m	Investment Period (Days)	Date Invested	End Date	Period Remaining to maturity (days)	Actual Rate (%)
Lloyds Bank PLC	2.0	366	11/08/2015	11/08/2016	133	1.00%
Lancashire County Council	2.0	365	08/05/2015	06/05/2016	36	0.50%
Total	4.0					

4.4. Interest Earned

Interest earned for the period of the report and the average return on investment that it represents is set out in the table below:

Month	Interest Amount (£)	Average Total Investment (£)	Average Return on Investment (%)
January 2016	10,060	20,334,423	0.58%
February 2016	9,447	21,744,495	0.55%
March 2016	10,189	23,716,326	0.51%
	29,696	24,923,113	0.54%

Total interest earned for the period January to March 2016 amounted to £30k bringing the total interest earned during 2015/16 to £123.3k. A comparison of this outturn against the budget and previous forecasts is outlined in the table below. This figure is slightly lower than the budget for the year which was set at £125k.

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

A comparison of this figure against the budget is outlined in the table below:

	Amount (£000's)
Original Estimate 2015/16	125
Forecast Position June 2015	125
Forecast Position September 2015	122
Forecast Position December 2015	117
Year end position 31 March 2016	123
Increase/(Decrease) compared to estimate	-2
Increase/(Decrease) as a percentage	-2%

4.5. Investment Performance

As a performance measure for the quality of investment decisions, the rate achieved on maturing longer term investments of over three months in duration is compared with the average Bank of England base rate over the life of the investment. The table below provides details of the individual performance of investments (of over 3 month's duration at time of investment) for the months January to March 2016:

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Government - Treasury Bill	5	6	0.49%	0.50%
Government - Treasury Bill	0.5	3	0.46%	0.50%
Government - Treasury Bill	1	6	0.51%	0.50%
Svenska - CD	1	3	0.54%	0.50%
West Dunbartonshire Council	2	6	0.40%	0.50%

The above table illustrates that for the three maturing investments that were for a duration of 3 months, the return was slightly below the bank base rate.

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

5. Annual Report on Treasury Management Operations 2015/16**5.1. Treasury Strategy**

In February 2015 the Commissioner approved the 2015/16 Treasury Management Strategy Statement (TMSS). The TMSS incorporated the investment and borrowing strategies for the 2015/16 financial year. The investment strategy approved for 2015/16 was largely the same as had been adopted for the previous year with some changes introducing new classes of investment (for example treasury bills and certificates of deposit) to allow more flexibility and diversification. These limits for each category of investment were based on the relative security of each class of financial institution and a percentage of the estimated balances, which would be available for investment during the year.

5.2. In relation to borrowing, the Commissioner has an underlying need to borrow funds to finance the capital programme, which is measured by the Capital Financing requirement (CFR). The CFR at the start of 2015/16 amounted to £17.04m (including £5.2m relating to the PFI agreement for West Cumbria TPA HQ in Workington) leaving a £11.84m exposure to external borrowing at some time into the future, which is presently being covered by the use of internal funds (reserves).

5.3. During 2015/16 the Commissioner has maintained this strategy of using cash balances, arising primarily from its reserves, to meet its cash flow commitments and was not therefore compelled to borrow. Although long term borrowing rates remained relatively low during 2015/16, a conscious decision was made to defer long term financing decisions as the short term cost of carrying debt (i.e. the differential between the borrowing rate at say 3% and the rate of under 1% available when such funding was invested) would have had an adverse effect on the revenue budget for the year and the immediate outlook period. The Commissioner in consultation with the treasury advisors Arlingclose Ltd continues to look for the most opportune time to undertake any borrowing.

5.4. Key Statistics.**5.4.1. Principal**

During 2015/16 a total of 244 investments were placed amounting to £160.21m (2014/15 230 investments amounting to £123.44m).

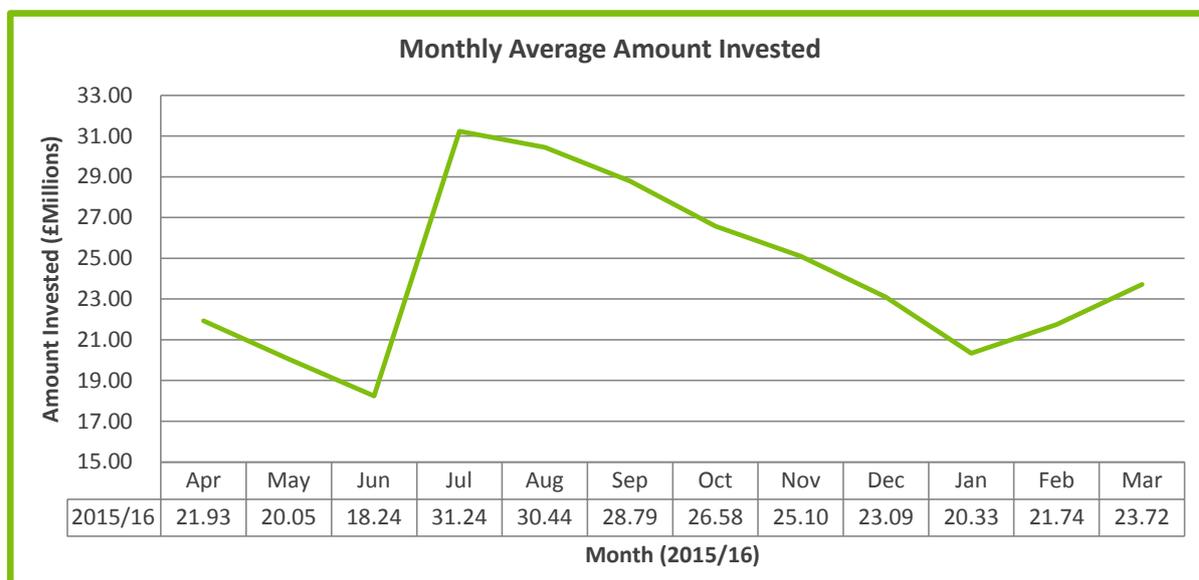
NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

Counterparty Type	Opening Balance (£m)	Investments (£m)	Maturities (£m)	Closing Balance (£m)	Number of Investments Placed during 2015/16
Banks and Building Societies	7.51	21.31	- 23.90	4.91	21.00
Government (Other LA/Treasury Bills)	7.50	40.48	- 36.98	11.00	17.00
NatWest Overnight	0.05	5.58	- 5.62	0.02	151.00
Money Market Funds	4.30	92.85	- 94.80	2.35	55.00
	19.36	160.21	- 161.30	18.28	244.00

Of the above transactions, 93 were to external counterparties and as such will have attracted a £10 transfer fee per transaction. The transfer to the NatWest Liquidity Select account for overnight money is classed as an ‘inter-account transfer’ as the NatWest holds the Commissioner’s main bank account. This type of transfer is free although we do pay a small fee to access the internet banking site. A detailed breakdown of the closing balance invested as at 31 March 2016 is provided at **Appendix 2.**

The chart below illustrates the monthly average of amounts invested during the year.



The level of cash reserves available to invest has followed the same pattern as seen in previous years. The Home Office Police Pensions Grant is received in July each year and has caused an annual spike in investments since 2007/08 when new regulations were introduced.

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

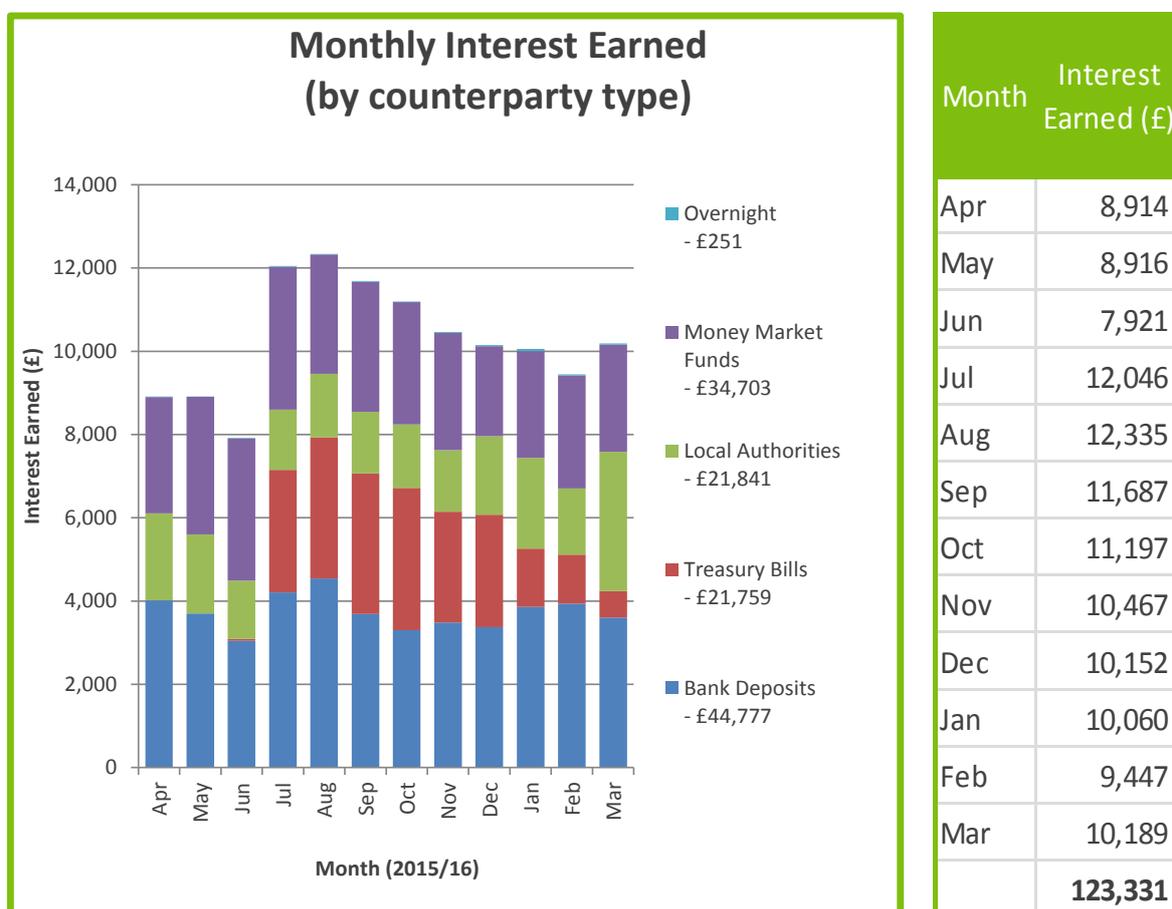
The average daily investment balance during 2015/16 was £24.29m (£29.24m in 2014/15).

The highest daily investment balance in 2015/16 was £34.28m (£38.58m in 2014/15)

The lowest daily investment balance in 2015/16 was £13.20m (£17.70m in 2014/15).

5.4.2. Interest

A total of £123k was earned in 2015/16 (£155k in 2014/15) from the Commissioner’s treasury activities and can be broken down as follows:



The average return on investments for 2015/16 was 0.51% (0.53% in 2014/15) which is slightly above the bank base rate 0.50%. There were no changes in the base rate across the financial year.

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

The table at 4.4 shows the outturn on investment interest as £123k for 2015/16, which is £2k below a base budget of £125k. The reduction compared to budget is mainly in relation to interest rates staying lower for a longer period than originally anticipated.

5.4.3. Treasury Operations

As discussed in paragraph 4.2 above the aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner's funds. Actual un-invested balances for 2015/16 for the Commissioner's main bank account are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	364	1,600	30,529
Days Overdrawn	2	(3,344)	(3,342)

The largest credit balance occurred during the fourth quarter and an explanation is provided below and in paragraph 4.2 above. The largest overdrawn balance occurred during the first quarter of 2015/16 and an explanation was provided in the quarterly activity report to the Commissioner and Members.

The largest un-invested balance occurred on the 10 March as a result of a large banking of seized cash. We are advised by the bank that transactions being posted during the day are subject to checking and can be removed, therefore, we do not invest these sums until the following day to limit the risk of being overdrawn.

The largest overdrawn balance occurred on the 4 June and was the result of a foreign transfer in respect of an invoice payment. The exact timing of when foreign transfers leave the bank is unknown.

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

6. Compliance with Prudential Indicators

- 6.1. All treasury related Prudential Indicators for 2015/16, which were set in February 2015 as part of the annual Statement of Treasury Management Strategy, have been complied with. Further details can be found at **Appendix 4**.

7. Implications

- 7.1. Financial – As detailed in the main body of report above.
- 7.2. Legal – None
- 7.3. Risk – The report advises the Commissioner/members about treasury activities. Given the large unsecured sums invested with financial institutions treasury management can be a risky area. Nevertheless, procedures are in place to minimise the risks involved, including limits on the sums to be invested with any single institution and reference to credit ratings are set down in the PCC's treasury strategy and in particular the treasury management practices (TMP1 Treasury Risk Management).
- 7.4. HR / Equality – None
- 7.5. I.T – None
- 7.6. Procurement – None

8. Supplementary informationAttachments

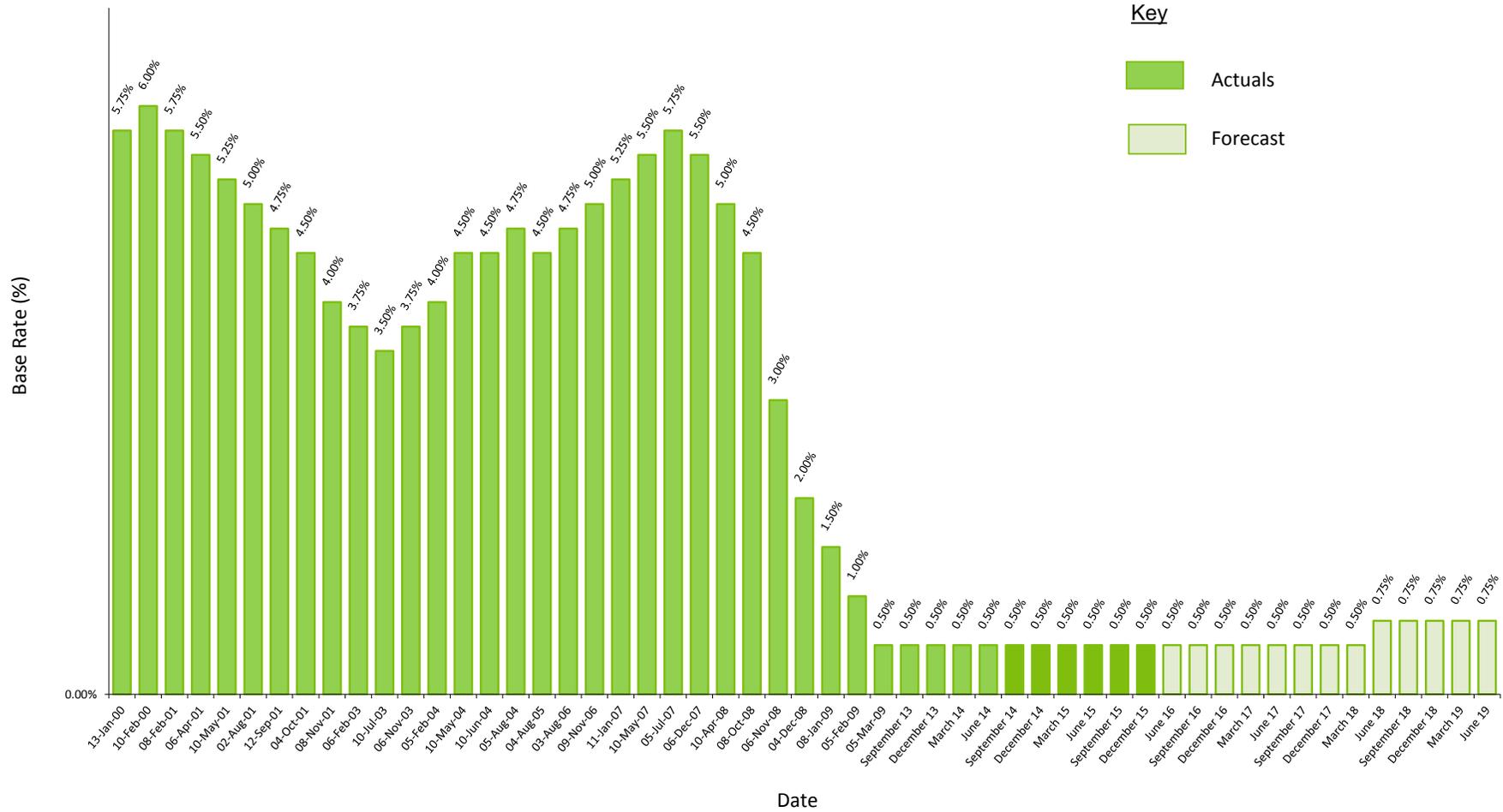
- Appendix 1 Recent history and projections of Bank Base Rates
- Appendix 2 Schedule of Investments as at 31 March 2016
- Appendix 3 Analysis of Investments as at 31 March 2016
- Appendix 4 Prudential Indicator Compliance

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

Appendix 1

Bank of England Base Rates (%)



NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

Appendix 2**Schedule of Investments as at 31 March 2016**

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Nationwide	A	04/01/2016	30/06/2016	91	0.70%	2,000,000	2,000,000
Lloyds Bank Plc	A+	11/08/2015	11/08/2016	133	1.00%	2,000,000	2,000,000
Svenska (Deposit Account)	AA-	Various	On Demand	N/A	0.35%	912,528	912,528
NatWest (Liquidity Select Account)	BBB+	31/03/2016	01/04/2016	O/N	0.25%	15,000	15,000
						4,927,528	4,927,528
Category 2 - Banks Secured (Includes Banks & Building Societies)							
None						0	0
						0	0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
Stirling Council	NR	18/12/2015	18/04/2016	18	0.50%	2,000,000	2,000,000
Lancashire County Council	NR	08/05/2015	06/05/2016	36	0.50%	2,000,000	2,000,000
Highland Council	NR	07/03/2016	07/06/2016	68	0.50%	2,000,000	2,000,000
DMO - DMADF	NR	24/02/2016	23/08/2016	145	0.25%	3,000,000	3,000,000
North Lanarkshire Council	NR	01/03/2016	07/12/2016	251	0.60%	2,000,000	2,000,000
						11,000,000	11,000,000
Category 4 - Registered Providers (Includes Providers of Social Housing)							
None						0	0
						0	0
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)							
					(Mar'16)		
AIM	AAA	Various	On demand	O/N	0.49%	500,000	500,000
Fidelity	AAA	Various	On demand	O/N	0.43%	52,937	52,937
Standard Life (Formally Ignis)	AAA	Various	On demand	O/N	0.50%	1,800,000	1,800,000
						2,352,937	2,352,937
Total						18,280,465	18,280,465

Note – the credit ratings shown in the above table relate to the standing as at 31 March 2016, as discussed in the main body of the report, the ratings are constantly subject to change.

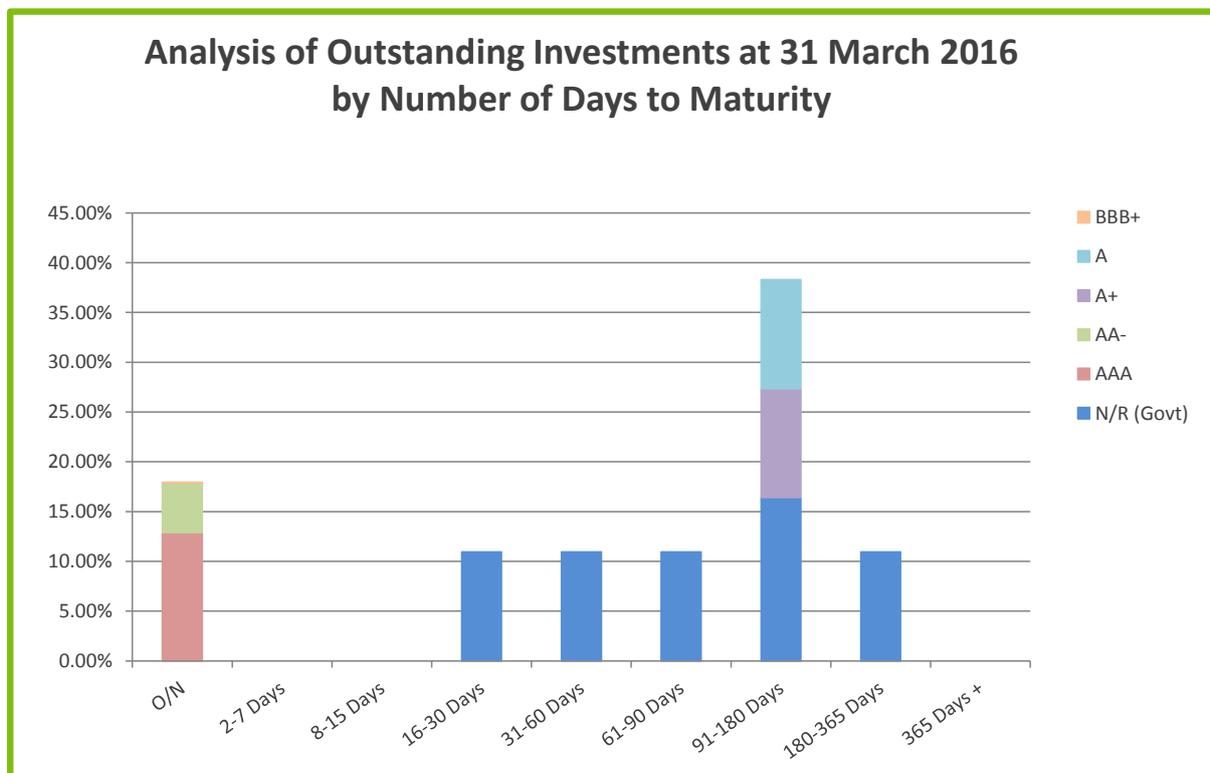
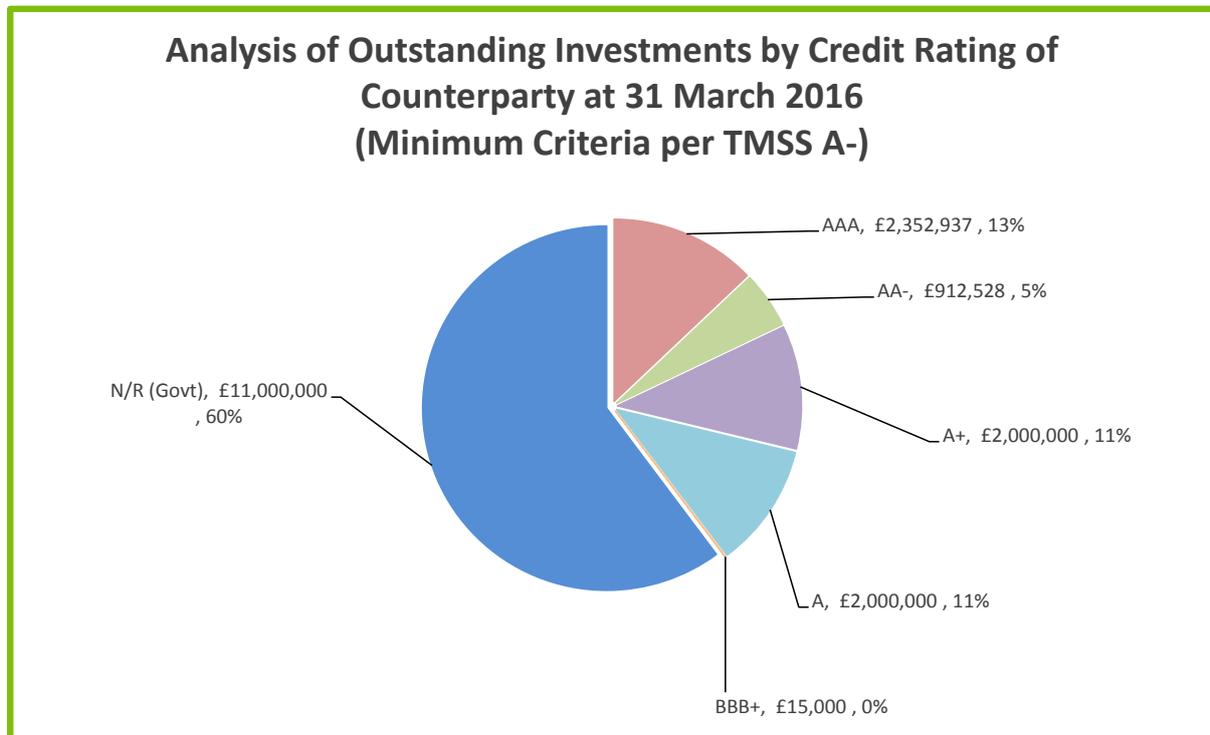
The TMSS sets limits for maximum investment with counterparties. These limits vary depending on the credit rating of the counterparty at the time the investment was placed. The TMSS also places a limit on the total investments per category.

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

Appendix 3

Analysis of Outstanding Investments as at 31 March 2016



Note – the credit ratings shown in the above charts relate to the standing as at 31 March 2016, as discussed in the main body of the report, the ratings are constantly subject to change.

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

Appendix 4

Prudential Indicator Compliance**(a) Authorised Limit and Operational Boundary for External Debt**

- The Local Government Act 2003 requires the Commissioner to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached during the year. The Affordable Borrowing Limit is made up of two components; the *Authorised Limit* and the *Operational Boundary*.
- The Authorised Limit represents an upper limit for external borrowing that could be afforded in the short term but may not be sustainable. The figure includes a risk assessment of exceptional events taking into account the demands of revenue and capital cash flows. The Commissioner's Authorised Limit was set at £25.31m for 2015/16.
- The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit. The Operational Boundary for 2015/16 was set at £23.81m.
- The actual amount of external borrowing as at 31 March 2016 was £Nil which is well within the above limits. No new external borrowings have been undertaken in the current financial year.

(b) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Commissioner to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2015/16	Actual Borrowing at 31 Mar'16	Compliance with limits
	£m	£m	
Upper Limit for Fixed Rate Exposure	25.31	0.00	Yes
Upper Limit for Variable Rate Exposure	1.50	0.00	Yes

NOT PROTECTIVELY MARKED

PCC Decision Meeting 03-05-16 and JASC 03-05-16 TM Activities 2015-16 Quarter 4 and Outturn

(c) Maturity Structure of Fixed Rate Borrowing

- This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate Borrowing as at 31 Mar '16	% Fixed Rate Borrowing as at 31 Mar '16	Compliance with Set Limits?
	%	%	£m	%	
Under 12 months	100	0	0.00	0	Yes
12 months and within 24 months	100	0	0.00	0	Yes
24 months and within 5 years	100	0	0.00	0	Yes
5 years and within 10 years	100	0	0.00	0	Yes
10 years and above	100	0	0.00	0	Yes

(d) Total principal sums invested for periods longer than 364 days

- This indicator allows the Commissioner to manage the risk inherent in investments longer than 364 days.
- The limit for 2015/16 was set at £5m.
- As at 31 March 2016, the PCC had two investments totalling £4m which were for a duration greater than 364 days at the time of investment. Neither of which now have outstanding maturities greater than 364 days. Please see additional details within paragraph 4.3 above.



Office of the Police & Crime Commissioner

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N° 022 / 2016)

TITLE: Internal Audit Annual Report 2015-16

Executive Summary: (Précis not more than 100 words)

This report provides a summary of the outcomes of the work of internal audit for 2015/16 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner and Constabulary's arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards.

Key points from internal audit's annual report are:

- The audit of the Safeguarding hub will be completed during 2016/17. This does not impact on their ability to provide an annual opinion.
- A total of 17 audit reviews have been finalised. This represents 94% of the planned audit work for the year.
- Of the 17 audits completed in the year, 15 contributed to the organisations' overall assurance. 14 of the 15 audits received reasonable or higher assurance. The auditors consider this to be a very positive outcome. For the one audit receiving less than reasonable assurance (Duty Management System) there has been regular reporting, to the Joint Audit and Standards Committee, on progress in implementing the recommendations. Time has been included in the 16/17 internal audit plan to follow up this audit.

Summaries of the outcomes of all completed audits during the year are included at Appendix 1. The Audit and Standards Committee (JASC) have received regular progress reports during the year.

Recommendation:

That the Commissioner and Chief Constable receives and notes the annual report from the Head of Internal Audit, as a contribution to the overall arrangements for governance. Specifically, that the

Commissioner and Chief Constable note:

- The progress achieved in 2015/16 in delivering the audit plan.
- The Head of Internal Audit's opinion and assurance statement on the PCC and Constabulary's overall systems of governance, risk management and internal control for the year ended 31st March 2016.
- The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.
- The results of the Quality Assurance and Improvement programme
- The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.

Police & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police & Crime Commissioner. Any such interests are recorded below.

I hereby approve/~~do not approve~~ the recommendation(s) above

Police & Crime Commissioner / ~~Chief Executive~~ (delete as appropriate)

Signature:

Date:

PART 1 – NON CONFIDENTIAL FACTS AND ADVICE TO THE PCC/Chief Constable

Internal Audit: annual report 2015/16

1.0 Executive Summary

1.1 This report provides a summary of the outcomes of the work of internal audit for 2015/16 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner and Chief Constable's arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards.

1.2 Key points from internal audit's annual report are:

- The audit of the Safeguarding hub will be completed during 2016/17. This does not impact on our ability to provide an annual opinion.
- A total of 17 audit reviews have been finalised. This represents 94% of the planned audit work for the year.
- Of the 17 audits completed in the year, 15 contributed to the organisations' overall assurance. 14 of the 15 audits received reasonable or higher assurance. We consider this to be a very positive outcome. For the one audit receiving less than reasonable assurance (Duty Management System) there has been regular reporting, to the Joint Audit and Standards Committee, on progress in implementing the recommendations. Time has been included in the 16/17 internal audit plan to follow up this audit.

1.3 Summaries of the outcomes of all completed audits during the year are included at Appendix 1. The Audit and Standards Committee (JASC) have received regular progress reports during the year.

2.0 Policy Position, Budgetary and Equality Implications

2.1 Internal Audit's assessment of internal control forms part of the annual assessment of the system of governance, risk management and internal control, which is now a mandatory requirement.

2.2 The Audit Plan aims to match internal audit coverage with the PCC and Constabulary's corporate risk assessment.

2.3 Internal Audit must conform to the Public Sector Internal Audit Standards which require the preparation by the Head of Internal Audit of an annual opinion on the overall systems of governance, risk management and control. Regular reporting to Joint Audit and Standards Committee enables emerging issues to be identified during the year.

3.0 Recommendation

3.1 The Commissioner and Chief Constable are asked to note:

- The progress achieved in 2015/16 in delivering the audit plan.
- The Head of Internal Audit's opinion and assurance statement on the PCC and Constabulary's overall systems of governance, risk management and internal control for the year ended 31st March 2016.
- The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.

- The results of the Quality Assurance and Improvement programme
- The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.

4.0 Background

- 4.1 The PCC and Chief Constable must make proper provision for internal audit in line with the 1972 Local Government Act. The Accounts and Audit Regulations 2015 require that the PCC and Chief Constable must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 4.2 Internal audit is responsible for providing independent assurance to the PCC and Constabulary's senior management and to the Joint Audit and Standards Committee on the systems of governance, risk management and internal control.
- 4.3 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls are operating effectively.

Internal Audit Opinion

- 4.4 The purpose of this report is to give my opinion as the Head of Internal Audit for the PCC and Cumbria Constabulary on the adequacy and effectiveness of both organisations' systems of risk management, governance and internal control from the work undertaken by internal audit for the year ended 31st March 2016.
- 4.5 This report is a key contributor to the PCC and Constabulary's Annual Governance Statement.
- 4.6 In giving this opinion, it should be noted that assurance can never be absolute and it is not possible to give complete assurance that there are no major control weaknesses. My opinion is based on the work undertaken by internal audit during the year, including the outcomes of follow up work.
- 4.7 I am satisfied that sufficient internal audit work has been undertaken to allow me to give a conclusion on the adequacy and effectiveness of risk management, governance and internal control. I can also report that there has been no threat to the independence of internal audit that would impact on the provision of my annual opinion statement.

- 4.8 In my opinion, the PCC and Constabulary's frameworks of governance, risk and internal control is reasonable and audit testing has confirmed that controls are generally working effectively in practice.
- 4.9 One audit did not receive reasonable assurance; however, this does not affect my ability to give a conclusion of reasonable assurance over the organisations' overall arrangements for governance, risk management and internal control. The Constabulary have responded positively to the audit and this gives assurance that the issues raised have been taken seriously. Issues arising from the audit are summarised in Appendix 1. There is an action plan in place in respect of progress and the Constabulary has provided the Joint Audit and Standards Committee with progress updates at each meeting. Internal Audit has made provision to follow up this work in the 16/17 internal audit plan. The Constabulary has requested that the follow up be undertaken during the second quarter of 16/17.
- 4.10 Where internal audit work has identified scope for improvements, the management response has been appropriate and action plans agreed.
- 4.11 The Shared Service Group Audit Manager has undertaken review of all internal audit work contributing to the annual opinion statement and is able to confirm that all work has been undertaken in accordance with the Public Sector Internal Audit Standards and with the Quality Assurance and Improvement Programme. All audit work has been reviewed at key stages by the Audit Manager or nominated deputy and is supported by appropriate evidence.
- 4.12 The Group Audit Manager supports the assurance opinion provided in this report.

Internal audit performance

- 4.13 A suite of performance measures were used to monitor Internal Audit's performance during 2015/16. The results are shown below.

Measure	Description	Benchmark	Actual
Completion of audit plan	% of audits completed to final report	95% (annual target)	94%*
	Number of planned days delivered	217	207
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	100%
Timeliness of final	% of final reports issued for corporate	90%	100%

reports	director comments within five working days of management response of closeout meeting.		
Recommendations agreed	% of recommendations accepted by management	95%	100%
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	100%
Quality assurance checks completed	% of QA checks completed	100%	100%
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	90%
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	78%

* This represents a single audit as referred to at 1.2 of the executive summary.

Internal audit coverage and outputs

4.14 15 reviews contributing to the assurance rating have been finalised with all, except DMS, receiving at least reasonable assurance levels.

4.15 The following table summarises the total number of audit evaluations made during 2015/16.

Assurance level	Constabulary		OPCC		Joint	
	Total	%	Total	%	Total	%
Substantial	4	36	2	100	0	-
Reasonable	6	55	0	-	2	100
Partial	1	9	0	-	0	-
No / limited	0	-	0	-	0	-
Total (with assurance)	11	100	2	100	2	100
N/A	1		1		0	
Grand total	12		3		2	

4.16 Appendix 1 provides the detail of audit work undertaken over the year to 31st March 2016.

Results of the Quality Assurance and Improvement Programme

4.17 The QAIP was presented to the March 2016 JASC. We can confirm that the QAIP was followed in 2015/16.

Statement of Conformance with Public Sector Internal Audit Standards

- 4.18 We have reviewed our conformance with the Public Sector Internal Audit Standards. The review took the format of a self-assessment against the checklist contained within the Local Government Application Note which accompanies the Public Sector Internal Audit Standards.
- 4.19 The outcomes of the review confirm that internal audit work has been undertaken in accordance with the Public Sector Internal Audit Standards.

Emma Toyne
Audit Manager
25th April 2016

APPENDICES

Appendix 1: Audits completed for the year ended 31st March 2016

Contact: Emma Toyne, 01228 226261, emma.toyne@cumbria.gov.uk

5.0 Implications

- 5.1 Financial: There are no direct financial implications arising from this report
- 5.2 Legal: n/a
- 5.3 Risk: The annual audit programme is a risk based plan designed to support effective governance and provide the basis of the Head of Internal Audit's opinion as set out within the report.
- 5.4 HR / Equality: n/a
- 5.5 I.T.: n/a
- 5.6 Procurement: n/a
- 5.7 Victims: n/a

- 6.0. Backgrounds / supporting papers
N/A

Public Access to Information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would not compromise the implementation of the decision being approved.

Is the publication of this form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a Part 2 form NO

(If Yes, please ensure Part 2 form is completed prior to submission)

ORIGINATING OFFICER DECLARATION:

I confirm that this report has been considered by the Chief Officer Group and that relevant financial, legal and equalities advice has been taken into account in the preparation of this report.

Signed: Date:

OFFICER APPROVAL

Chief Executive / Deputy Chief Executive (delete as appropriate)

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner / Chief Executive (delete as appropriate).

Signature: R. Hunter

Date: 3rd May 2016

Media Strategy

The decision taken by the Police & Crime Commissioner may require a press announcement or media strategy.

Will a press release be required following the decision being considered? NO

If yes, has a media strategy been formulated? YES / NO

Is the media strategy attached? YES / NO

What is the proposed date of the press release:

Appendix 1 – Final reports issued to 25 April 2016

Assignments	Main Points	Assessment	Current Status
Annual report 14/15	Presented to Audit and Standards Committee 6 May 2015.	N/A	Complete
Annual Governance Statement 14/15 – PCC	Presented to Audit and Standards Committee 6 May 2015.	N/A	Complete
Annual Governance Statement 14/15 - Constabulary	Presented to Audit and Standards Committee 6 May 2015.	N/A	Complete
Duty Management System	<p>The purpose of the audit was to provide assurance over the use of the Duty Management System in relation to recording overtime and TOIL.</p> <p>Areas of good practice identified were:</p> <ul style="list-style-type: none"> • involvement in the Origin user group at a national level; • high standards of integrity, conduct and ethical behaviour promoted within the organisation; • commitment to developing and improving the Strategic Resourcing Unit and addressing issues within the Duty Management System; • requirement for officers to confirm the accuracy and validity of data contained in iTrent overtime claim forms. <p>Two high priority issues were identified relating to a need to define:</p> <ul style="list-style-type: none"> • the objectives of the Duty Management System and links to relevant service plans or policing priorities; • governance arrangements for the Duty Management System with appropriate lines of communication. <p>Nine medium priority issues were identified:</p> <ul style="list-style-type: none"> • officers are not required to declare the validity and accuracy of overtime data 	Partial assurance	Report presented to Joint Audit & Standards Committee 03/09/15

Appendix 1 – Final reports issued to 25 April 2016

	<p>uploaded to the Duty Management System;</p> <ul style="list-style-type: none"> • there are no formal procedures in place within the Strategic Resourcing Unit to guide staff involved in updating and maintaining data within the Duty Management System; • There has been no formal identification of the skill set requirement or preparation of a formal training plan to effectively deliver training to Resourcing Co-ordinators across the force. • Resourcing Co-ordinators are not subject to regular, structured supervision and feedback regarding their performance. • The Duty Management System does not make the selection of pay or time for each entry of overtime mandatory during the input stage. • The reporting function for DMS is under-utilised for data quality assurance activity. • Users with update access permissions can input overtime against their own records. • There is currently no mechanism in place to identify all overtime recorded in DMS and give assurance that it is either paid or rolled forward correctly as TOIL. • Arrangements to ensure DMS access permissions are adjusted / removed for staff who change jobs within the organisation are not currently in place. 		
<p>Performance monitoring</p>	<p>The purpose of the review was to provide assurance that the arrangements in place to improve data quality are robust.</p> <p>A number of strengths were identified</p> <ul style="list-style-type: none"> • Policing priorities are cascaded down from the Policing Plan into other plans and strategies. • An approved, up to date Performance Management Framework is in place that clearly supports the delivery of strategic policing objectives, as set out in the Policing Plan. • There is a nominated Director who is accountable for performance management at a strategic level. • Bi-monthly reporting by the Constabulary to the OPCC Executive Board on the performance framework. 	<p>Substantial assurance</p>	<p>Report circulated to Joint Audit & Standards Committee</p>

Appendix 1 – Final reports issued to 25 April 2016

	<ul style="list-style-type: none"> • Effective challenge of progress in achieving priorities from the Police and Crime Commissioner and internally via Performance Development Conferences. • Actions to address performance issues are documented and tracked with clear ownership. • Clear definitions of performance measurement, performance monitoring and a performance management framework within performance documentation. • Regular opportunities to share good practice and achievements. • Involvement in regional performance groups to scrutinise performance, share best practice and identify opportunities for improvement. • A quality assurance process is in place to ensure the reliability and integrity of performance information provided to senior management and the OPCC. • Benchmarking of Cumbria’s performance against most similar forces. <p>There were no recommendations arising from this audit.</p>		
Budget management – constabulary payroll	<p>The purpose of the audit was to provide assurance over the methodology for preparing the police officer payroll budget and monitoring and reporting on the budget.</p> <p>The following strengths were identified:</p> <ul style="list-style-type: none"> • Responsibility for developing the police officer payroll budget methodology has been clearly defined. • A zero based approach is taken to budget setting, with budgets being built up from the bottom based on existing post and staff data; • There is clarity over finance staff and budget holder responsibilities, which is annually restated through the use of a budget book; • There is ongoing and effective dialogue between the finance team, budget managers, HR and the change team which informs the budget model. • There is a challenge process in place over budget setting at various hierarchical levels. This challenge includes independent recalculation by the Chief Finance Officer with a commitment to further develop this process in the future; • There is a detailed forecast of spend by extrapolating existing staff costs, and incorporating the implications of decisions of the Workforce Development Group. • There are clear explanations for forecasts and variances in narrative reports signed off by the budget holder. 	Substantial assurance	Report circulated to Joint Audit and Standards Committee

Appendix 1 – Final reports issued to 25 April 2016

	<ul style="list-style-type: none"> • There is a clear reporting framework and consolidation process. • There is an appropriate escalation process to keep senior management fully informed. <p>No recommendations were made.</p>		
Mobile devices – project management	<p>The purpose of the audit was to provide assurance over the governance arrangements and project management for Tranche 1 of the mobile devices project.</p> <p>The audit identified a number of areas of good practice:</p> <ul style="list-style-type: none"> • There is an approved business case for the Mobile and digital Programme with clear links to service & organisational objectives. • Approval for the project was based on a full understanding of the benefits against cost outlined in the Business Case • There is a project risk register reflecting current risks, with details of mitigating actions. • There is a link between the project risk register and the organisational risk register which enables higher category project risks to be escalated as necessary. • A Project Steering Group has been appointed to oversee the programme. • A sound project governance structure is in place. There is a clearly defined project team including a named Project Manager and roles & responsibilities have been clearly defined and allocated to all members of the team. • Standard project control methodologies have been adopted (PRINCE2 & MSP). • The Project methodologies ensure that there is a timetable with stage deadlines. • Compliance with the project methodology is rigorously enforced by the Project Team. • A budget has been set in accordance with the Business Case. • Actual expenditure is regularly compared to budgeted expenditure and results are reported monthly to the Project Steering Group. • Mechanisms are in place to ensure appropriate action would be taken on any overspends at key stages of the project. • Comprehensive testing was undertaken to ensure the equipment and applications purchased complied with the requirements set out in the Business case. 	Substantial assurance	Report circulated to Joint Audit and Standards Committee

Appendix 1 – Final reports issued to 25 April 2016

	<ul style="list-style-type: none"> • The Project Manager holds regular project meetings where progress and delivery at various stages is discussed. • The Project Manager ensures stage deadlines are achieved and takes appropriate action where a stage deadline may not been achieved. • The Project Manager reports monthly to the Project Steering Group and the OPCC on progress made against timetable. • A post implementation review was carried out at the end of Tranche 1 with lessons learnt to be applied to future stages. <p>No recommendations were made.</p>		
ICT Strategy	<p>The purpose of the audit was to provide assurance over management’s arrangements for governance of the ICT strategy and plans to deliver it.</p> <p>The audit identified the following areas of good practice:</p> <ul style="list-style-type: none"> • An approved ICT Strategy is in place that clearly supports the delivery of strategic policing objectives, as set out in the Policing Plan. • There is a nominated Director who is accountable for ICT Strategy at a strategic level. • There is an ICT department risk register reflecting current risks, with details of mitigating actions. Risks are discussed regularly and widely at ICT SMT and escalated as necessary. • A sound project governance structure is in place for delivery of the ICT Strategy. There are defined project teams, including named Project Managers, and clearly described roles & responsibilities. • A balance of technical and stakeholder input was received to ensure the ICT Strategy meets business needs / service requirements effectively. • There are regular opportunities to identify lessons learned and good practice and feed this in to delivery mechanisms. • A high level departmental plan is in place that shows how the ICT Strategy will be delivered within specific timescales. Project methodologies ensure there are detailed timetables, with stage deadlines, for the delivery of individual projects within the ICT Strategy. 	Substantial assurance	Report circulated to Joint Audit and Standards Committee

Appendix 1 – Final reports issued to 25 April 2016

	<ul style="list-style-type: none"> • Progress against the plans (departmental & project) is monitored regularly by project boards, ICT SMT and Force Strategic Development Board. • There has been full and detailed consideration of the budget and resources required to implement the ICT Strategy, involving Finance, HR and Chief Officers with ongoing discussions around capacity, capability and affordability. <p>No recommendations were made.</p>		
Complaints Handling (Constabulary)	<p>The audit was undertaken to provide assurance on management’s arrangements for monitoring and reporting of statistical and qualitative data regarding the number and nature of complaints, outcomes and trends and how that information is used to inform and improve future service delivery, both from internal monitoring activity and feedback from the Ethics and Integrity panel.</p> <p>A number of strengths were identified:</p> <ul style="list-style-type: none"> • Cumbria Constabulary has formally adopted the Independent Police Complaints Commission’s (IPCC) statutory guidance on complaints handling and supplemented this with comprehensive and up to date flowchart guidance. The guidance is easily accessible via the force intranet. • Quarterly reporting to the Ethics and Integrity Panel on complaints activity and performance to enable the Police and Crime Commissioner to hold the Chief Constable to account. • The Ethics and Integrity Panel undertakes quarterly dip sampling of constabulary complaint files to independently scrutinise adherence to policy and procedures. Findings and recommendations are shared with the team and acted upon. • Roles and responsibilities for complaints handling are clearly defined with a Detective Inspector post dedicated to complaints management. • Management are committed to developing and improving complaints management arrangements and could demonstrate recent improvement activity to address new IPCC standards regarding access for minority groups. <p>Two medium priority issues were identified relating to:</p> <ul style="list-style-type: none"> • Including indicative timescales for responses or actions within initial letters to complainants acknowledging receipt of complaints; • Tracking actions determined by the PSD’s Tasking and Co-ordination Group until 	Reasonable assurance	Report circulated to Joint Audit and Standards Committee

Appendix 1 – Final reports issued to 25 April 2016

	<p>they are satisfactorily resolved.</p> <p>One advisory issue was raised in respect of surveying complainants with regard to the complaints handling process.</p>		
Complaints Handling (OPCC)	<p>The purpose of the audit was to provide assurance over management’s arrangements complaints handling. The review focussed on policy and procedures and monitoring adherence to them.</p> <p>A number of areas of good practice were identified during the course of the audit:</p> <ul style="list-style-type: none"> • Comprehensive and up to date COPCC arrangements for complaint handling which incorporates the policy and flowchart guidance. These are approved by the Chief Executive and published on the PCC’s website. • Ease of access, through the PCC’s website, for the public to find out how to lodge a complaint against the Constabulary / PCC. • Every effort is made to support complainants throughout the process, including the provision of a guide in both English and Polish and the contact details of other organisations that provide assistance. • Complaints management procedures provide a thorough and structured approach to dealing with complaints, including flowchart guidance. • Responsibility for complaints management is clearly and comprehensively defined. • Sound arrangements are in place for the COPCC to keep abreast of relevant legislation and guidance relating to complaints management. • Ongoing monitoring of adherence to the Complaints policy and procedures, at an appropriate level. • Quarterly reporting by the Constabulary to the Ethics and Integrity Panel on complaints activity to enable the Commissioner to hold the Chief Constable to account. • The Ethics and Integrity Panel undertakes quarterly dip sampling of constabulary complaint files to independently scrutinise adherence to policy and procedures. • Publication of complaints received about the Commissioner and the outcome of each, demonstrating openness to public scrutiny and accountability. 	Substantial assurance	Report circulated to Joint Audit and Standards Committee

Appendix 1 – Final reports issued to 25 April 2016

	No recommendations were made.		
Data Protection and Freedom of Information Act (Constabulary)	<p>The purpose of the audit was to provide assurance over management arrangements in place over Freedom of Information and Data Protection requests. The audit focussed on compliance with legislation, efficiency of responses and quality assurance arrangements and tracking and monitoring individual cases against statutory deadlines.</p> <p>The audit identified the following areas of good practice:</p> <ul style="list-style-type: none"> • Regular opportunities are taken for the Force Disclosure Manager to keep abreast of relevant legislation and guidance relating to information requests and identify good practice to inform internal processes. • A logging and tracking system is in place that facilitates monitoring progress against statutory deadlines. • Six monthly reporting by the Constabulary to the Ethics and Integrity Panel on compliance with legislation relating to information requests. • Responsibility for information disclosure is clearly and comprehensively defined within job descriptions and procedures. There is a central resource to manage information requests with key contacts in service areas responsible for collating the information. • Tailored training is provided to staff involved in addressing information requests. <p>Two medium priority issues were identified in respect of :</p> <ul style="list-style-type: none"> • Supervisory arrangements for confirming compliance with policies and procedures regarding information requests and the quality of outcomes. • The need for regular, structured supervision and feedback on performance for Disclosure and Compliance staff. <p>One advisory issue was identified with regard to FOI procedures including an initial assessment of whether customers can be directed to information already in the public domain.</p>	Reasonable assurance	Report presented to Joint Audit and Standards Committee 09/03/16

Appendix 1 – Final reports issued to 25 April 2016

<p>Data Protection and Freedom of Information Act (OPCC)</p>	<p>The purpose of the audit was to provide assurance over management arrangements in place over Freedom of Information and Data Protection requests. The audit focussed on compliance with legislation, efficiency of responses and quality assurance arrangements and internal case management.</p> <p>Good practice was identified in the following areas:</p> <ul style="list-style-type: none"> • Comprehensive and up to date Subject Access and Freedom of Information procedures are in place which refer directly to relevant legislation and guidance. Arrangements for review of these procedures are clear. • FOI requests received by the COPCC are published on the website in a Disclosure Log. The log provides details of all requests received and responses provided (with links to additional / supporting documents). This demonstrates the COPCC's commitment to supporting information requests and openness and transparency to the public. • Responsibility for information disclosure is clearly and comprehensively defined within job descriptions and procedures. • Tailored training is provided to staff involved in addressing information requests. • Opportunities are taken for the Governance & Business Services Manager to keep abreast of relevant legislation and guidance relating to information requests and identify good practice to inform internal processes. • A logging and tracking system is in place that facilitates monitoring progress against statutory deadlines. • The Commissioner is kept abreast of Constabulary compliance with legislation relating to FOI information requests through six monthly reporting to the Ethics and Integrity Panel. This assists him in holding the Chief Constable to account. <p>There were no recommendations.</p>	<p>Substantial assurance</p>	<p>Report circulated to Joint Audit and Standards Committee</p>
<p>Safeguarding IT assets</p>	<p>The purpose of the audit was to provide assurance over management arrangements in place for safeguarding IT assets. The audit focussed on policies and procedures and quality of record keeping and monitoring arrangements.</p> <p>We identified the following good practice points:</p>	<p>Reasonable assurance</p>	<p>Report presented to Joint Audit and Standards Committee 09/03/16</p>

Appendix 1 – Final reports issued to 25 April 2016

	<ul style="list-style-type: none"> • The Service Improvement Plan has identified the need for more consistent and frequent auditing of IT assets; • There is a robust risk management process at the Constabulary ensuring that any significant risk areas relating to IT assets are registered. • There are policies & procedures in place relating to IT assets and all staff have access via SharePoint • Arrangements are in place to identify any new legislation relating to IT assets or the data they hold via the Police on-line Knowledge Area (POLKA) • Staff holding IT assets are required to sign forms (SyOPs) to confirm understanding of their responsibilities relating to asset and the data held within. • Staff are reminded of their responsibilities via intranet on-line news. • IT assets are recorded in a designated asset management tool; MSCM • Processes are in place to ensure that staff leaving the force must return all IT assets • There are secure disposal procedures of hardware and data with a contractor • Access to IT asset storage rooms (and the main server room) is security protected • All IT assets are insured to replacement value. • All IT assets are asset tagged. <p>Three medium priority recommendations were made in respect of:</p> <ul style="list-style-type: none"> • Formalising responsibility for keeping up to date with emerging legislation; • Updating procedures to include current processes • Establishing a mechanism to demonstrate that all newly purchased equipment is promptly recorded in the database. 		
Code of Ethics	<p>The purpose of the audit was to provide assurance over management arrangements for communication, feedback to staff and lessons learned in respect of the Code of Ethics.</p> <p>We identified the following good practice points:</p> <ul style="list-style-type: none"> • Visible and formal senior management commitment to following the College of Policing’s Code of Ethics; • Quarterly reporting on integrity to the Ethics and Integrity Panel allowing independent review and challenge and to enable the Police and Crime 	Reasonable assurance	Report presented to Joint Audit and Standards Committee 03/05/16.

Appendix 1 – Final reports issued to 25 April 2016

	<p>Commissioner to hold the Chief Constable to account;</p> <ul style="list-style-type: none"> • Arrangements to reinforce Code of Ethics training on a regular basis through the PASS newsletter, as part of an ongoing commitment to ethical behaviour are in place; • Support, advice and guidance are readily available to staff on ethical issues and there are frequent reminders of this; • Arrangements are in place for staff to raise ethical issues on a confidential basis. These are made known to all staff; • Opportunities are taken to learn lessons from breaches of professional standards and to increase understanding of ethical behaviour. <p>Three medium priority recommendations were made around:</p> <ul style="list-style-type: none"> • Ensuring all staff have received mandatory training on the Code of Ethics; • Defining and allocating responsibility for ethical behaviour to a senior manager within the Constabulary; • Consistently implementing consideration of standards of professional and ethical behaviour within the performance development review process. 		
Firearms	<p>The purpose of the audit was to provide assurance over management arrangements for receiving recording, storing and the retention and disposal of surrendered and seized firearms.</p> <p>We identified the following areas of good practice:</p> <ul style="list-style-type: none"> • There is visible senior management support for reducing the volume of unwanted and illegal firearms in circulation in the county, including active participation in national and regional gun amnesties. • The public are actively encouraged to surrender unwanted and unlicensed firearms during gun amnesties as part of a force media strategy. • There is close liaison between Firearms Operations and Firearms Licencing teams. • Safety is paramount during the seizing and surrender of firearms and this message is clearly conveyed through communications, guidance material and the availability of authorised firearms officers throughout the county. • Access to armouries is carefully restricted and both successful and unsuccessful 	Reasonable assurance	Report presented to Joint Audit and Standards Committee 03/05/16.

Appendix 1 – Final reports issued to 25 April 2016

	<p>access attempts are logged.</p> <p>Five medium priority issues were identified in respect of:</p> <ul style="list-style-type: none"> • Update of firearms recovery procedures and ensuring all current aspects of firearms handling are included • Ensuring firearms awareness and safe recovery training makes reference to the policy and procedures and where staff can access them. • Further strengthening the arrangements for initial receipting of surrendered firearms and ammunition • Arrangements to assure management that firearms and ammunition records are complete and accurate • Defining arrangements for dealing with seized and surrendered firearms that cannot be returned to lawful owners. <p>One advisory recommendation was made to ensure information outlining the arrangements for surrendering unwanted and unlicensed firearms is available to the public outside of amnesties.</p>		
Pensions	<p>The purpose of the audit was to provide assurance over management arrangements in place for pensions. The audit focussed on data quality and backdated lump sum adjustment payments calculated by Capita.</p> <p>The following strengths were identified:</p> <ul style="list-style-type: none"> • Back dated amounts owed to police officers were paid in full within Home Office deadlines. • The contract for pensions administration makes it clear that any errors in payment resulting in losses or claims for damages will be met by the Contractor. The Contracting Authority will not indemnify the Contractor for any such loss. <p>One medium priority recommendation was made to ensure that management have full assurance that adequate data quality checks are undertaken on information supplied to the contractor and used in the pension lump sum calculations.</p>	Reasonable assurance	Report presented to Joint Audit and Standards Committee 03/05/16.

Appendix 1 – Final reports issued to 25 April 2016

Creditors	<p>The purpose of the audit was to provide assurance over management arrangements in place for creditors. The audit focussed on procedures and training, permissions and responsibilities, supplier maintenance and set up, system reporting and reconciliations and performance monitoring and reporting.</p> <p>Areas of good practice identified was as follows:</p> <ul style="list-style-type: none"> • Service standards are clearly defined and performance is kept under regular review and reported to senior management. • System validations, exception reporting and reconciliation arrangements contribute to the quality of data in the accounts payable and accounting systems. • The approval and creation of user access profiles is well controlled and takes account of roles to ensure adequate segregation of duties. • The system ensures timely payments are made that meet supplier payment terms. <p>Three medium priority recommendations were made around:</p> <ul style="list-style-type: none"> • Ensuring accounts payable procedures are kept under review • Providing formal, structured feedback on performance to staff on a regular basis; • Arrangements for deactivating suppliers. 	Reasonable assurance	Report presented to Joint Audit and Standards Committee 03/05/16.
Property Handling follow up	<p>The purpose of the audit was to follow up the implementation of internal audit recommendations made in the property handling audit issued in October 2013. Based on the evidence at the time of the initial audit we concluded that the controls in operation provided limited assurance.</p> <p>Our follow up identified that four of the ten recommendations in the original report had been successfully implemented. The remaining six recommendations were partially completed but that further action is needed to fully address the risks exposed. Progress to date was such that the audit opinion has now been revised to reasonable assurance.</p>	Reasonable assurance	Report presented to Joint Audit and Standards Committee 03/05/16.

Appendix 1 – Final reports issued to 25 April 2016

In addition to the above, the Audit Manager attended the Police Audit Group Conference in July. Areas covered at the conference were taken into consideration when preparing the 2016/17 draft Internal Audit plan.

The 2016/17 draft Internal Audit plan was presented to the March 2016 Joint Audit and Standards Committee.

Appendix 2 – Progress on 2015/16 Audit Plan

PCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary	ICT strategy	Complete – Final report issued	Yes
Constabulary	Complaints handling	Complete – Final report issued	Yes
OPCC	Complaints handling	Complete – Final report issued	Yes
Constabulary	Cumbria Safeguarding Hub	Work scoped jointly with Cumbria County Council’s Children’s Services at the request of the Constabulary. Fieldwork will commence in May.	n/a
Constabulary	Mobile devices (project management)	Complete – Final report issued	Yes
Constabulary	Data protection and Freedom of Information Act	Complete – Final report issued	Yes
OPCC	Data protection and Freedom of Information Act	Complete – Final report issued	Yes
Constabulary	Performance monitoring and reporting, including data quality	Complete – Final report issued	Yes
Constabulary	Safeguarding assets	Complete – Final report issued	Yes
Constabulary	Budget management (payroll)	Complete – Final report issued	Yes
Constabulary	Duty Management System	Complete – Final report issued	Yes
Constabulary	Code of ethics / organisational values	Complete – Final report issued	Feedback form issued 18/04/16
Constabulary	Firearms	Complete – Final report issued	Feedback form issued 25/04/16
Constabulary	Governance (procurement & commissioning)	Work scoped and carried forward into 16/17 Internal Audit plan as agreed by the OPCC Chief Finance Officer / Deputy Chief Exec.	n/a
OPCC	Governance (procurement & commissioning)		n/a
OPCC & Constabulary	Financial system review - Pensions	Complete – Final report issued	Feedback form issued 22/04/16
OPCC & Constabulary	Financial system review - Creditors	Complete – Final report issued	Feedback form issued 22/04/16
Constabulary	Follow up – property handling	Complete – Final report issued	Feedback form issued 20/04/16
Constabulary	Annual Governance Statement 2014/15	Complete	n/a

Appendix 2 – Progress on 2015/16 Audit Plan

OPCC	Annual Governance Statement 2014/15	Complete	n/a
------	-------------------------------------	----------	-----

Appendix 2 – Progress on 2015/16 Audit Plan

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Completion of audit plan	% of audits completed to final report	95% (annual target)	94%	All audit work has been delivered in the year with the exception of the Safeguarding Hub. This work was delayed due to a request from the Constabulary to undertake a joint audit with Cumbria County Council's Children's Services. Work is underway on this audit. The delay of this work does not impact on our ability to provide the annual opinion.
	Number of planned days delivered	217* (annual target)	207	10 days still to be delivered on the Safeguarding Hub audit. * reduced by 15 days from 232 (governance audit of procurement to be carried forward to 16/17).
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%	
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	100%	
Timeliness of final reports	% of final reports issued for corporate director comments within five working days of management response or closeout meeting.	90%	100%	
Recommendations agreed	% of recommendations accepted by management	95%	100%	
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	100%	
Quality assurance checks completed	% of QA checks completed	100%	100%	
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	90%	Figure is based on ten returned client feedback forms as detailed in Appendix 2.
Chargeable time	% of available auditor time	80%	78%	Chargeable time has

Appendix 2 – Progress on 2015/16 Audit Plan

	directly chargeable to audit jobs.			remained stable in the period. It was impacted on in Q2 by a finance team restructure and training. The figure continues to be closely monitored by the audit management team.
--	------------------------------------	--	--	--



Office of the Police & Crime Commissioner

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N° 023 / 2016)

TITLE: Effectiveness of the arrangements for Internal Audit 2015-16

Executive Summary: (Précis not more than 100 words)

This report sets out the work that has been undertaken to review the arrangements for Audit for the Commissioner and Chief Constable. Assurances in respect of the arrangements for audit are part of a robust governance framework. They support the Commissioner and Chief Constable in placing reliance on the opinion of the Head of Internal Audit and support the Joint Audit and Standards Committee in placing reliance on the work and reports of the internal auditors. An effective internal audit service is also a characteristic with the seven principles of the CIPFA 2016 Good Governance Framework. The review takes account of the arrangements for the Audit function and the arrangements for an Audit Committee. The review concludes that those arrangements are effective.

Recommendation:

- 5.1 The Commissioner and Chief Constable are asked to consider this report and:
- (a) Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2016 and to the date of this meeting, taking into account the views of the Joint Audit and Standards Committee, and
 - (b) Consider any areas where they might wish to see improvements or changes in 2016-17.

Police & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police & Crime Commissioner. Any such interests are recorded below.

I hereby approve/~~do not approve~~ the recommendation(s) above

Police & Crime Commissioner / ~~Chief Executive~~ (delete as appropriate)

Signature:

Date: 03 May 2016

PART 1 – NON CONFIDENTIAL FACTS AND ADVICE TO THE PCC

1. Introduction & Background

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines the system of Internal Audit as the entirety of the arrangements for audit put in place by the entity, including the activities of any oversight committee. This report sets out an overall judgment, based on that review. The review comprises the arrangements for internal audit and the arrangements for the Joint Audit and Standards Committee, detailed in the Committee's Annual Report accompanying this item on the agenda.

2. Issues for Consideration

The Commissioner and the Chief Constable are the bodies charged with Governance for their respective statutory entities. The arrangements for Internal Audit are discharged jointly through a shared Internal Audit service delivered by Cumbria County Council and a Joint Audit and Standards Committee comprising 4 independently recruited members. The Commissioner and Chief Constable, in receiving this review, must ensure that they are satisfied with the effectiveness of the arrangements for Internal Audit.

3. Implications

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

- 3.1. Financial: n/a
- 3.2. Legal: The review of the arrangements for Audit meet the Commissioner and Chief Constables' legal requirements of the Accounts and Audit Regulations 2011.
- 3.3. Risk: The arrangements for audit are delivered using a risk based methodology
- 3.4. HR / Equality: n/a
- 3.5. I.T.: n/a
- 3.6. Procurement: n/a
- 3.7. Victims: n/a

4. Backgrounds / supporting papers

(List any relevant business case, EIA, PID, Media Strategy and append to this form; list persons consulted during the preparation of the report)

- a) Report on the effectiveness of arrangements for Audit 2015-16
- b) Annual Report of the Joint Audit and Standards Committee

Public Access to Information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would not compromise the implementation of the decision being approved.

Is the publication of this form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **Part 2** form NO

(If Yes, please ensure Part 2 form is completed prior to submission)

ORIGINATING OFFICER DECLARATION:

I confirm that this report has been considered by the Chief Officer Group and that relevant financial, legal and equalities advice has been taken into account in the preparation of this report.

Signed: **Date:**

OFFICER APPROVAL

Chief Executive / Deputy Chief Executive (delete as appropriate)

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner / Chief Executive (delete as appropriate).

Signature: Ruth Hunter

Date: 03 May 2016

Media Strategy

The decision taken by the Police & Crime Commissioner may require a press announcement or media strategy.

Will a press release be required following the decision being considered: NO

If yes, has a media strategy been formulated? YES / NO

Is the media strategy attached? YES / NO

What is the proposed date of the press release:



Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee May 3rd 2016: agenda Item 12
Office of the Police and Crime Commissioner/Chief Constable Decision
Meeting May 3rd/ May 4th 2016 agenda item 6a

Review of effectiveness of the arrangements for Audit 2015-16

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

1. Introduction and Background

1.1 The Accounts and Audit Regulations 2015 removed the requirement within the 2011 Regulations to conduct an annual review of the effectiveness of the arrangements for audit. Assurances in respect of the arrangements for audit are however part of a robust governance framework. They support the Commissioner in placing reliance on the opinion of the Head of Internal Audit and support the Joint Audit and Standards Committee in placing reliance on the work and reports of the internal auditors. An effective internal audit service is also a characteristic with the seven principles of the CIPFA 2016 Good Governance Framework.

1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines the system of Internal Audit as the entirety of the arrangements for audit put in place by the entity, including the activities of any oversight committee. This report sets out an overall judgment, based on that review. The review comprises the arrangements for internal audit, detailed within this report and the arrangements for the Joint Audit and Standards Committee, detailed in the Committee's Annual Report accompanying this item on the agenda.

1.3 The review process seeks to provide assurance that the arrangements are adequate and effective. This is based on a judgment made following an assessment of compliance with relevant codes and standards. For internal audit the review is undertaken against the Public Sector Internal Audit Standard (PSIAS). The review, in assessing the adequacy and effectiveness of the internal audit function, provides further assurance in respect of the reliance that can be placed on the opinion given by the Head of Internal Audit in her annual report for the Annual Governance Statement. The review of the effectiveness of the arrangements for the Joint Audit and

Standards Committee is undertaken in line with the CIPFA 2013 guidance¹ that provides an evaluation self-assessment framework and a checklist of good practice.

2. Effectiveness of the Internal Audit Function

2.1 The effectiveness of the internal audit function is reviewed on the basis of compliance by the Internal Audit shared service provider with the PSIAS. The Audit Manager is required under the PSIAS to include within her annual report, a statement of conformance with the Standards. Any instances of non-conformance must be reported to the Joint Audit and Standards Committee. Furthermore, any significant non-conformance should be considered for inclusion within the Commissioner and Chief Constable's respective Annual Governance Statements.

2.2 The Public Sector Audit Standards support audit effectiveness by setting out a set of requirements for the governance, management and delivery of internal audit. This includes a requirement to develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of internal audit activity. Key elements of the QAIP include on-going monitoring of the performance of the internal audit activity, periodic assessment or self-assessment and external assessment. The QAIP also ensures that reasonable assurance is provided that Internal Audit is performing its work in accordance with its Internal Audit Charter, which is consistent with the PSIAS and that it operates in an effective and efficient manner.

2.3 The QAIP was presented to members of the Joint Audit and Standards Committee at their meeting 9 March 2016 for review. The QAIP report set out what was in place during 2015-16 and what is envisaged to be in place during 2016-17. The QAIP set out for members how audit engagements are supervised, how work including final reports are reviewed, arrangements for the audit manual and performance measures. The QAIP also includes the annual assessment of Internal Audit's conformance with its Charter and annual completion of the CIPFA checklist for assessing conformance with the PSIAS. At the same meeting members received the Internal Audit Charter. The Internal Audit Charter sets out the purpose, authority, responsibility and objectives of Internal Audit, providing clarity on how Audit works, its scope, lines of reporting and requirements in respect of objectivity and independence. The Charter, alongside the QAIP, supports the organisation and its auditors in ensuring the delivery of arrangements for Internal Audit that are effective. During the year members of the Joint Audit and Standards Committee has also received monitoring reports on actual performance against Internal Audit's performance framework at their quarterly meetings.

2.4 The summary of the outcomes of the completed self-assessment is attached to this report at Appendix A and is further supported by an evaluation of the role of the Head of Internal Audit against the CIPFA standard at Appendix B. The full 50 page checklist is retained on file for review by the External Auditors. The Annual

¹ audit committees\Practical Guidance for Local Authorities and Police

Report of the Head of Internal Audit, provided within this agenda, confirms that the Standards within the PSIAS have been complied with.

2.5 Whilst the review of internal audit against the PSIAS provides the primary source of assurance, further assurance of the effectiveness of internal audit is taken from the opinion provided by the external auditors. This is included within Grant Thornton's Progress Update Report for the 2015-16 audit. The report sets out that the external auditors have completed a high level review of internal audit's overall arrangements. Their work has not identified any issues that they wish to bring the Commissioner or Chief Constable's attention. Overall, they conclude that the internal audit service continues to provide an independent and satisfactory service to the PCC and the Chief Constable and that internal audit work contributes to an effective internal control environment at both entities.

3 Effectiveness of arrangements for an Audit Committee

3.1 The effectiveness of the arrangements for an audit committee have been assessed by reviewing the arrangements for the Joint Audit and Standards Committee against the assessment criteria and checklist provided by CIPFA in its 2013 publication, *audit committees\Practical Guidance for Local Authorities and Police*. The guidance document provides a detailed regulatory framework against which the work and activity of the committee, in addition to the overall arrangements, can be assessed and consideration given to areas for improvement and development. The key messages arising from the review are that:

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

3.2 The overall conclusion and assessment from the review is that the Joint Audit and Standards Committee is effective in its operation. The review has demonstrated that within the areas of the self-assessment the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. Against the self-assessment checklist the committee achieves a consistent grade of 4 or 5 across all areas. The full report of the review of effectiveness is included on the agenda to this meeting.

4.0 Conclusions

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

(i) The review of the internal audit shared service against the PSIAS, and supported by the review of the role of the Head of Internal Audit, demonstrates that the service is effective

(ii) The annual review of the arrangements for an audit committee in accordance with the guidance, assessment criteria and checklists defined by CIPFA, demonstrates that the Joint Audit and Standards Committee is effective in its operation

4.2 When taken together, there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2016, or to the date of this meeting.

3. Recommendations

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

(a) Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2016 and to the date of this meeting, and

(b) Consider any areas where they might wish to make recommendations to the Commissioner and Chief Constable for improvements in 2016-17.

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

(a) Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2016 and to the date of this meeting, taking into account the views of the Joint Audit and Standards Committee, and

(b) Consider any areas where they might wish to see improvements or changes in 2016-17.

Stuart Edwards
Commissioner's Chief Executive

Ruth Hunter
Commissioner's Chief Finance Officer/Deputy Chief Executive

Roger Marshall
Chief Constable's Chief Finance Officer

03 May 2016

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications:

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

Contact points for additional information

Ruth Hunter – Commissioner’s Chief Executive/ Deputy Chief Executive

Tel: 01768 217734

E Mail: ruth.hunter@cumbria.police.uk

Roger Marshall – Chief Constable’s Chief Finance Officer

Tel: 01768 217020

E Mail: roger.marshall@cumbria.police.uk

Appendix A – Review of Internal Audit Effectiveness

1. Definition of Internal Auditing

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

2. Code of Ethics

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

3. Purpose, Authority and Responsibility

- 3.1. An internal audit charter is in place which defines the purpose, authority and responsibility of internal audit as well as its rights of access to all information, premises and personnel for the purpose of completing internal audit reviews.
- 3.2. The charter sets out the functional reporting line of the Group Audit Manager / Audit Manager to the Joint Audit and Standards Committee to ensure internal audit independence.
- 3.3. The Audit Manager attends all meetings of the Joint Audit and Standards Committee.
- 3.4. The Audit Manager has direct access to the Chief Officer Group, the Chief Executive, the Commissioner and the Joint Audit and Standards Committee Chair.
- 3.5. The reporting lines for the Audit Manager ensure that internal audit independence is maintained and in line with the Standards, the Audit Manager reports directly to the Commissioner's Chief Finance Officer (S151 Officer) who is a member of the Executive Board.

- 3.6. There have been no identified threats to internal audit independence or objectivity during the year.
- 3.7. The Standards refer to the arrangements for the Audit Manager's appraisal. Input and feedback should be obtained from the Chief Executive or equivalent and Chair of the Audit Committee. This is a requirement of the employing organisation designed to protect the independence of the Audit Manager in relation to those audits that may be subject to undue influence, being within the area of the appraiser's responsibility. Whilst this is not a requirement for either the Commissioner or the Chief Constable, the Commissioner's Chief Finance Officer, on behalf of both entities, will provide feedback on the performance of the Audit Manger as part of the arrangements for management of the shared audit service.

4. Proficiency and Due Professional Care

- 4.1. The Audit Manager is professionally qualified and experienced to deliver an effective internal audit service.
- 4.2. Job descriptions and person specifications reflect the duties required to deliver the risk-based approach to internal auditing and the skills needed to undertake the roles.
- 4.3. The team has a wide range of skills and experience brought about in part by the creation of the Shared Internal Audit Service which brought together a number of existing internal audit teams into a single service.
- 4.4. All audit work is undertaken with due professional care and reviewed by an Audit Manager to ensure that the work undertaken supports conclusions reached.
- 4.5. A Quality Assurance and Improvement Programme (QAIP) has been in place during 2015-16. The programme has been formally documented and was reported to the Joint Audit and Standards Committee on 9 March 2016. This includes the adoption of a comprehensive performance framework that is incorporated within the audit charter. The Joint Audit and Standards Committee have received quarterly reports monitoring actual performance against the framework.

5. Performance Standards

- 5.1. Internal audit work is undertaken to support the purpose of internal audit as defined within the audit charter. Management arrangements are in place to ensure that all work is delivered in accordance with the charter and to deliver relevant assurance to management, the Joint Audit and Standards Committee, the Commissioner and Chief Constable.
- 5.2. Risk based audit plans have been developed across the shared internal audit service. The plans have been developed to enable an overall annual opinion to be provided on the arrangements for governance, risk management and internal control.

- 5.3. In developing the plans, account has been taken of the organisation's risk management frameworks, the expectations of senior management and emerging national and local issues.
- 5.4. Audit plans have been developed based on a documented risk assessment. Arrangements are in place to report required amendments to audit plans to the Joint Audit and Standards Committee should this become necessary.
- 5.5. The plans identify the audit resources required to deliver them and arrangements are in place to allocate the workload across the audit team in advance to ensure all plans can be delivered.
- 5.6. Arrangements are in place to ensure the audit manual is continually updated as working practices continue to be reviewed.
- 5.7. Internal audit contributes to improve the Commissioner and Chief Constable's operations through delivery of approved audit plans. Internal audit recommendations are aimed at strengthening performance and risk management, governance and ethical policies and values and internal controls.

6. Engagement Planning

- 6.1. All internal audit reviews are scoped and a brief prepared setting out the scope and objectives of the audit work together. This process ensures that management input to the scope of each audit. A standard client notification document has been designed and has been used for all audit reviews. Audit scopes include consideration of systems, records, personnel and premises.
- 6.2. The audit planning process includes a preliminary assessment of risk for each audit included in the plan. Auditors then undertake research as part of planning individual audit reviews to identify specific risks within the area under review. Within the risk based approach, once the scope of an audit is agreed, a full risk identification exercise is undertaken as part of the audit fieldwork. This ensures that risk is considered throughout the audit process.
- 6.3. The Internal Audit management review process ensures that work plans are prepared for each audit that document how the audit objectives will be met and that sufficient audit work is undertaken to support conclusions reached.
- 6.4. There is a document retention policy in place to manage audit records.
- 6.5. All internal audit work is subject to management review, and there is a consistent approach in place to documenting and retaining evidence of this review.
- 6.6. All internal audit reports are issued in draft for management comments and agreement of the factual accuracy and completion of the action plan. Clients have the opportunity to discuss the draft reports with the auditor.
- 6.7. Audit final reports issued in relation to 2015-16 audit plans were accurate, comprehensive and complete. All contained an assurance statement and agreed action plan.

6.8. The Audit Manager produces an annual report to the Joint Audit and Standards Committee and the Executive Board, which includes the overall opinion on the arrangements for governance, risk management and internal control. The report includes a summary of the work undertaken in support of the opinion.

7. Monitoring Progress

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

8. Communication of the Acceptance of Risks

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

Appendix B - CIPFA Statement on the Role of the Head of Internal Audit 2010

1. Introduction

1.1 In 2010, CIPFA published a Statement on the [Role of the HIA in Public Sector Organisations](#) in recognition of the critical position occupied by the HIA within any organisation in helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. CIPFA introduced a 'comply or explain' requirement which has been formally set out within the CIPFA / SOLACE publication ['Delivering Good Governance in Local Government: Framework Addendum \(2012\)'](#).

1.2 The Addendum sets out 21 key elements of the typical systems and processes that comprise governance arrangements and requires that the annual review of the effectiveness of governance arrangements makes reference to each of these key elements.

1.3 In relation to the role of the Head of Internal Audit, the Addendum states that a key element of governance includes the arrangements for:

"Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and where they do not, explain why and how they deliver the same impact."

1.4 In order to make a public declaration of conformance with the Statement, it is recommended that a self-assessment is undertaken against the detailed requirements set out within the publication and signed off by the Chief Financial Officer / Corporate Management Team.

2 The Five Principles

2.1 The Statement sets out how the requirements of legislation and professional standards should be fulfilled by HIA's in carrying out their role and is structured under five core principles:

2.2 The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by

- championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

2.3 To perform this role, the Head of Audit:

- must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee
- must lead and direct an internal audit service that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

2.4 The table below sets out the completed self-assessment for the HIA operating the shared internal audit service on behalf of the Commissioner and Chief Constable.

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
Principle 1: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments					
1.1	Set out the HIA's role in good governance and how this fits with the role of others.	HIA Role Profile sets out the contribution of the annual report of the HIA to the Annual Governance Statement. The PCC CFO acted as a panel member for recruitment to the HIA post.	✓		
1.2	Ensure that the importance of good governance is stressed to all in the organisation, through policies, procedures and training	Code of Corporate Governance sets out the frameworks that are in place to support the overall arrangements. There are individual codes for the COPCC and Constabulary that are subject to audit	✓		
1.3	Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.	Major projects, programmes and policy initiatives were considered during the planning stage and incorporated into the plan as appropriate. The process for development of the audit plan ensures engagement with the business to identify risks and developments for inclusion within the audit programme. E.g. 2015-16 mobile and digital audit	✓		
Principle 2: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control					
2.1	Set out the responsibilities of the HIA, which should not include the management of operational areas.	Responsibilities of the HIA are set out in the Role Profile and do not include any operational responsibilities. This is further supported by the shared service nature of the function with the	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
		County Council as provider			
2.2	Ensure that internal audit is independent of external audit.	Internal audit is independent of external audit. IA plans will be shared with external audit, but will not be in any way directed by external audit.	✓		
2.3	Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the IA strategy for these and associated plans and reports and ensure the work is independently managed.	n/a			
2.4	Establish clear lines of responsibility for those with an interest in governance (e.g. Chief Executive, Chief Legal Officer, Chief Financial Officer, and Audit Committee, non-executive directors /elected representatives). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies	Clear lines of responsibility are set out in job roles, the scheme of delegation and key supporting governance documents e.g. financial regulations, procurement regulations, grant regulations. The Joint Audit and Standards Committee has a clear terms of reference consistent with the CIPFA guidance.	✓		
2.5	Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns	Reporting lines are defined within the Internal Audit Charter which has been reviewed by the Joint Audit and Standards Committee and agreed by the Executive Board.	✓		
2.6	Agree the terms of reference for internal audit with the HIA and the Audit Committee as well as with the Leadership Team	The Internal audit charter sets out internal audit's terms of reference. The charter has been approved by the Executive Board following review by the Joint Audit and Standards Committee.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
2.7	Set out the basis on which the HIA can give assurances to other organisations and the basis on which the HIA can place reliance on assurances from others.	The basis of assurances provided to other organisations is set out within the Shared Services agreement. Various sources of assurance have been taken into consideration in preparing audit plans to ensure optimum audit coverage.	✓		
2.8	Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g. risk management, corporate planning, anti-fraud and corruption and whistleblowing.	Key governance documents include the Code of Corporate Governance, scheme of delegation, arrangements for anti-fraud and corruption, financial regulations and procurement regulations. Risk management arrangements are in place and the corporate risk register for each organisation is reported to the Joint Audit and Standards Committee and Executive Board.	✓		
2.9	Ensure that the annual internal audit opinion and report are issued in the name of the HIA.	Annual report of the Head of Internal Audit contains the internal audit opinion. This report is presented to the Joint Audit and Standards Committee by the Head of Internal Audit for review prior to approval by the Executive Board.	✓		
2.10	Include awareness of governance in the competencies required by members of the Leadership Team.	Role profiles for the Chief Executive, CFO and deputy monitoring officer are based on the relevant professional standards and include governance responsibilities. Constabulary Chief Officers are trained on governance matters as part of their professional qualification.	✓		
2.11	Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it.	The framework of assurance that supports the annual governance statement is documented within the Statement itself and the	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	The HIA should not be responsible for preparing the report	accompanying Code of Corporate Governance. Both documents set out the role of audit. The documents are prepared by the respective Chief Finance Officers of both entities.			
2.12	Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.	IA is no longer required to produce a strategy. This was a requirement of the CIPFA Code of Practice for IA (2006) which has been replaced by the Public Sector Internal Audit Standards (PSIAS) which now require the annual internal audit plan to contain a high level statement of how the service is to be delivered. This was included within the Internal Audit annual plan for 2015-16.	✓		
Principle 3: The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.					
3.1	Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement.	The Audit Manager is the designated HIA for the OPCC.	✓		
3.2	Ensure that where the HIA is an employee that they are sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and	N/A			

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	be able to provide credibly constructive challenge to the Management Team.				
3.3	Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier.	The arrangements for management of the shared service are set out within shared service agreement and operate through a shared service board attended by the CFO. The HIA reports into the board.	✓		
3.4	Establish an Audit Committee in line with guidance and good practice.	There is a joint Audit and Standards Committee which is the recommended approach in the Financial Management Code of Practice for the Police Forces of England and Wales. The Committee has undertaken an annual self-assessment against the CIPFA practical guidance checklist and has assessed itself as performing appropriately.	✓		
3.5	Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA.	The relationship is set out in the Internal Audit Charter.	✓		
3.6	Ensure that the organisation's governance arrangements allow the HIA: <ul style="list-style-type: none"> ▪ to bring influence to bear on material decisions reflecting governance; ▪ direct access to the Chief Executive, other Leadership 	There are appropriate arrangements in place to allow the HIA to perform these functions appropriately and these are set out in the Internal Audit Charter.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	<p>Team members, the Audit Committee and</p> <ul style="list-style-type: none"> ▪ external audit; and ▪ to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate. 				
3.7	Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.	This is defined within the Internal Audit Charter	✓		
3.8	Set out the HIA's responsibilities relating to partners including joint ventures and outsourced and shared services.	The HIA responsibilities are defined within the approved audit charter.	✓		
Principle 4: The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.					
4.1	Provide the HIA with the resources, expertise and systems necessary to perform their role effectively.	Internal audit is considered to be adequately resourced to deliver the level of service currently required.	✓		
4.2	Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate.	A range of performance measures have been reported quarterly to The Joint Audit & Standards Committee.	✓		
4.3	Ensure that there is a regular external review of internal audit quality	The PSiAs introduced a requirement for formal external inspection of internal audit. External inspection is due by Marc 2018 and will be complete within this timescale.	✓		
4.4	Ensure that where the HIA is from another organisation that they do not also provide the external audit service	The Shared Internal Audit Service does not provide the external audit service.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
Principle 5: The HIA in a public service organisation must be professionally qualified and suitably experienced					
5.1	Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation.	HIA is ACCA qualified. HIA responsibilities are defined within the role profile for the post. The Internal Audit Charter supports the organisational understanding of the HIA role.	✓		
5.2	Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role.	HIA has 20 years' internal audit experience within Local Government and undertakes CPD to keep her skills up to date.	✓		



Joint Audit and Standards Committee
Annual Report 2015/16



this page is left intentionally blank

Joint Audit and Standards Committee Annual Report

Foreword of the Committee Chair

Welcome to the 2015/16 Annual Report of the Joint Audit and Standards Committee. The Committee is an independent body that provides assurance to the Commissioner and Chief Constable on their arrangements for governance. The Committee achieves this by undertaking a wide range of reviews against an annual work programme. Through providing support and challenge the Committee aims to improve and add value to those areas of governance within its remit.

This full report summarises the work of the Committee for the 2015/16 financial year in line with the CIPFA guidance¹ that encourages an annual review of the Committee's effectiveness. The Executive Summary aims to provide an overview of the key elements of the guidance. It provides a summary and key highlights of the Committee's performance in support of the conclusions and assessment score.

During the course of the year Committee members have considered over 76 reports covering matters of governance. Within that work members have directed their focus towards making a significant contribution to maintaining and strengthening the governance of both the Office of the Police and Crime Commissioner and of the Constabulary. Our work has included undertaking a substantive

review of key elements of the governance

framework,

challenging and monitoring the approach to risk management, making key recommendations regarding its improvement and scrutinising the effectiveness of arrangements to secure value for money.

The review of the Committee's work has highlighted scope for improvement in one area within the Committee's core functions and this is in the area of promoting reporting and accountability. The Committee look forward to working with the new Police and Crime Commissioner; with the Police and Crime Panel; and others to help ensure that public reporting and accountability in Cumbria is as good as it can be.

In presenting this annual report, the Committee wishes to thank the Commissioner and Chief Constable's officers and appointed auditors for their support. I hope you will find this report informative, and that the information it provides supports a wider understanding of the contribution made by the Committee to the Commissioner and Chief Constable's arrangements for governance.

During 2015/16 Committee members have received 76 reports covering matters of governance including 15 internal audit reviews and the Commissioner and Chief Constable's Statement of Accounts.

Fiona Daley

Joint Audit and Standards Committee Chair

¹ Chartered Institute of Public Finance and Accountancy (CIPFA): audit committees\Practical Guidance for Local Authorities and Police 2013.

Executive Summary

The purpose of an audit committee is to provide those charged with governance² independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

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

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

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

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

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

Core Functions

- Promoting Good Governance (5)
- Supporting Internal Audit and Internal Control (5)
- Supporting Risk Management (5)
- Assurance Frameworks and Planning (5)
- Supporting Value for Money (5)
- Values & Countering Fraud and Corruption (5)
- External Audit and Inspection (5)
- Promoting Reporting and Accountability (4)

The committee achieves a consistent grade of 4 or 5 across all areas of the assessment against the Core Functions and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability and Membership and Effectiveness both score a grade 5, being evidenced as fully compliant with best practice requirements.

² The Commissioner and the Chief Constable

In the one area where the Committee has not achieved a grade 5 (promoting effective public reporting, partnership governance and accountability), there are plans to improve and develop the arrangements. The Committee's continues to strive for improvements across all areas of its activities and plans for 2016/17 include:

- Helping to improve the outcome focus of the next Police and Crime Plan so that delivery can be measured more effectively.
- Exploring ways to strengthen partnership working with the Police and Crime Panel and the Ethics and Integrity Panel.
- Build on existing recruitment process to attract good quality applicants to replace retiring member.
- Introduce comprehensive induction training for new members.
- Support and closely monitor the OPCC and Constabulary plans to address the increasingly stringent funding environment.
- Support and challenge the process for the transfer of responsibilities to the incoming Commissioner.

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

- Improvements in the clarity of analysis and reporting of risk management within the OPCC.
- Taking steps to ensure that the Committee are appropriately briefed on issues including funding, views of Police and Crime Panel and integration with Ethics and Integrity Panel.
- Improvements to the joint procurement regulations both in terms of the overall wording of the document and greater clarity being provided in respect of the tender opening process.
- Increased understanding of the impact of regulatory changes in relation to the treasury management function, supporting robust scrutiny of the annual treasury management strategy.
- Oversight and scrutiny of a wider range of thematic audit reports recognising the increasing scope of each entities risk profile.
- Improvement of clarity of key documents relating to integrity.
- Changing the committee's arrangements for scrutiny of financial arrangements to support early closedown recognising that this limits the capacity of the committee to input to the pre-audited financial statements.

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

The Committee's full Annual Report provides further information on the assessment process and CIPFA standards, this together with the Committee's Terms and Reference and detailed work programme for 2015/16 can be found on the Commissioner's website at <http://www.cumbria-pcc.gov.uk/governance-transparency/audit-committee.aspx>. The Joint Audit and Standards Committee holds public meetings, Committee papers and audit reports are all available on the Commissioner's website using the above link.

Joint Audit and Standards Committee Annual Report 2015/16

Introduction

The purpose of an audit committee is to provide those charged with governance³ independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

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

Review of Effectiveness

The review has been undertaken against the framework of the CIPFA document. It reviews the activities and impact of the Committee against the guidance in relation to the purpose and functions for Audit Committees and a checklist for effectiveness. The full range of activities undertaken by the Committee during 2015/16 is also set out in Appendix A as a consolidated summary of the work of the Committee in fulfilling its functions. For each of the areas in the CIPFA guidance, an assessment is made to award a grade in accordance with the CIPFA standard, based on the conclusions of the review. The grades are set out in table one below. In addition to consideration of Committee activity the review of effectiveness is also supported by consideration of the issues of Committee independence and objectivity and the skills and experience of members. Audit Committee members have further agreed a self-assessment checklist for good practice, included with the CIPFA document to support the annual review.

Table One: CIPFA Effectiveness Evaluation Assessment Key

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

³ The Commissioner and the Chief Constable

Overall Conclusions and Assessment

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

The review has demonstrated that within the areas of the self-assessment the Committee can evidence the effective use of substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. The committee achieves a consistent grade of 5 in 7 out of the 8 areas of the assessment against the Core Functions (with the other being graded a 4) and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability score a grade 5 and Membership and Effectiveness also score a grade 5. In areas where the Committee has not achieved a grade 5 there are plans to improve and develop the arrangements. The key messages arising from the review are that:

- Committee members have carried out their duties diligently, meetings are well attended and members have made an effective contribution to governance arrangements
- For 2015/16, the Committee's work programme has been expanded to facilitate a wider scope of reporting arrangements and strengthened the assurance members provide. This has resulted in the score for effectiveness moving up from Grade 4 to Grade 5 across five areas of the CIPFA assessment.
- Members have kept up to date with training and developments. From 2015/16 these arrangements have been formalised with the inclusion of a corporate briefing prior to Committee meetings and bi annual sessions to support development and a more in-depth understanding of areas of business within the Committee's remit. The development sessions undertaken during 2015/16 have included workshops on the change programme, risk management, crime recording, treasury management and the budget and medium term financial strategy.



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

- Section One: Core Committee Functions and the Effectiveness Checklist page 9-24
- Section Two: Possible Wider Functions of an Audit Committee page 25-26
- Section Three: Independence and Accountability page 27-28
- Section Four: Membership and Effectiveness page 29-31
- Appendix A: Committee Activities 2015/16 page 32-36
- Appendix B: Committee Terms of Reference Assurance Framework page 37-45
- Appendix C: Committee Attendance page 46
- Appendix D: Committee Chair and Member Role Profiles page 47-50
- Appendix E: CIPFA Good Practice Checklist page 51-53

Section One: Core Committee Functions and the Effectiveness Checklist

Promoting the Principles of Good Governance/Annual Governance Statement

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

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

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

arrangements as they are established and on assurances of their operation in practice. It should also ensure that the AGS is underpinned by a framework of assurance.

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

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme includes an independent cyclical review of the Commissioner and Chief Constable's governance framework and all material governance arrangements. During 2015/16 the work of the Committee has included:

- Reviewing and advising on revisions to and the updating of joint procurement regulations, the OPCC risk management strategy and the OPCC treasury management strategies and practices. The review of treasury management included a briefing by external treasury management advisors in respect of changes to the regulatory environment for investment counterparties, following which members were able to robustly challenge changes in the approach to investment strategy. Members input to joint procurement regulations has resulted in improvements to the overall wording of the document and greater clarity being provided in respect of the tender opening process.
- A review of the role of the Commissioner and Chief Constables Chief Finance Officer against the CIPFA guidance for police and consideration of the Chief Finance Officer's review of the effectiveness of

arrangements for governance, including internal audit and a review of the role of the Head of Internal Audit against CIPFA guidance.

- In line with CIPFA recommendations, the Committee reviewed the Chief Constable and Commissioner's AGS in May, prior to the publication of the unaudited statement and again in September prior to publication alongside the audited accounts. Alongside the AGS, members reviewed the Commissioner and Chief Constables Code of Corporate Governance.
- The Committee receive all audit reports in full, at the point in which they were finalised, with members requesting that reports with significant issues are tabled at Committee meetings. Members have given specific focus to audit reports covering business continuity planning, duties management, safeguarding ICT assets, data protection and freedom of information.
- The annual audit programme includes a number of governance specific audits. During 2015/16 this has included audit of the ICT strategy, code of ethics/organisational values, data protection and freedom of information. A further piece of work to review the governance arrangements for procurement and commissioning has been carried forward to 2016/17 to allow the scope of the work to be extended. During 2016/17 the approved audit plan will focus on the arrangements in place to ensure the Code of Corporate Governance is compliant with the updated CIPFA/SOLACE governance framework in addition to the review of governance arrangements for procurement and commissioning as carried forward from 2015/16.
- The scope of the audit plan has been significantly developed since 2014/15 to ensure it provides wider governance assurance beyond financial systems and financial governance e.g. the plan for 2015/16 has included audit reviews of the ICT strategy, mobile and digital project, security of ICT assets, performance monitoring and reporting, the duties management function, firearms and Tasers and Cumbria safeguarding hub. The approved 2016/17 plan will further increase the scope of audit work with audit work covering information security, command and control, criminal justice, use of stop sticks, stop search and offender management.
- At their meeting in May internal audit provided members with a draft annual audit opinion and an audit report on the Annual Governance Statement providing assurance from the Head of Internal Audit. This was followed by a final report presented at the meeting in June. Members also receive further assurance at each meeting through reports from the external auditors. This included the Audit Findings Report presented to members in September setting out the external auditor's un-qualified opinion on the financial statements and an un-qualified value for money conclusion.

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

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

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

Contributing to the development of an effective control environment & supporting the quality and independence of Internal Audit

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

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

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

The Audit Charter sets out the functional reporting arrangements between Internal Audit, the Board⁴ and the Joint Audit and Standards Committee. CIPFA guidance sets out a number of roles for the committee as part of the support and review arrangements. These are to oversee Internal Audit's independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote the effective use of internal audit within the assurance framework.

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme, in line with the CIPFA guidance, includes a review of the Internal Audit Charter and a review of a risk based internal audit plan including the audit budget and number of audit days within the plan. The report that incorporates the Plan and Charter was received by members in March 2015 in respect of the 2015/16 financial year. In March 2016 members approved the Plan and Charter for 2016/17 which has increased the number of audit days by 42 from 232 in 2015/16 to 274 in 2016/17. Of the increase, 15 days have been carried forward from the 2015/16 plan to provide additional scope in the audit of procurement governance the remaining 27 days reflect increased work identified by the OPCC and Constabulary in relation to risks identified. The plan sets out the process undertaken to assess risks and develop a programme of audit in accordance with the risk based approach of the PSIAS.

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

The Audit Charter, in compliance with the PSIAS, makes a number of statements setting out how the arrangements for Internal Audit provide assurance with regard to ethics, independence and objectivity, including arrangements for resourcing and ensuring proficiency and due professional care. The Committee

⁴ The Executive Board comprising the Commissioner, the Chief Constable, the Commissioner's Chief Executive and the Commissioner's Chief Finance Officer

receive an annual statement on conformance with the PSIAS and LGAN. In reviewing the Audit Charter Committee members are able to assess and challenge the robustness of these arrangements.

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

The Committee receives all internal and external audit reports in full supporting assurance on the overall control environment. The reporting format was improved in 2014/15 to provide a stronger link between audit recommendations and control objectives. The reports also aim to focus attention on internal control strengths and recommendations. Members have considered reports across a diverse range of Constabulary and OPCC business including ICT strategy, complaints handling, mobile devices, performance monitoring, safeguarding ICT assets, budget management (payroll), duties management, code of ethics/organisational values, firearms, pensions, creditors, data protection and freedom of information.

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

Monitoring against performance measures and benchmarks for the Internal Audit service was introduced in 2014/15 and has continued throughout 2015/16. Proposed performance measures are reviewed at the start of the financial year and have been included within the Internal Audit Charter on the recommendation of the Committee. Members have received a quarterly monitoring report assessing actual performance against the benchmark. In 2014/15 recommendations were made by members regarding ways in which the service might improve the volume of post audit customer feedback. The result is that during 2015/16 feedback forms have been provided in respect of the majority of finalised audits. Where these were not initially received, a programme of reminders both by internal officers and by internal audit is implemented to ensure 100% compliance.

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

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

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

Supporting arrangements for the governance of risk and effective arrangements to manage risk

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

It also notes the assurance that risk management provides in respect of the AGS and when reviewing the risk based internal audit plan. The guidance describes governance of risk as the arrangements for leadership, integration of risk management arrangements, ownership and accountability. Effective arrangements to manage risk include:

- those for reviewing risks,
- arrangements that secure the ownership and management of strategic, operational and project risks,
- assurance arrangements for risk assessing strategies and polices,
- the arrangements for monitoring effectiveness and supporting the development and embedding of good practice in risk management.

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

Self-evaluation, examples, areas of strength and weakness

In accordance with the CIPFA guidance, specific actions undertaken by the Committee during 2015/16 included:

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

arrangements for determining risk appetite. The review of Risk Management Strategy is supported by a quarterly review of strategic risk registers that set out the most significant risks facing the Commissioner and Constabulary and the mitigations in accordance with the methodology within the strategy. This ensures the Committee has an effective understanding of the significant risks facing both organisations and can hold risk managers to account.

- During 2014/15 an internal audit review of the arrangements for risk management within the Constabulary and the OPCC was undertaken. The audit report for the Constabulary resulted in an audit opinion providing substantial assurance, while the report for the OPCC resulted in an audit opinion providing reasonable assurance. The audit made a number of recommendations including the need for the strategic risk register to be more clearly aligned to strategic objectives and the need for staff development in the area of risk management. As a result of the audit the OPCC received development support from CIPFA and the committees lead member on risk during 2015/16 to review and challenge the approach to risk management including a full review of the risk registers. All recommendations from the audit reports have now been fully implemented and changes have been made to the way risks are managed, scored and reviewed.

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

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

During 2014/15, self-assessment by the Committee of its own effectiveness in supporting the arrangements for risk management identified that members would benefit from a more in depth understanding of risk management practice across both the Constabulary and OPCC. In May 2015, the development session included a presentation by the Strategic Development Manager on the Constabulary approach to risk management, which provided the opportunity for a more detailed dialogue on the arrangements. As a result of this session, member's capability for robust in year scrutiny of the management of risks and undertaking risk interrogation of key strategic risks has improved.

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

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

Assurance Frameworks and Assurance Planning

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

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

The Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference

Self-evaluation, examples, areas of strength and weakness

The Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference and that, in line with the guidance, forms an appropriate balance between cost and risk. The assurance framework that was in place for 2015/16 is set out at appendix B and includes assurances from management, Chief Officers, internal and external audit and external inspectorates. During 2015/16 and in recognition of CIPFA's updated guidance for Audit Committees, members have:

- Improved the arrangements for assurance in relation to a number of areas within the work programme. This included receipt at the May meeting of monitoring reports covering the areas of risk management anti-fraud and corruption monitoring, and monitoring the effectiveness of the Commissioner's code of conduct and PCC/Officer protocol. At their February and March meetings the Committee received reports covering the Commissioner and Chief Constable's arrangements for providing value for money.
- Improved the efficiency and focus of assurance gathering at formal meetings of the Committee by excluding from the agenda audit reports where there are no significant/material issues arising.
- Received an assurance report from the Chief Finance Officer in respect of the sources of assurance members can place reliance on in respect of their review of the statement of accounts.
- Increased the number of Committee meetings from 4 to 5 per year to ensure that members can give appropriate time and consideration to agenda items in the context of the widening of the assurance framework.

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

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

Supporting the development of robust arrangements for value for money and best value

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

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

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

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2014/15 was positive.

Self-evaluation, examples, areas of strength and weakness

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

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

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

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2014/15, received by the Committee in the External Auditor's September 2015 Audit Findings Report was positive.

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

Following a review by the Committee during 2013/14 that identified limited 'other' sources of assurance with regard to value for money and securing best value, the Committee now routinely receives a number of reports from the OPCC and Constabulary with a specific focus on value for money. This has included an analysis of HMIC value for money profiles for the Constabulary and OPCC, including further work to benchmark OPCC costs and structure, and the outcome of the HMIC PEEL review of efficiency, effectiveness and legitimacy. As part of the review of the arrangements for value for money, members also sought assurances regarding the approach to the management of reserves, the reserves strategy was included as part of the member development session on the budget, medium term financial strategy and change programme provided in March 2016.

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

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

Helping to implement values of good governance & countering fraud and corruption

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

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

Self-evaluation, examples, areas of strength and weakness

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

During 2015/16 members reviewed and provided constructive feedback on the overall arrangements for integrity. As a result of this feedback changes and improvements have been made to support the clarity of key documents.

In May 2015 members received a report from the Chief Executive monitoring the anti-fraud and corruption arrangements within the OPCC. The report sets out the activity that takes place during the year in line with the strategy and policy and to ensure anti-fraud arrangements are well embedded. The report covered the 2014/15 financial year and members will receive in May 2016 a report covering the 2015/16 financial year.

During 2014/15 the arrangements for anti-fraud and corruption within the OPCC and Constabulary were subject to internal audit with members receiving reports with an audit judgement of substantial assurance for the OPCC and reasonable assurance for the Constabulary. The Constabulary report made six medium priority recommendations primarily covering the areas of cross checks and reviews of disclosure registers. During 2015/16 members monitored the implementation of these recommendations.

In September 2015, as part of the arrangements for the financial statements, members received copies of the Commissioner and Chief Constable's letter of management assurance. These are prepared by the respective

Chief Finance Officers and include a full fraud risk assessment. Within the assessment members are briefed on any actual or suspect fraud that has taken place during the year and any changes to the control environment as a consequence of that fraud.

Members further support their understanding of the control environment through receipt of audit reports. During 2015/16 members received audit reports with judgements of substantial or reasonable assurance on audits across the major financial systems including pensions and creditors. Members receive the full report on all audits supporting a wider understanding of internal controls that can be gained from summary reports.

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

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

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

External Audit & Inspection

CIPFA guidance states that the Audit Committee's role should include receiving and considering the work of the external auditor.

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

Self-evaluation, examples, areas of strength and weakness

The Joint Audit and Standards Committee receive all reports of the External Auditors and conduct an annual private meeting with the External Auditors. The External Auditors have attended all Committee meetings during 2015/16. The Committee's terms of reference are fully compliant with the CIPFA guidance and provide for an annual private meeting with the External Auditors. The Committee receives inspection reports from other agencies where these are relevant to the Committee's functions. Recommendations arising from audit and inspection are monitored for implementation by the Committee.

Membership of the Audit and Standards Committee includes the skills and experience of a former district auditor and former S151 officer, in addition to members who have significant experience of committees fulfilling an audit function. This ensures that the Committee have the skills and experience to assess the work of the external auditors and will have clear expectations regarding the requirements in respect of seniority, quality and experience of audit staff. During 2015/16 members have:

- Undertaken robust scrutiny of the external audit plan, including questioning the robustness of work that will be carried out in respect of the value for money conclusion and the assurance it can provide.
- Received the External Auditors Annual Fee letter that includes a disclosure from the external auditors in respect of their tender to provision of tax and VAT helpline services to the Commissioner and Constabulary. This was not considered to create any conflicts.
- Received the External Auditors Audit Findings report covering the financial statements, matters of governance and the value for money conclusion in respect of the 2014/15 financial year.
- During 2014/15 members challenged the purpose of audit questions raised within the External Auditors progress report, resulting in agreement that the report will be more specifically tailored to the Constabulary/OPCC and will include a management response to

issues raised. These improvements have been recognised in the 2015/16 progress report.

- Scrutinised HMIC reports covering value for money (HMIC annual profiles) and efficiency, effectiveness and legitimacy (PEEL inspections). Members have also received a report and briefing from the Deputy Chief Constable covering the full HMIC inspection programme for the Constabulary and issues that need to be brought the attention of members. From 2015/16 members have

received regular briefings on any relevant inspection matters as they arise through the formal corporate update session included within each meeting.

- In 2014/15 Members agreed a change to their terms of reference to incorporate responsibility as an audit panel, to oversee the appointment of external auditors for the Commissioner, at the time the relevant provisions of the 2014 Local Audit and Accountability Act come into effect.

Conclusion⁵ : Assessment Grade 5

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

⁵ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Promoting effective public reporting, partnership governance & accountability

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

The guidance from CIFPA on the core functions of an audit committee focuses primarily on the role of the Committee in relation to financial reporting and governance and specifically on the work of the Committee in relation to the statement of accounts.

This is recommended to include reviewing consistency between the foreword to the accounts, the financial statements and the committee's own understanding of financial challenges and risks, reviewing the sustainability of policies, areas of judgment and changes in accounting policies/treatment. The guidance also notes that the Committee should give consideration to the accessibility of the statements to the lay person e.g. use of plain English and key messages. The Committee should review the financial statements prior to approval, although best practice is to review the accounts prior to the commencement of the audit.

The guidance also considers how the Committee supports transparency and public accessibility in relation to decision making taken through partnership arrangements, specifically where these involve stewardship of public funds. The guidance identifies these arrangements as strategic relationships, shared services, commercial relationships and third sector. The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.

Self-evaluation, examples, areas of strength and weakness

Financial reporting: The statement of accounts is presented to the Audit and Standards Committee prior to formal approval and at a joint meeting of the Committee and the Executive Board. This facilitates members in undertaking their review of financial statements and providing assurances to the Commissioner and Chief Constable.

The financial statements are supported by a report from the Chief Finance Officer that consolidates for members all key areas of assurance on which they can place reliance in respect of the statements and details significant areas of risk and the basis of material judgments. This dialogue assists in explaining a number of complex transactions within the 2014/15 statements arising from changes in legislation that have impacted on how the Chief Constables financial position is presented. The 2015/16 report also highlighted to members the work undertaken by the finance team to improve the presentation and accessibility of the financial statements.

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

Whilst best practice dictates that the statements would be presented to the Committee prior to the commencement of the audit, there is a resource cost to delivering this. This is particularly the case with the financial statements for policing that require a set of group statements and two single entity statements. During 2014/15 the draft unaudited accounts were presented to the Committee in June and the subsequent audited accounts were presented in September alongside the External Auditors Audit Findings report.

Planning for the expected early closedown timetable for Local Authority financial statements means that the committee will now receive the audited 2015/16 statements at their meeting in July 2015. The timing of the May 2016 meeting is such that the draft (subject to audit) statements will not have been produced. In order to provide members with an early opportunity to review and scrutinize the accounts, a copy of the draft statement of accounts will be provided by email to members at the time it is published on the website prior to the start of the external audit review.

The arrangements in respect of governance for partnerships are set out in the appropriate governance documents that are presented to the Committee for cyclical review as part of their review of governance. During 2014/15 Financial Regulations were subject to review by members. This included changes to the arrangements for grant making which on member's recommendation have been strengthened in respect of responsibilities for ensuring compliance with requirements. Commensurate changes were also made to the grant regulations to incorporate this recommendation. Members also received in June 2014 the Commissioner's Grant Regulations that provide a framework for working with partners and the third sector. During 2015/16 members reviewed and contributed to the further development of the Role of the CFO (both OPCC and CC), the Joint Procurement Regulations incorporating a Code of Business Conduct and the requirements in respect of collaborative procurement, the OPCC Scheme of Delegation, the OPCC Arrangements for anti-fraud and Corruption and the OPCC Code of Conduct.

The overall arrangements for partnerships are set out within the Commissioner and Chief Constable's Code of Corporate Governance which was received by members in May 2015 alongside the AGS, setting out how those arrangements have been complied with. The Internal Auditor's report on the Annual Governance Statement received alongside the Code and AGS confirmed for members that the AGS was accurate and had been prepared in line with the correct process.

Conclusion and Overall Assessment: **Assessment Grade 4**

The Committee is compliant with the CIPFA guidance but would need to receive the unaudited statement of accounts prior to publication in order to fully meet best practice standards in respect of the contribution to financial reporting. This is unlikely to be achievable at least in the short term as a result of resource constraints. In respect of partnership governance the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

Section Two: Possible Wider Functions of an Audit

Committee

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

Ethical Values and Treasury Management

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

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

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

Self-evaluation, examples, areas of strength and weakness

Evaluation of the role of the Committee in respect of ethical values is covered in the section on good governance & countering fraud and corruption⁶. In respect of treasury management the Committee received and reviewed at its March 2015 meeting the treasury management strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices that would apply to the 2015/16 financial year.

During 2015/16 members have also received and reviewed the arrangements for Treasury Management proposed for 2016/17. This included a robust scrutiny of the strategy, where members have been keen to ensure an appropriate balance between risk and return in respect of the range of permissible investment counterparties and increased risk in the more traditional banking investments.

To ensure members sufficiently understand treasury matters, training has been provided by the Commissioner's treasury management advisors and treasury management activities reports are presented to

⁶ The conclusion and assessment of that review is a grade 5

the Committee at every regular meeting. This understanding is further supported by the skills and experience profile of members of the Committee.

Conclusion⁷ : Assessment Grade 5

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

⁷ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

assurances needed to fulfil the Committee's terms of reference.

- The relationship between the Committee and Commissioner and Chief Constable's respective Chief Finance Officers is one of reciprocal support and constructive challenge.
- The Committee receives full audit reports at the point in which they are agreed, determining those that will be considered as part of the formal Committee agenda on the grounds of the materiality and significance of audit findings.
- All meetings of the Committee are held in public and members have actively challenged

the reasons for any issues being discussed in private. Agendas and papers are published on the Commissioner's website supporting accountability and transparency.

- The work program of the Committee ensures it can be effective in holding to account those officers who are responsible for implementing recommendations and actions arising from review. This is achieved through monitoring reports presented at each Committee meeting.
- The assurance format of the Committee's work programme and this Annual Report ensure that the Committee itself is effectively held to account for its own performance.

Conclusion¹¹ : Assessment Grade 5

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

¹¹ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Section Four: Membership and Effectiveness

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

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

These are defined as:

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

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

Self-evaluation, examples, areas of strength and weakness

Membership, composition and operation of the Audit and Standards Committee comply with the CIPFA guidance. The Committee comprises four independent members, appointed through public advert for a tenure of 4 years, with a potential to extend to a maximum of 8 years in compliance with the practices recommended by Standards for England. Independence and objectivity, including political independence is secured through restrictions on membership. Specifically membership excludes:

- Serving elected members/officers of Local Authorities and/or similar bodies
- Former members/officers of Local Authorities and/or similar bodies (time restricted to 3 years)
- Individuals active in local or national politics

- Individuals who have significant business or personal dealings with the Constabulary/Commissioner
- Individuals who have close relationships with any of the above including immediate family members.

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

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

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

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

Members are recruited independently of the Commissioner and Chief Constable but are subject to their approval. At the end of 2014/15 recruitment was undertaken for a new Committee Chair and new Committee Member due to the tenure of the existing chair coming to the end of his term. The recruitment process resulted in the appointment of an existing member of the Committee as Chair and a further appointment of a new member to the Committee. The tenure of the new member formally commenced on April 1st 2015 with that member having attended the Committee's March 2015 meeting as a visitor for induction. The appointment of a new member has further strengthened the Committee, the new member is a Solicitor and has widened the skill set of the Committee.

The work programme for members has included for 2015/16 formalised development seminars prior to Committee meetings, these sessions support members with a more in-depth understanding of areas within the remit of the Committee's terms of reference. During 2015/16 the development sessions have included the change programme, risk management, crime recording, treasury management (with the Commissioner's external advisors) and the budget and medium term financial strategy. In addition for 2015/16, the meeting agenda now includes a corporate update, this update is usually provided by the Deputy Chief Constable or Chief Finance Officer's and provides a flavor of the key issues facing the OPCC/Constabulary at the time. One of the members has represented the Committee at a regional police audit committee workshop organised by Grant Thornton.

Conclusion¹² : **Assessment Grade 5**

The Committee is compliant with the CIPFA guidance in respect of effective membership. This is based on the arrangements for the composition, recruitment and operation of the Committee that ensures independence and a specialist mix of skills and experience that make the Committee members effective in their roles. Effectiveness of members scrutiny function has been enhanced during 2015/16 through a more structured approach to member development and the regular inclusion of a corporate update on the agenda for all meetings. In addition, copies of all HMIC inspection reports are now routinely provided to members and from February 2016, the opportunity to discuss these reports and receive an update regarding report recommendations is included on the agenda for meetings.

¹² This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Joint Audit & Standards Committee 2015/16 Activities

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p>DEVELOPMENT SESSION On the change programme and risk management</p> <p>EXTERNAL AUDIT FEES To receive from Grant Thornton UK LLP the External Audit Fee 2015-16 for (i) Office of the Police & Crime Commissioner; and (ii) Cumbria Constabulary</p> <p>OPCC RISK MANAGEMENT MONITORING To receive an annual report on Risk Management Activity including the Commissioner's arrangements for holding the Chief Constable to account for Constabulary Risk Management.</p> <p>OPCC ANTI FRAUD AND CORRUPTION (i) OPCC Anti-Fraud and Corruption Activity Monitoring- To receive an annual report from the Chief Executive on activity</p>	<p>CORPORATE UPDATE on HMIC reports</p> <p>UPDATED JASC WORK PROGRAMME To receive an updated Work Programme, members to note</p> <p>ANNUAL STATEMENT OF ACCOUNTS To receive the un-audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (i) PCC Statement of Accounts (ii) PCC Summary Statement of Accounts (iii) CC Statement of Accounts (iv) CC Summary Statement of Accounts</p> <p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS To receive an updated summary of actions implemented in response to audit and inspection recommendations</p>	<p>PRIVATE MEETINGS Separate meeting between the members and Internal Audit and External Audit.</p> <p>CORPORATE UPDATE on funding formula review/CSR and Cumbria Deal.</p> <p>THE JOINT AUDIT FINDINGS FOR THE POLICE AND CRIME COMMISSIONER FOR CUMBRIA AND THE CHIEF CONSTABLE FOR CUMBRIA CONSTABULARY To receive from the External Auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditors Value for Money Conclusion</p> <p>ANNUAL STATEMENT OF ACCOUNTS – POLICE AND CRIME COMMISSIONER To receive reports from the Chief Finance Officer for the Police and Crime Commissioner (i) Report of the Chief Finance Officer: Assurance Framework</p>	<p>DEVELOPMENT SESSION Presentation by the Assistant Chief Constable on crime recording</p> <p>CORPORATE UPDATE</p> <p>JOINT ANNUAL AUDIT LETTER 2014-15 To receive from the External Auditors the Joint Annual Audit Letter and reports</p> <p>ANNUAL REVIEW OF GOVERNANCE 2015-16 To review the COPCC and Constabulary arrangements for governance; cyclical review over three years covering: (a) Role of the PCC's Chief Finance Officer (b) Role of the Chief Constables Chief Finance Officer (c) Procurement Regulations (d) Scheme of Delegation (e) Arrangements for Anti-Fraud and Corruption (f) Arrangements for Integrity including Codes of Conduct, Complaints and Integrity protocols</p>	<p>DEVELOPMENT SESSION Presentation by Arlingclose on treasury management and also presentation by the CFOs and Deputy CFO on the budget, medium term financial strategy and the change programme.</p> <p>CORPORATE UPDATE</p> <p>HMI UPDATE REPORT (i) Cumbria Vulnerability (ii) Increasingly everyone's business – Domestic Abuse (iii) PEEL Police Effectiveness 2015 (iv) Vulnerability in Criminal Case Files (v) Witness for the prosecution (vi) The depths of dishonour (vii) Multi-agency Public Protection Arrangements (viii) Regional Organised Crime units (ix) PEEL Legitimacy</p> <p>ANNUAL WORK PROGRAMME: ASSURANCE FORMAT To review and approve an annual work programme covering the framework of assurance against</p>

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p>in line with the arrangements for anti-fraud and corruption (ii) OPCC Arrangements for Anti-Fraud and Corruption - To receive a report from the Chief Executive on the arrangements for Anti-Fraud and Corruption for 2015/16</p> <p>MONITORING AND EFFECTIVENESS OF THE PCC/OFFICER PROTOCOL AND THE CODE OF CONDUCT To receive an annual report from the Chief Executive with regard to the operation and effectiveness of the PCC/Officer Protocol and Code of Conduct</p> <p>INTERNAL AUDIT – ANNUAL REPORT 2014/15 To receive the Head of Internal Audit’s Annual Report including the Annual Audit Opinion</p> <p>REVIEW OF EFFECTIVENESS OF THE ARRANGEMENTS FOR AUDIT 2014/15 To receive a report from the PCC Chief Finance Officer in respect of the effectiveness</p>	<p>INTERNAL AUDIT – ANNUAL REPORT 2014/15 (FINAL) To receive the Head on Internal Audit’s Annual Report including the Annual Audit opinion</p> <p>INTERNAL AUDIT REPORTS To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (i) OPCC Business Continuity Planning (ii) CC Business Continuity Planning</p> <p>The following Internal Audit reports have also been completed within the last quarter and have been reviewed by the Committee members. Copies of these audit reports will be available to view on the OPCC website. (i) Debtors (ii) Budget Management</p> <p>INTERNAL AUDIT – PROGRESS REPORT TO MAY 2015 To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan for 2015/16</p> <p>ETHICS AND INTEGRITY</p>	<p>(ii) Annual Statement of Accounts</p> <p>ANNUAL STATEMENT OF ACCOUNTS – CHIEF CONSTABLE To receive reports from the Chief Finance Officer for the Chief Constable (i) Report of the Chief Finance Officer: Assurance Framework (ii) Annual Statement of Accounts</p> <p>INTERNAL AUDIT – PROGRESS REPORT To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan</p> <p>INTERNAL AUDIT REPORT To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the committee (i) Duty Management System</p> <p>The following Internal Audit report has also been completed within the last quarter and has been reviewed by the Committee members. Copies of this audit reports will be available to view on the</p>	<p>ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE To receive an update on progress against the development and improvement plan within the annual governance statement</p> <p>HMIC REPORTS This is an opportunity for the members to discuss any issues arising as a result of the HMIC Inspection Reports that were provided to them electronically</p> <ul style="list-style-type: none"> • Criminal justice joint inspections, Custody Suite • Firearms Licensing • Data • Police Efficiency <p>OPCC VALUE FOR MONEY REVIEW To receive a report from the PCCCFO reviewing the 2015 Value for Money profiles</p> <p>INTERNAL AUDIT – PROGRESS REPORT To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan</p>	<p>the Committee’s terms of reference</p> <p>EXTERNAL AUDIT PLAN To receive from the external auditors the Annual External Audit Plan</p> <p>JOINT AUDIT AND STANDARDS COMMITTEE UPDATE To receive from the external auditors an update report in respect of progress on the external audit plan</p> <p>TREASURY MANAGEMENT To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices</p> <p>(i) Treasury Management Strategy Statement 2016/17 and Prudential Indicators 2016/17 to 2018/19 (ii) Treasury Management Practices 2016/17</p> <p>TREASURY MANAGEMENT ACTIVITIES 2015/16 QUARTER 3 (OCTOBER TO DECEMBER 2015) To receive for information reports on Treasury Management Activity</p>

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p>of internal audit</p> <p>ANNUAL REPORT OF THE JOINT AUDIT AND STANDARDS COMMITTEE 2014/15 To receive a report reviewing the activities of the Committee as a contribution to the effectiveness of arrangements for governance</p> <p>TREASURY MANAGEMENT ACTIVITY JANUARY TO MARCH 2015 AND ANNUAL REPORT 2015 To receive for information the reports on Treasury Management Activity for Jan – Mar and Treasury Management Outturn for the financial year</p> <p>ANNUAL GOVERNANCE STATEMENT – OPCC (i) Report of the Internal Auditor: Annual Governance Statement – To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the</p>	<p>GOVERNANCE To receive an annual report from the Chair of the Ethics and Integrity Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for ethics and integrity</p> <p>STRATEGIC RISK REGISTER (i) To consider the OPCC risk register as part of the Risk Management Strategy (ii) To consider the CC risk register as part of the Risk Management Strategy</p>	<p>OPCC website.</p> <p>(i) Performance Monitoring</p> <p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p>TREASURY MANAGEMENT ACTIVITIES 2015/16 QUARTER 1 (APRIL TO JUNE 2015) To receive for information, reports on Treasury Management Activity</p> <p>STRATEGIC RISK REGISTER (i) To consider the OPCC risk register as part of the Risk Management Strategy (to follow) (ii) To consider the CC risk register as part of the Risk Management Strategy (to follow)</p>	<p>INTERNAL AUDIT REPORT The following Internal Audit reports have been completed within the last quarter and have been reviewed by the Committee members. Copies of this audit reports will be available to view on the OPCC website. (i) Budget Management (ii) Mobile Device Project</p> <p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p>TREASURY MANAGEMENT ACTIVITIES 2015/16 QUARTER 2 (JULY TO SEPTEMBER 2015) To receive for information, reports on Treasury Management Activity</p> <p>STRATEGIC RISK REGISTER – OPCC</p> <p>STRATEGIC RISK REGISTER – CONSTABULARY</p>	<p>JASC QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME To receive a report from the Management Audit Unit regarding the proposed Quality Assurance & Improvement Programme</p> <p>PROPOSED INTERNAL AUDIT PLAN/INTERNAL AUDIT CHARTER To receive a report from the Internal Auditors on the proposed Internal Audit Plan and any proposed revisions. To receive a copy of the internal audit charter from the Internal Auditors</p> <p>INTERNAL AUDIT – PROGRESS REPORT To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (To be presented by the Audit Manager)</p> <p>INTERNAL AUDIT REPORT To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (i) Safeguarding IT Assets (ii) Data Protections and FOI</p>

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p>date of this meeting</p> <p>(ii) Effectiveness of Governance Arrangements 2014/15– To receive a report from the PCCCFO/Chief Executive on the effectiveness of the PCC’s arrangements for governance</p> <p>(iii) Code of Corporate Governance 2015/16 – To consider the PCC Code of Corporate Governance</p> <p>(iv) Annual Governance Statement 2014/15 – To consider the PCC Annual Governance Statement for the financial year and to the date of this meeting</p> <p>ANNUAL GOVERNANCE STATEMENT – CONSTABULARY</p> <p>(i) Report of the Internal Auditor: Annual Governance Statement – To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the</p>				<p>Requests</p> <p>The following Internal Audit reports have also been completed within the last quarter and have been reviewed by the Committee members. Copies of these audit reports will be available to view on the OPCC website.</p> <p>(i) PCC Complaints Handling (ii) PCC FOI & DP (iii) Complaints</p> <p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS</p> <p>To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p>OPCC RISK MANAGEMENT STRATEGY</p> <p>To provide the annual review of the COPPC Risk Management Strategy</p> <p>OPCC RISK MANAGEMENT MONITORING</p> <p>To consider the COPCC strategic risk register as part of the Risk Management Strategy</p>

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p>date of this meeting (copy enclosed) – To be presented by E Toyne</p> <p>(ii) Effectiveness of Governance Arrangements 2014/15 – To receive a report from the CCCFO on the effectiveness of the PCC’s arrangements for governance (copy enclosed) – To be presented by the CC’s Chief Finance Officer</p> <p>(iii) Code of Corporate Governance 2015/16 – To consider the CC Code of Corporate Governance Annual Governance Statement 2014/15 – To consider the CC Annual Governance Statement for the financial year and to the date of this meeting.</p>				<p>CONSTABULARY QUARTERLEY RISK MANAGEMENT UPDATE To provide an update of Constabulary Risk Management including the strategic risk register</p> <p>CONSTABULARY VFM PROFILES To receive a report from the Director of Corporate Improvement reviewing the 2015 Value for Money profiles</p>

Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference: Governance, risk and control	Meeting	Work Programme Assurance Activity
Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances. Underlined governance documents are scheduled for review in 2015.	June 2015	ETHICS AND INTEGRITY GOVERNANCE: To receive an annual report from the Chair of the Ethics and Integrity Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for ethics and integrity
	February 2016	ANNUAL REVIEW OF GOVERNANCE: To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years covering:
Review the Annual Governance Statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement	May 2015 (Code of Corporate Governance)	<ul style="list-style-type: none"> ▪ <u>Code of Corporate Governance (2015) (annual review)</u> ▪ <u>Role of the Chief Finance Officer (2015) (annual review)</u> ▪ Scheme of Delegation (2016) ▪ Scheme of Consent (n/a) ▪ Financial Regulations: bi-annual review (2016) ▪ <u>Procurement Regulations: bi-annual review (2015)</u> ▪ Arrangements for Anti-Fraud and Corruption /whistleblowing (2017) ▪ <u>Arrangements for Integrity including Codes of Conduct, Complaints and Integrity protocols (2015)</u>
	May 2016 (draft)	ANNUAL GOVERNANCE STATEMENT
	September 2016 (final statements prior to approval and publication)	<ul style="list-style-type: none"> ▪ Report of the Internal Auditor: Annual Governance Statement: To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the date of this meeting ▪ Effectiveness of Governance Arrangements: To receive a report from the PCCCFO/PCC Chief Executive on the effectiveness of the PCC's arrangements for Governance/ To receive a report from the CCCFO on the effectiveness of the CC's arrangements for governance ▪ Code of Corporate Governance: To consider the PCC/CC Code of Corporate

		<p>Governance</p> <ul style="list-style-type: none"> ▪ Annual Governance Statement: To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting <p>ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN</p> <p>UPDATE: To receive an update on progress against the development and improvement plan within the annual governance statement.</p>
Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements	<p>Every meeting excluding May</p> <p>September 2015</p> <p>February 2016 (OPCC)/March 2016 (CC)/Ad-hoc</p>	<p>INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee <i>(NB audit work in compliance with PSIAS will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes'. Specific audit recommendations will be categorised within audit reports under this heading.)</i></p> <p>THE JOINT AUDIT FINDINGS FOR THE POLICE AND CRIME COMMISSIONER FOR CUMBRIA AND THE CHIEF CONSTABLE FOR CUMBRIA CONSTABULARY</p> <p>To receive from the External Auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditors Value for Money Conclusion.</p> <p>HMIC REPORTS: To receive an annual report on the HMIC Value for Money Profile and arrangements for securing value for money & HMIC value for Money inspection reports.</p>
Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Constabulary	<p>March 2016</p> <p>September 2015</p>	<p>ANNUAL WORK PROGRAMME: ASSURANCE FORMAT: To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference.</p> <p>FRAMEWORK OF ASSURANCE: STATEMENT OF ACCOUNTS: To receive a report from the PCCCFO/Chief Executive in respect of the PCC's framework of assurance; To</p>

		receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.
Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them	<p>March 2016</p> <p>Every meeting excluding May</p> <p>May 2015</p>	<p>RISK MANAGEMENT STRATEGY: To provide the annual review of the COPCC and Constabulary Risk Management Strategies.</p> <p>STRATEGIC RISK REGISTER: To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy.</p> <p>RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management.</p>
Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	<p>Every meeting excluding May</p> <p>Every meeting excluding May</p>	<p>INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.</p> <p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations.</p>

Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources	December – cyclically when updated May 2015	<p>ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION: To receive the COPCC and Constabulary strategy, policy and fraud response plan.</p> <p>ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption.</p>
---	--	---

Terms of Reference: Internal Audit	Meeting	Work Programme Assurance Activity
Annually review the internal audit charter and resources	March 2016	INTERNAL AUDIT CHARTER: To receive a copy of the internal audit charter from the Internal Auditors.
Review the internal audit plan and any proposed revisions to the internal audit plan	March 2016/Ad-hoc	PROPOSED INTERNAL AUDIT PLAN: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions.
Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence	June 2015 Quarterly September 2015	<p>EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the PCC Chief Finance Officer in respect of the effectiveness of internal audit.</p> <p>INTERNAL AUDIT PERFORMANCE: To receive from the Internal Auditors quarterly reports on the performance of the service against a framework of performance indicators <i>(provided within the internal audit progress reports and annual report.)</i></p> <p>PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors</p>

Consider the Head of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements	May 2015 (draft) June 2015 (final) Every meeting excluding May	INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion. INTERNAL AUDIT – PROGRES REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.
Consider internal audit reports and such detailed reports as the Committee may request from the Police and Crime Commissioner and the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions	Every meeting excluding May	INTERNAL AUDIT REPORTS: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
Consider a report on the effectiveness of internal audit to support the Annual Governance Statement	May 2015	EFFECTIVENESS OF INTERNAL AUDIT: To consider a report of the Commissioner's Chief Finance Officer reviewing the effectiveness of Internal Audit.

Terms of Reference: External Audit	Meeting	Work Programme Assurance Activity
Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money	March 2016 May 2015	EXTERNAL AUDIT PLAN: To receive from the external auditors the Annual External Audit Plan EXTERNAL AUDIT FEES: To receive from the external auditors the proposal in respect of audit fees.

Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance	February 2016/Ad-hoc	ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter and reports JOINT AUDIT AND STANDARDS COMMITTEE UPDATE: To receive from the external auditors an update report in respect of progress on the external audit plan
Consider specific reports as agreed with the external auditors	Every meeting excluding May (where appropriate)	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference
Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies and relevant bodies	September 2015	PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors

Terms of Reference: Financial Reporting	Meeting	Work Programme Assurance Activity
Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable	September 2015 (June 2015 draft unaudited statement of	ASSURANCE FRAMEWORK: STATEMENT OF ACCOUNTS: To receive a report from the PCCCFO/Chief Executive in respect of the PCC's framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.

	accounts provided)	ANNUAL STATEMENT OF ACCOUNTS: To receive the unaudited/audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts
Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements	September 2015	AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion.

Terms of Reference: Accountability Arrangements	Meeting	Work Programme Assurance Activity
On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management	Every meeting excluding May (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions	Every meeting excluding May (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Commissioner and the Chief Constable	May 2015	ANNUAL REPORT OF THE AUDIT AND STANDARDS COMMITTEE: To receive a report reviewing the activities of the Committee as a contribution to the effectiveness of arrangements for governance

Terms of Reference: Treasury Management	Meeting	Work Programme Assurance Activity
<p>Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory</p> <p>Review the Treasury risk profile and adequacy of treasury risk management processes</p>	<p>March 2016</p>	<p>TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES: To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices.</p>
<p>Receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity</p>	<p>Every meeting excluding July</p> <p>Annually</p>	<p>TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity/Outturn.</p> <p>TREASURY MANAGEMENT ADVISORS: To receive briefings/training from the Commissioner's Treasury Management advisors.</p>
<p>Review assurances on Treasury Management</p>	<p>Every meeting excluding May (where applicable)</p>	<p>INTERNAL AUDIT REPORT: To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee</p>

Terms of Reference: Standards Activity	Meeting	Work Programme Assurance Activity
To hear and determine appeals in relation to the OPCC's personnel policies and decisions of the Chief Executive where appropriate	n/a	As and when required, to act as an "Appeal Board"
To hear and determine appeals by Independent Custody Visitors and Independent Members of Police Misconduct Panels from decisions of the Chief Executive	n/a	As and when required, to act as an "Appeal Board"

Attendance Listing for Joint Audit & Standards Committee Meetings 2015/16

Independent Members	6 May 2015	23 June 2015	3 Sept 2015	4 Feb 2016 (8 Dec 2015 cancelled)	9 Mar 2016
Mrs Fiona Daley (Chair)	✓	✓	✓	✓	✓
Mr Andy Hampshire	✓	✓		✓	✓
Mr Jack Jones	✓	✓	✓	✓	✓
Mrs Fiona Moore	✓	✓	✓	✓	✓
Commissioner's Officers					
Police & Crime Commissioner for Cumbria (Richard Rhodes)			✓		
Chief Executive (Stuart Edwards)		✓		✓	
Chief Finance Officer / Deputy Chief Executive (Ruth Hunter)	✓		✓	✓	✓
Governance and Business Services Manager (Joanne Head)	✓		✓		✓
Constabulary Officers					
Chief Constable (Jeremy Graham)			✓		
Deputy Chief Constable (Michelle Skeer)	✓	✓			✓
Temporary Deputy Chief Constable (Darren Martland)				✓	
Constabulary Chief Finance Officer (Roger Marshall)	✓	✓	✓	✓	✓
Deputy Chief Finance Officer (Michelle Bellis)	✓		✓	✓	✓
Principal Financial Services Officer (Lorraine Holme)		✓	✓		
Financial Services Assistant (Dawn Cowperthwaite/Dawn Masters)	✓	✓	✓	✓	✓
Internal Audit					
Chief Internal Auditor, Management Audit Unit, Cumbria County Council (Niki Riley)			✓	✓	
Audit Manager, Management Audit Unit, Cumbria County Council (Emma Toyne)	✓	✓	✓	✓	✓
External Audit					
Appointed Auditor, Grant Thornton (Fiona Blatcher)	✓		✓		
Appointed Auditor, Grant Thornton (Richard McGahon)		✓	✓	✓	✓

Joint Audit & Standards Committee - Role Profile

Job Title: Committee Chair

JOB PURPOSE / KEY RESPONSIBILITIES

1 Chair

The Chair of the Committee is responsible for providing leadership to the Committee in effectively discharging its duties and responsibilities as set out in the Committee terms of reference.

Ensuring that the Committee achieves its purpose of providing an independent assurance function for the governance, internal control, risk and financial and non-financial performance of the Constabulary and OPCC. Ensuring the Committee fulfils its responsibilities as a Standards Committee.

The Chair must create and manage effective working relationships among the Committee, Police and Crime Commissioner, the Chief Constable, Section 151 officers and both internal and external auditors.

Meet separately with the Section 151 officers and District Auditor to discuss risk compliance and governance issues arising as a result of external or internal audit activity.

Act as the committee's spokesman, using his or her best efforts to see that the committee receives all material to be discussed at the meeting at least one week before the meeting to ensure sufficient time to review information.

2 Conduct of Committee Meetings

Act as the chairman of each Committee meeting ensuring the appropriate conduct of business in accordance with the committee terms of reference.

Conduct the business of each Committee meeting in a manner which will result in all matters on the agenda being dealt with effectively and appropriately.

Propose the termination of discussion on any matter when he or she is of the opinion that the matter has been thoroughly canvassed and discussed and that no new points of view or information are being presented.

Attempt to achieve resolution of all issues discussed at the meeting in respect of which a decision is required and members express conflicting positions, views, or advice, but such attempt should in no way inhibit a member from maintaining a different position, view, or advice.

Ensure that all members who wish to address a matter at a meeting are afforded a reasonable opportunity to do so.

In any case where a member of the Committee has an interest or potential conflict in respect of a matter to be discussed at a meeting, arrange for that member to excuse himself/herself from all or a portion of the Committee discussion.

3 Committee Culture

Provide leadership in promoting and supporting a Committee culture characterised by:

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

4 Miscellaneous Matters

Assist the Committee and management to understand and respect the responsibilities of each.

Whenever necessary or desirable, to facilitate the effective performance of the Committee's duties, attend other meetings and committees including those to facilitate governance of the internal audit shared service.

Joint Audit & Standards Committee - Role Profile

Job Title: Committee Members

1. Job purpose / key responsibilities

To contribute to the effective discharge of the duties and responsibilities of the Committee as set out in the Committee terms of reference.

To maintain effective working relationships with committee members, the Police and Crime Commissioner, the Chief Constable, Section 151 officers and both internal and external auditors.

To be diligent in preparing for committee meetings and making an effective contribution to those meetings to provide independent assurance of the governance, internal control and finance, risk and performance management arrangements of the OPCC and Constabulary

2 Conduct of Committee Meetings

Contribute to the business of each Committee meeting in a manner which supports all matters on the agenda being dealt with effectively and appropriately.

Address the Committee on all matters where an opinion or decision is required and in such a manner that does not inhibit other members of the committee wishing to express a different opinion.

Advise the Committee Chair where an interest or potential conflict of interest may exist in respect of a matter to be discussed at a meeting and act on the advice of the Chair.

3 Committee Culture

As a member of the committee, contribute to a culture that supports.

- i) Each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
- ii) The highest level of integrity accountability and honesty in the actions of the Committee and of the PCC, Chief Constable and the other officers of the OPCC/Constabulary;

- iii) Respect and dignity among the members, officers and the external and internal auditor;
- iv) The candid and timely sharing of information among the members of the Committee, management and the external auditor;
- v) Acceptance by all members of the Committee of the right of every member to hold and express a dissenting opinion; and
- vi) A commitment to best governance practices.

4 Miscellaneous Matters

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

CIPFA Self-assessment of Good Practice

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

Good Practice Questions	Yes	Partly	No
counter-fraud and corruption	✓		
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓		
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓		
Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		
Membership and support			
Has an effective audit committee structure and composition of the committee been selected? This should include:	✓		
separation from the executive	✓		
an appropriate mix of knowledge and skills among the membership	✓		
a size of committee this is not unwieldy	✓		
where independent members are used, that they have been appointed using an appropriate process	✓		
Does the chair of the committee have appropriate knowledge and skills?	✓		
Are arrangements in place to support the committee with briefings and training?	✓		
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓		

Good Practice Questions	Yes	Partly	No
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief finance officer?	✓		
Is adequate secretariat and administrative support to the committee provided?	✓		
Effectiveness of the committee			
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓		
Has the committee evaluated whether and how it is adding value to the organisation?	✓		
Does the committee have an action plan to improve any areas of weakness?	✓		



Office of the Police & Crime Commissioner

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N° 024 / 2016)

TITLE: Effectiveness of Governance Arrangements 2015-16

Executive Summary: (Précis not more than 100 words)

The Commissioner to receive a report from the Chief Executive and Chief Finance Officer regarding the arrangements for governance and accompanied by the Commissioner's Annual Governance Statement for 2015-16.

Recommendation:

The Commissioner is asked to:

- i. Where applicable, consider the recommendations of the Joint Audit and Standards Committee, determining any actions and/or amendments to the Code of Corporate Governance 2016-17 and Annual Governance Statement 2015-16
- ii. Approve for signature, where applicable with amendments, the Annual Governance Statement for 2015-16 and to the date of this meeting, which will then accompany the Statement of Accounts for 2015-16

Police & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police & Crime Commissioner. Any such interests are recorded below.

I hereby approve/~~do not approve~~ the recommendation(s) above

Police & Crime Commissioner / ~~Chief Executive~~ (delete as appropriate)

Signature:

Date: 03 May 2016

PART 1 – NON CONFIDENTIAL FACTS AND ADVICE TO THE PCC

1. Introduction & Background

Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2015 Accounts and Audit Regulations place a requirement on those bodies to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS). The Commissioner is required to consider the findings of that review, approve the AGS and publish (which must include publication on the Commissioner's website) the Statements alongside the Statement of Accounts.

2. Issues for Consideration

The Commissioner is the body charged with governance and must satisfy himself that the arrangements for governance are robust and properly reflected within the Annual Governance Statement. The entirety of those arrangements include the arrangements for Internal Audit. A separate report reviewing the effectiveness of the arrangements for Audit is set out elsewhere on the agenda. The report is supported by the Annual Report of the Joint Audit and Standards Committee and includes an assessment of the effectiveness of the internal audit function. That report concludes that the arrangements for audit are effective. The annual governance statement and the arrangements for compiling the statement are subject to annual audit. The auditor has concluded that the arrangements for the AGS provide reasonable assurance. The auditor's report is included within this agenda.

3. Implications

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

- 3.1. Financial: n/a
- 3.2. Legal: The review of governance and the publication of an Annual Governance Statement meet the legal requirements of the Accounts and Audit Regulations 2015.
- 3.3. Risk: The Annual Governance Statement documents the arrangements for managing risk
- 3.4. HR / Equality: n/a
- 3.5. I.T.: n/a
- 3.6. Procurement: n/a
- 3.7. Victims: n/a

4. Backgrounds / supporting papers

(List any relevant business case, EIA, PID, Media Strategy and append to this form; list persons consulted during the preparation of the report)

Report on the Effectiveness of Governance Arrangements 2015-16

Annual Governance Statement 2015-16

Public Access to Information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would not compromise the implementation of the decision being approved.

Is the publication of this form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **Part 2** form - NO

(If Yes, please ensure Part 2 form is completed prior to submission)

ORIGINATING OFFICER DECLARATION:

I confirm that this report has been considered by the Chief Officer Group and that relevant financial, legal and equalities advice has been taken into account in the preparation of this report.

Signed: **Date:**

OFFICER APPROVAL

Chief Executive / Deputy Chief Executive (delete as appropriate)

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner / Chief Executive (delete as appropriate).

Signature: Ruth Hunter

Date: 03 May 2016

Media Strategy

The decision taken by the Police & Crime Commissioner may require a press announcement or media strategy.

Will a press release be required following the decision being considered? NO

If yes, has a media strategy been formulated? YES / NO

Is the media strategy attached? YES / NO

What is the proposed date of the press release:

Cumbria Shared Internal Audit Service

Internal Audit Report for COPCC



Review of Annual Governance Statement 2015/16

Draft Report Issued: **21 April 2016**

Final Report Issued: **25 April 2016**

Audit Resources

Title	Name	Email	Telephone
Audit Manager	Niki Riley	Niki.riley@cumbria.gov.uk	01228 226261
Lead Auditor(s)	Emma Toyne	Emma.toyne@cumbria.gov.uk	01228 226261

Audit Report Distribution

For Action:	<i>Ruth Hunter, Commissioner's Chief Finance Officer/ Deputy Chief Executive.</i>
For Information:	
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 3 May, will receive the report

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

Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), www.sjstudios.co.uk, Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



1. Background

- 1.1. This report summarises the findings from the audit of the Cumbria Office of the Police and Crime Commissioner's Annual Governance Statement for 2015/16. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2. The Accounts and Audit (England) Regulations 2015 require the Commissioner to produce an Annual Governance Statement (AGS) explaining how the Code of Corporate Governance has been complied with. The AGS must accompany the statement of accounts
- 1.3. The Code of Corporate Governance for the Commissioner has been in place for the 2015/16 financial year.

2. Audit Approach

2.1. Audit Scope and Limitations

2.1.1. The Audit Scope was as follows:

- *Confirm that the Annual Governance Statement has been prepared in accordance with statutory guidance as set out in "Delivering Good Governance in Local Government: guidance note for Police"*
- *Review evidence for any major new content in the Annual Governance Statement and ensure the Annual Governance Statement accurately reflects any issues identified by Internal Audit, in particular the existence of any significant governance issues;*
- *Confirm that there is a due process for the review and approval of the Annual Governance Statement.*

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

3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.
- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating for the preparation of the Annual

Governance Statement provide **Reasonable** assurance. We are not aware of any matters that should be declared within the Statement as significant governance issues.

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

4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There is one medium priority recommendation arising from this review which is detailed in Section 5.

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- The Annual Governance Statement has been drafted in accordance with the relevant guidance – Delivering Good Governance in Local Government: Guidance: Note for Police and incorporates the key elements identified in the December 2012 Addendum.
- Where changes or new content has been included in the AGS supporting information was readily available for Internal Audit review.
- The Internal Audit annual report summarised our work during 2015/16 and information provided in the Annual Governance Statement is consistent with our findings.
- The AGS contains an action plan arising from the 2015/16 statement and an update on the action plan arising from 2014/15.
- The Commissioner’s AGS has been prepared by statutory and senior officers and a draft will be taken to the Joint Audit and Standards Committee on 3 May 2016. The AGS will be signed by the Commissioner and his Chief Executive and Chief Finance Officer. The Statement will then be considered by the Joint Audit and Standards Committee before it is published alongside the statutory accounts. A logical process of review and approval has been followed.

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

4.4.1. *High priority issues: None identified.*

4.4.2. *Medium priority issues:*

- The number of Independent Custody Visiting Scheme visits reported in the AGS is inconsistent with figures reported in the Commissioner’s Annual Report.

4.4.3. *Advisory issues: None identified*

5. Matters Arising / Agreed Action Plan

● **Medium priority**

Audit finding	Management response
<p>Independent Custody Visiting Scheme (page 8) The AGS refers to 191 visits made under the Independent Custody Visiting Scheme in the period 1 February 2015 to 31 January 2016. This is inconsistent with the 442 visits reported as being made in the Commissioner’s Annual Report. We acknowledge that the number quoted in the annual report covers the period 1 January 2015 to 31 December 2015 but this seems a large discrepancy between the two public documents.</p>	<p>The figures quoted in the AGS and ICV annual report have been accurately recorded and are produced and recorded in those documents by the Governance Manager with responsibility for the ICV scheme. In all areas of the AGS the responsible manager directly manages and inputs their annual data to the report. The Annual Report is produced by the communications team and a transposition error resulted in a wrong figure being input in the draft Annual Report. Arrangements for producing the Annual Report from 2016-17 will include a check of the figures in the report for accuracy.</p>
<p>Recommendation 1: Management should ensure that the figure reported in the AGS can be supported and that any discrepancies with other published figures are clearly understood.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Confidence in reported information is undermined by inconsistency. 	<p>Responsible manager for implementing: Chief Executive</p> <p>Date to be implemented: From immediate effect.</p>

Audit Assurance Opinions

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

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

Grading of Audit Recommendations

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

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

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.



Cumbria Office of the Police and Crime Commissioner

Joint Audit and Standards Committee 03 May 2016 item 15 (ii)
Executive Decision Meeting 03 May 2016 item 7(b)

Effectiveness of Governance Arrangements 2015-16

Report of the Chief Executive and Chief Finance Officer

1. Introduction and background

1.1 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2015 Accounts and Audit Regulations place a requirement on those bodies to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS). The Commissioner is required to consider the findings of that review, approve the AGS and publish (which must include publication on the Commissioner's website) the Statements alongside the Statement of Accounts. The AGS is prepared in accordance with The CIPFA/SOLACE Good Governance framework that defines 'proper practices' for discharging accountability for the proper conduct of public business through the publication of an Annual Governance Statement that makes those practices open and explicit.

1.2 The Police and Crime Commissioner approves a Code of Corporate Governance, 'The Code', setting out his corporate governance framework. The Code is subject to review and updated annually alongside the process to review the arrangements for governance and prepare an Annual Governance Statement. The 2015-16 Code was subject to review by the Joint Audit and Standards Committee prior to approval by the Commissioner. It is the compliance with this Code by the Commissioner, together with an assessment of its effectiveness, which is reflected in the 2015-16 Annual Governance Statement.

2. Governance Framework & Effectiveness

2.1 The Annual Governance Statement for the Police and Crime Commissioner has been prepared by the Commissioner's statutory and senior officers and in accordance with the CIPFA delivering good governance in local government guidance note for Police 2012. The guidance supports the application of the CIPFA/SOLACE Good Governance Framework to Policing, recognising the specific structure and governance responsibilities arising from the 2011 Police Reform and Social Responsibility Act. The review of the arrangements for governance and their effectiveness support the production of the Statement. The review provides assurance on governance arrangements and the controls in place to achieve the organisation's strategic objectives.

2.2 The approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles. Those core principles and the arrangements that support them are set out in the 2015-16 Code of Corporate Governance approved by the Commissioner following review by the Joint Audit and Standards Committee in May 2015. The development of the Annual Government Statement is an integral part of the review, setting out how the Code has been complied with over the course of the year. Where the review has identified areas where developments are planned or improvements can be made, the AGS sets out an action plan to deliver those changes. The statement also highlights areas where further assurance is gained, such as the work of internal audit and the reports of the external auditors. The Commissioner's Annual Governance Statement setting out the review of governance arrangements for 2015-16 and to the date of this meeting, supported by an independent report and opinion from the Head of Internal Audit, is presented to the Joint Audit and Standards Committee for review, prior to being received by the Commissioner for endorsement and publication alongside the Statement of Accounts.

2.3 During the process for the development and publication of the 2014-15 AGS Joint Audit and Standards Committee members made a recommendation that consideration was given the length and structure of the AGS to improve its accessibility. The external auditors commented that in their view the current structure was helpful in documenting activity and setting out the wider approach to continuous improvement through the action plan. This matter has been further considered by the Commissioner's Chief Finance Officer and it was decided that work would be undertaken to simplify the structure. This means that the structure would be less closely aligned to the CIPFA framework and this has been agreed as acceptable by the external auditors. Further to this, officers contributing to the statement would be asked to consider the volume of their narrative and the Chief Finance Officer has committed to producing a summary AGS. The intent was initially to introduce these changes for the 2015-16 AGS. During 2015-16 a decision was taken to delay the implementation of these changes as a result of the introduction of a new Good Governance Framework from 2016-17. The framework introduces seven principles for good governance, based on an international framework, and makes changes to the requirements in respect of demonstrating compliance with those principles. In view of this change, and the officer input required to restructure the AGS and produce a summary statement, the 2015-16 AGS is presented in its historic format, this being its final year of presentation on that basis. In completing the 2015-16 AGS, whilst the structure remains unchanged, staff have been asked to consider narrative length and this is reflected in the presented document which is 24 pages in length, 7 fewer than in 2014-15.

2.4 Whilst the above review of arrangements has been specific to the production of the Annual Governance Statement, this is supported by wider reviews of the arrangements for governance that take place during the financial year. This includes cyclical review and updates to core elements of the governance framework. During 2015-16 this has included a review and update of procurement regulations and financial rules and a significant amount of development work in respect of the arrangements for Risk Management. In addition, the Public Sector Internal Audit Standards and guidance from CIPFA in respect of Audit Committees forms the basis of further reviews of the overall arrangements for audit, with action plans being put in place where potential for improvement and development have

been identified. This is supplemented by specific assessments on compliance by the Chief Finance Office and Head of Internal Audit with the requirements of the CIPFA statement for these roles. The governance review is also supported by an annually developed comprehensive audit plan from internal and external audit and an opinion from the Head of Internal Audit on the arrangements for internal control and risk. These requirements, whilst challenging, has enabled an approach that has sought to ensure all arrangements take account of best practice, codes and guidance.

3. The Effectiveness of Internal Audit

3.1 A separate report reviewing the effectiveness of the arrangements for Audit is set out elsewhere on the agenda and includes a review of the effectiveness of the internal audit function and the effectiveness of the Joint Audit and Standards Committee. The report demonstrates the effectiveness of the arrangements for Audit against independent and objective criteria as a contribution to good governance. In doing so it concludes the process of providing the necessary assurances that the governance arrangements set out in the Code of Corporate Governance are working as intended and are effective.

4. The Code of Corporate Governance 2016-2017

4.1 On an annual basis a Code of Corporate Governance is reviewed and updated, setting out the framework for governance within the OPCC. For 2016-17 the Code of Corporate Governance is a new Code (rather than an update of the 2015-16 Code). The new Code applies the standards set out in the consultation by CIPFA during 2015-16 on a new Framework for Good Governance. The CIPFA good governance framework is the best practice standard for Public Sector governance. The new CIPFA framework is effective from April 2016 and for this reason a new Code of Corporate Governance has been developed and presented to the Commissioner for approval at the April meeting of the Executive Board. The new governance framework is based on seven principles, as set out in the proposed Code and has a much broader focus on delivering value for money, including outcomes and demonstrating effective performance, often working in partnership to achieve this.

4.2 Whilst the CIPFA good governance framework applies to the 2016-17 financial year, the Institute has yet to finalise the documents it will issue to publish the framework. In addition there will be specific guidance on application of that framework to Police. At the date of preparing this report there has not been any firm guidelines on the timing of that guidance. In the absence of these publications the Commissioner's Code of Corporate Governance has been prepared on the basis of the CIPFA consultation document in order that it can be put in place at the start of the 2016-17 financial year. Also, there is not expected to be any substantial differences between the governance framework that has been presented by CIPFA for consultation and the final governance standard. Once the CIPFA documents have been published they will be reviewed to ensure our arrangements remain compliant. On this basis, the Commissioner, in approving the Code, has delegated responsibility to the Chief Executive to undertake a high level review of the Code against the published Good Governance Framework as it becomes available. The Chief Executive is also delegated to make any minor amendments to the Code, should they be required, following that review. Where any changes are

considered to be necessary that are more than minor, an updated Code will be presented for formal approval by the Commissioner.

The Code is also presented for review by the Joint Audit and Standards Committee at their earliest available meeting in 2016-17, on May 3rd.

5. Recommendations

5.1 Members of the Joint Audit and Standards Committee are asked to:

- (i) Review the Code of Corporate Governance 2016-17
- (ii) Review the Annual Governance Statement 2015-16
- (iii) Make any recommendations with regard to the Code, Statement and arrangements for governance for consideration by the Commissioner prior to publication alongside the financial statements

5.2 The Commissioner is asked to:

- (i) Where applicable, consider the recommendations of the Joint Audit and Standards Committee, determining any actions and/or amendments to the Code of Corporate Governance 2016-17 and Annual Governance Statement 2015-16
- (ii) Approve for signature, where applicable with amendments, the Annual Governance Statement for 2015-16 and to the date of this meeting, which will then accompany the Statement of Accounts for 2015-16

Stuart Edwards

Chief Executive

Ruth Hunter

Chief Finance Officer/Deputy Chief Executive

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications: The Governance Statement and the underpinning reviews, including the Effectiveness of Internal Audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Commissioner discharges his respective responsibilities.

Contact points for additional information

Ruth Hunter – Chief Executive/ Deputy Chief Executive

Tel: 01768 217734

E Mail: ruth.hunter@cumbria.police.uk

Stuart Edwards – Chief Executive

Tel: 01768 217734

E Mail: stuart.edwards@cumbria.police.uk



Police and Crime Commissioner for Cumbria
Annual Governance Statement 2015-16

The Police and Crime Commissioner for Cumbria Annual Governance Statement 2015-16

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring business is carried out in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

To meet this overall responsibility, the Commissioner has put in place proper arrangements for overseeing what we do. This is what we mean by governance. These arrangements are intended to make sure that we do the right things, in the right way and are fair, open, honest and accountable.

Our arrangements for governance are set out within a Code of Corporate Governance 'The Code'. The Code explains the way the Commissioner governs and the frameworks that are in place to support the overall arrangements for fulfilling his functions. The Code of Corporate Governance is available on the Commissioner's website and is published alongside the Annual Governance Statement.

This Annual Governance Statement (AGS) describes how the Commissioner has followed The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit Regulations 2015.

The regulations say that we must prepare and publish an Annual Governance Statement (AGS) to accompany the Commissioner's statement of accounts.

THE AIM OF THE GOVERNANCE FRAMEWORK

The governance framework consists of the systems, processes, culture and values by which the Commissioner is directed and controlled and the activities through which the Commissioner gets involved with and leads the community. The framework enables the Commissioner to monitor the achievement of our aims and objectives and to consider whether those aims have led to the delivery of appropriate efficient and effective police, community safety and victim services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable assurance. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Commissioner's policies, aims and objectives, to assess the likelihood of those risks happening and what would take place if they did happen. This helps us to understand our risks and so we can manage them effectively, efficiently and economically.

The Commissioner is responsible for reviewing, at least annually, the effectiveness of his governance framework including the system of internal control.

REVIEW OF EFFECTIVENESS

The key systems and processes that comprise the Commissioner's governance arrangements for 2015-16 have been guided by the six core principles of Corporate Governance from the CIPFA/Solace Governance Framework applicable to the 2015-16 financial year. This is the standard against which all local government bodies, including police, should assess themselves.

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of his governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers who have responsibility for the development and maintenance of the governance environment. The review process comprises:

A cyclical detailed review of the key documents within the Commissioner's governance framework, e.g. Procurement Regulations, Scheme of Delegation, Code of Conduct. The review includes consideration of the documents by the Joint Audit and Standards Committee/Ethics and Integrity Panel, as appropriate, prior to their presentation to the Commissioner for approval.

An overarching review of the governance arrangements in place to support each core principle within the CIPFA Solace guidance. As part of this review the Commissioner's Code of Corporate Governance is updated to reflect changes in the governance framework and the implementation of the prior year AGS development plan. The review for 2015-16 has included the

Six Core Principles of Governance

1. *Focusing on the purpose of the Commissioner and the Force and on outcomes for the community, creating and implementing a vision for the local area*
2. *Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles*
3. *Promoting values for the Commissioner and demonstrating the values of good governance through upholding high standards of conduct and behaviour*
4. *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
5. *Developing the capacity and capability of the Commissioner and officers of the Commissioner to be effective*
6. *Engaging with local people and other stakeholders to ensure robust public accountability*

development of a new Code of Corporate Governance for 2016-17 reflecting the publication by CIPFA of a new framework for Good Governance.

A review of the effectiveness of the arrangements for Internal Audit, undertaken by the

Commissioner's Chief Finance Officer. The effectiveness of Internal Audit is considered against the Public Sector Internal Audit Standard (PSIAS). The review supports a judgement on the effectiveness of the overall arrangements for audit in contributing to internal control. The review is supported by consideration of the opinion of the Chief Internal Auditor on the Commissioner's control environment, as set out in her annual report.

A review of the effectiveness of the Joint Audit and Standards Committee is considered against CIPFA guidance on Audit Committees for Police. This is a self-assessment by the Committee and supported by the Commissioner's Deputy Chief Finance Officer. As part of the review consideration is given to assurance that can be provided by the Committee's annual work programme in evidencing the effectiveness of internal controls and as a contribution to the effectiveness of overall governance arrangements.

As part of the review process, the Annual Governance Statement is prepared by lead officers and presented in draft to the Commissioner's Internal Auditors and the Joint Audit and Standards Committee, alongside a report detailing the findings of the review. Whilst no significant governance issues have arisen as part of the review process, the Statement identifies areas for development and improvement. The AGS is approved by the Commissioner, the Chief Executive and the Chief Finance Officer prior to being issued alongside the draft unaudited Statement of Accounts.

The AGS remains under review during the audit of the financial statements. It is updated, where appropriate, following the audit, with consideration being given to the opinion of the External Auditor, expressed within her annual Audit Findings Report and the External Auditor's value for money conclusion.

The following paragraphs set out the Governance Framework and how the Commissioner has complied with each of the six governance principles within the Code of Corporate Governance. A wide range of staff have contributed narrative for each section of this statement. This provides a lengthier document but one which values the input from members of our team and provides the reader with greater insight into the governance activity that has been carried out over the past year. Each section of the statement includes a commentary on areas for development and improvement that have been identified as part of the review process and are collated into the action plan appended to The Statement. The AGS also includes an update on the implementation of planned actions from the 2014-15 review, and how these were addressed as shown in the 2015-16 development plan update.



Core principle 1: Focusing on the purpose of the Commissioner and the Force, and on outcomes for the community, and creating and implementing a vision for the local area

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

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Police Reform and Social Responsibility Act (PR&SRA) requires the Commissioner to produce a Police and Crime Plan setting the vision and strategic direction for policing, crime reduction and community safety. In March 2013 the Commissioner launched his first Plan, and set out his intention to review it annually. The Commissioner has continued to engage and listen to members of the public in numerous events across the county and receives a significant number of issues raised in correspondence and through social media which help to influence key decisions. As we are in an election year the Police and Crime Plan, 'Making Cumbria an Even Safer Place' will remain in place until a new plan has been approved by the incumbent PCC. The priorities within the plan are to:

- Ensure Cumbria remains a safe place to live, work and visit by keeping crime at low levels, particularly violent crime and thefts;
- Reduce the impact antisocial behaviour has on our communities;
- Reduce the impact of alcohol misuse on our communities;
- Tackle the problem of drug supply in the county;
- Reduce the impact irresponsible driving has on our communities;
- Keep our rural communities safe by tackling crime and disorder in rural areas;
- Provide justice for the victims by detecting crime and bringing criminals to justice;
- Address offender behaviour to reduce adult and youth offending and reoffending;
- Establish a collaborative approach to providing support and assistance to vulnerable veterans to assist them to remain clear of criminal activity;
- Reduce harm by targeting domestic abuse and sexual violence;
- Reduce the harm caused by hate crime;
- Give due consideration to public opinion in policing matters;
- Ensure victims of crime have access to support and redress;
- Tackle the increasing incidence of cyber-crime;
- Deliver a county wide CCTV initiative.

Key performance indicators were set with the Chief Constable at the start of the financial year in support of the objectives within the Police and Crime Plan. During the year crime levels, public satisfaction and police performance have been regularly monitored and publically challenged through the Commissioner's Executive Board, regular performance review meetings and alongside audits and visits to departments. To promote openness and transparency, all Executive Board meetings have been advertised to allow members of the press and public to attend with agendas and papers published on the Commissioner's website

During the course of 2015-16 the Commissioner's Executive Board received Constabulary reports covering a range of areas of performance including Her Majesty's Inspectorate of Constabulary (HMIC) performance measures to assess police effectiveness, efficiency and legitimacy (PEEL). The PEEL assessments for 2015 were assessed as 'good' for legitimacy and efficiency and 'requires improvement' for effectiveness. The reports enable the Commissioner to hold the Chief Constable to account. They help inform revisions to existing priorities and the setting of new priorities to meet emerging trends and better support the delivery of outcomes. The OPCC chairs a multi-agency panel which scrutinises police use of out-of-court disposals. This has provided an effective framework for identifying good practice and checking on the appropriateness of the use of out-of-court resolutions, which support the reduction of reoffending and take account of victims' views. It has supported the improvement of processes and policies within the Constabulary.

The Commissioner's activities, performance and achievements are published in an annual report which is presented to the Police and Crime Panel prior to publication. The Commissioner's fourth and final annual report, covers the 12 months from 1st April 2015 to 31st March 2016. As a result of it being an election year the draft Annual Report was presented to the Police and Crime Panel for approval on 10 March 2016. The Annual Report was published on 10th May following the completion of purdah by the outgoing Commissioner. The Annual Report can be found on the Commissioner's website at www.cumbria-pcc.gov.uk. It highlights a number of key achievements including:

- Launch of a multi-agency county-wide digital CCTV system, the first of its kind in the country
- Launch of The Bridgeway bringing together forensic-medical, counselling and Independent Sexual Violence Advisors (ISVAs) to provide coordinated services for victims of rape and serious sexual assault
- Providing funding and support to establish Calderwood House, a hostel to support homeless people
- Commissioning a programme aiming to change the behavior of perpetrators
- Opened a new state-of-the-art police station for the community in Barrow.

Financial performance is set out in the Commissioner's Financial Statements which includes a more accessible summary statement. The 2014-15 unaudited financial statements were approved by the Commissioner's Chief Finance Officer on 28 May 2015, resulting in the early

“Both the PCC and Chief Constable’s draft accounts were authorised for issue on 28 May 2015 which was a significant achievement”
Grant Thornton UK LLP Annual Audit Letter Oct 2015.

achievement of the future financial reporting requirements. This was noted in the External Auditor’s Annual Audit Letter as a significant achievement. The external auditors also noted the significant presentational changes made to the financial statements. In the opinion of the auditors this worked well

in providing a clearer and easier to read set of accounts. The auditors commented that the Commissioner continued to show strong financial resilience and good financial planning and management. The audit opinion confirmed that the Commissioner had proper arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

During 2015-16 work was undertaken to develop a Medium Term Financial Strategy. The strategy consolidates the annual medium term financial forecast and arrangements for financial governance with work to model the impact of assumptions and trends in income and expenditure. Within the context of the review of police formula funding it aims to provide an accessible narrative on financial risks and estimates alongside an assessment on the potential impact on staff and officer numbers. At the Executive Board meeting of 24th February 2015 the Commissioner set the 2015-16 annual budget and precept in the context of that strategy. In line with his duty to maintain the police force and the Police and Crime Plan priority to deliver effective policing, detect crime and bring criminals to justice,

the Commissioner agreed funding of £112.5m for the Chief Constable for the 2015-16 financial year.

The budget included £2.7m funding for 2015-16 within a commissioned services budget for victims, community safety and crime reduction in partnership with the District and County Councils, Community Safety Partnerships and wider community and voluntary Sector groups. The arrangements for Commissioning and the issue of grants were codified within a Commissioning Strategy approved by the Commissioner at his Executive Board on 27 March 2014. The strategy is supported by a set of accompanying grant regulations.

During 2015-16 the Head of Partnerships and Commissioning has taken forward a range of partnership working initiatives to deliver the Commissioning Strategy and ensure arrangements are in place for victims support services in line with the Commissioner’s responsibilities. This work is supported by the Victims’ Advocate who has responsibility for the overall arrangements for victims including providing support for a Victims’ Charity. Wider victim referral services were relocated to Cumbria as from 01 April 2015.

During 2015-16 partnership and commissioning Funding was provided to support a range of sexual and domestic violence services and in excess of £100k of funding was awarded to community groups through the Commissioner’s community fund. The Commissioner’s funds and the process for allocation of grants within them has been developed to encourage and support the delivery of projects and services addressing issues identified in the Police and Crime Plan.

In line with the Commissioner's grant regulations, a funding or grant agreement is in place with all partners that have been supported through the commissioned services budget. Each agreement clearly defines the purpose of the funding and sets out information and monitoring requirements to ensure funding is targeted on the agreed activities that support the priorities and outcomes within the Police and Crime Plan.

Following the publication in 2014 of 'Care, Consideration and a Voice for Victims', and 'Taking the Next Steps', the recommendations identified provided a clear focus of activity for the PCC and partners' work in key areas of the Police and Crime Plan: support for victims, domestic abuse, sexual violence and youth justice. Working with a wide range of partners, these reports identified areas for improvement in services and developed an evidence base to support future commissioning activity. The resulting action plans have identified clear responsibilities for making improvements in identified areas and governance processes have been put in place through partnership groups alongside the OPCC, to ensure their delivery. They have already resulted, amongst other areas, to improvements in services for domestic abuse victims through changes in the service commissioned during 2015 and to the firm commitment of partners to the delivery of a holistic service to victims of sexual violence, which will have a significant impact on reducing the harm caused by such crimes.

The Commissioner receives correspondence from members of the public on a variety of issues including complaints or dissatisfaction. These are

dealt with in accordance with statutory legislation and agreed policy and procedures. Where issues are identified they are raised with the Constabulary and where necessary steps are taken to ensure changes to services are made. During 2015-16 work has been undertaken to identify trends in complaints and these have been reported to the Commissioner's Executive Board. The trends are used to give feedback to the Constabulary to help to improve the standard of service received and influence future commissioning for areas which require additional support.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT 2014/15

CP1/1: Achieve publication of the audited financial statements by end July 2016.

CP1/2: During 2016-17 The Head of Partnerships and Commissioning will be tasked with developing and implementing a Quality framework to support collaborative and partnership working in delivering improvements in services to victims and develop compliance with the Victims' Code of Practice.

CP1/3: Arrangements for scrutiny of Constabulary performance will be reviewed to ensure that robust arrangements are in place following the Police and Crime Commissioner Elections.



Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRORA). The PRORA also sets out the function and roles of statutory officers, namely the Monitoring Officer (Chief Executive) and the Chief Finance Officer (CFO). The monitoring officer has specific legal, financial and governance duties in addition to a statutory responsibility for the lawfulness of decision making. The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation. The scheme was revised during 2015-16 to take into account changes to reflect arrangements for business continuity and to align responsibilities for procurement with the review and update of the Commissioner's procurement regulations. The scheme has been subject to review by the Joint Audit and Standards Committee as part of the arrangement for reviews of governance.

The review of procurement regulations as part of those arrangements has resulted in the rules and guidance within the regulations being updated to incorporate the new requirements of the Public Contracts Regulations 2015. There have also been changes to how the procurement team engage with the business to support procurement activity, including a reduction in the financial threshold over which a procurement business partner will lead and support the procurement activity. This follows a

restructuring of the team to consolidate procurement support and expertise and enhance its role within the business as category managers, improving value for money.

During the year a formal review has been undertaken of the role of the Commissioner's Chief Finance Officer and the Head of Internal Audit (HIA) against the respective CIPFA statements. The self-assessment were subject to further review by the Joint Audit and Standards Committee. The outcome from the process has concluded that the Chief Finance Officer and HIA is fully compliant with the CIPFA role. The role of the Joint Audit and Standards Committee has also been reviewed during 2015-16 against the CIPFA guidance for Police Audit Committees. The overall conclusions from the assessment is that the committee is highly effective in its operation, evidencing substantial support, influence and persuasion in carrying out its functions.

The Commissioner continues to operate his statutory Independent Custody Visiting Scheme. During the course of the year a number of volunteers have been recruited across the four panels to maintain an overall number as close to forty eight as is possible. In the period 1 February 2015 to 31 January 2016 they made 191 visits, spoke to 221 detainees and observed a further 151 detainees. No serious issues were raised during any of the visits. The Animal Welfare Scheme, which looks at the welfare of police dogs, is composed of

nine volunteers drawn from the ICV scheme who have been appointed to undertake this role. The Civil Nuclear Constabulary also utilise the nine volunteers from the Animal Welfare Scheme to carry out a similar function for them. This arrangement works well to the mutual benefit of both Cumbria Constabulary and the Civil Nuclear Constabulary.

During the last year, the Commissioner has continued to build on partnership working to address priorities in the Police and Crime Plan, in addition to supporting and funding local agencies and groups to help tackle some of the priority areas. These activities have included:

- Continuing the role of Chair of the Safer Cumbria Partnership Delivery Group, to tackle crime and disorder bringing together public services such as councils, health, probation and voluntary groups.
- Working with partners on an action plan to tackle hate crime.
- Working with leaders and chairs of the county's key public and voluntary sector agencies as a member of the Cumbria Leaders' Board
- Working to help address alcohol, drug and mental health issues, often contributing factors in crime, through working jointly with Health and wider partners.
- Providing funding for Cumbria's three Community Safety Partnerships to tackle local issues in relation to crime and disorder, focusing on domestic violence, local crime prevention, and antisocial behaviour.
- Supporting community groups to reduce crime and tackle antisocial behaviour through a Police

and Crime Property Fund, Community Fund and Innovation Fund.

The Commissioner's Executive Board continues to meet in public with meetings regularly attended by various representatives of the media and members of the public. There is a facility for members of the public to ask questions of the Commissioner, which has been used by a one person in the course of the year.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP2/1: Develop and introduce a new Code of Corporate Governance in response to the introduction of a new CIPFA Good Governance Framework and Guidance for Police expected in 2016-17.

CP2/2: The Commissioner is working with health and local government partners to improve services for victims with mental health issues. Supported by the PCC, the Office of the Police and Crime Commissioner has secured funding from the Home Office Innovation Fund for the development of a multi-agency assessment and crisis centre.

CP2/3: Building on the work of the OPCC and partners during 2015-16 to embed Victim led Restorative Services, the OPCC will work with partners to increase the use of quality Restorative Justice through the ongoing development of a multi-agency approach.

CP2/4: During 2016-17 the OPCC will work with the newly elected PCC to develop and deliver a new Police and Crime Plan.

Core Principle 3: Promoting values for the Commissioner and demonstrating the values of good governance through upholding high standards of conduct and behaviour

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

2015-16 was the first full year of operation for the Ethics and Integrity Panel. During the year the Panel have carried out a number of dip samples of different areas of business, including complaints, police misconduct and staff misconduct cases to support high standards of ethics and integrity. The findings of that work, including recommendations, have been reported on a quarterly basis to the Commissioner's Executive Board to improve transparency and support public scrutiny. The Joint Audit and Standards Committee received the 2015-16 annual report of the Ethics & Integrity Panel in May 2016 to support assurances in respect of arrangements for standards and ethical governance.

As part of their work the panel has made a number of recommendations adopted by the Constabulary that aim to improve the quality of communications and public satisfaction in the complaints process. The work of the Panel has also resulted in improvements to the standards of case files for complaints which now document organisational learning arising from the complaint and how this has been disseminated to individuals and across the organisation. Misconduct files have been improved to document full audit trails that include identified welfare issues, return to work process and details

of any Management Action. The Panel have also been asked to specifically review and provide feedback on

the Constabulary's Performance Discretion Framework which was introduced as part of the new Command and Control system. Following a HMIC review of Stop and Search the Panel were consulted regarding the data recorded for such searches and provided feedback to the Constabulary on their findings. They will review this area of business again in August 2016 following training being provide to all officers.

As part of the arrangements for complaints, the Commissioner receives letters directly from members of the public. In 2015 he received 12 complaints, 11 of which were passed to the Constabulary to respond to as they were regarding matters beyond his jurisdiction. Of the remaining complaint it was determined that the issues raised were not personal conduct matters.

During the same period the Commissioner received 291 letters of dissatisfaction raised by members of the public regarding the Constabulary and policing issues. These issues were raised with the Constabulary and monitored by OPCC staff to ensure a timely and appropriate solution was

During 2015-16 the Ethics and Integrity Panel was able to make a number of recommendations that aim to improve the quality of communications and public satisfaction in respect of complaints.

found. Only one issue remains to be completed at the end of 2015-16 and mediation is taking place to resolve the matter. Complaints made against the Police and Crime Commissioner are dealt with by the Police and Crime Panel. During 2015-16 the panel received one complaint which was dealt with by way of a letter of explanation. Letters of compliment were also received from members of the public for the assistance provided by the Police and Crime Commissioner and members of staff.

In respect of the arrangements for standards, ethics and integrity, the Chief Executive is able to confirm that since the inception of the Office of the Police and Crime Commissioner, no complaints have been received from any member of staff or secondee in relation to the Commissioner. Neither has any complaint been made by the Commissioner about any member of staff. In respect of the period from 1st April 2015 to the date of issuing this statement, no issues have been raised with the Joint Audit and Standards Committee in respect of the operation of the Commissioner's Codes of Conduct/Protocols and the Committee has not received any appeals in relation to these matters.

The Commissioner has in place arrangements for anti-fraud and corruption. The arrangements in place during 2015-16 have been subject to internal review by the Deputy Monitoring Officer, with the outcome of that review reported to the Joint Audit and Standards Committee in May 2016. The review has concluded that arrangements are effective. The prior year cyclical audit concluded that there is substantial assurance in respect of the arrangements for anti-fraud and corruption and noted as a strength the clear promotion of high

standards of integrity and ethical behaviour. Whilst fraud risk remains low within the OPCC office, matters of integrity have been re-enforced in support of the aim of ensuring a high degree of awareness amongst staff in respect of appropriate conduct and behaviours. The Deputy Monitoring Officer has issued a monthly reminder to staff in respect of recording gifts and hospitality and/or supplier contact. Completed registers have been published on the Commissioner's website on a monthly basis and the Deputy Monitoring Officer has undertaken dip sampling between the registers and contracting activity.

In support of the requirements for audit of the financial statements, the Commissioner has submitted to the External Auditor the 2015-16 fraud risk assessment providing further assurances in respect of the arrangements to protect against fraud and corruption. Management assurance was further supported through the completion by the Commissioner and all staff of a register of interests form and a declaration of related party transactions. These forms were reviewed by the Chief Executive and Chief Finance Officer and are published on the Commissioner's website for openness and transparency.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP3/1 During 2016-17 the scope and remit of the Ethics and Integrity Panel will be reviewed to maximise its on-going impact in improving arrangements for Ethics and Integrity.

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Commissioner makes decisions in line with his decision making policy which adheres to the Good Governance Standard for Public Services and the Good Administrative Practice 2. During the 2015-16 financial year the Commissioner made 46 decisions that have all been recorded and published on the Commissioner's website. The range of decisions made included finance and budget, estate, policies, police and crime plan, annual report, policing services and commissioning. All methods of communication such as media, social media and newsletters are used to further inform the public of key decisions.

Quality of Service Issues and Complaints play a significant role in influencing future decisions. The Commissioner is directly involved in many of the engagement activities and is aware of the issues being raised by members of the public. The Office of Public Engagement on a regular basis formally reports to the Commissioner's Executive Board identifying trends and linking to the development of the Police and Crime Plan.

The Office of Public Engagement is instrumental in influencing key decision making within the OPCC. The Commissioner carried out a wide range of public engagement events over the year to provide as many opportunities as possible for the public to engage with him, through a diverse range of communication and engagement methods. In 2014, an extensive public consultation was carried out

regarding the setting of the police council tax precept. To give additional context, local residents were also surveyed about their knowledge of what local police do; their satisfaction with Cumbria police; and recent contact with the police. This significant consultation was undertaken with a view of giving peoples view over a two year period and was used to inform the Commissioner's decision for the 2015-16 council tax precept and on the decisions taken in February 2016 for the 2016-17 precept and budget.

The Police and Crime Panel have met five times during 2015-16. All meetings are held in public, providing an open and transparent process for scrutinising the decisions and work of the Commissioner. The work programme of the Panel during 2015-16 placed a significant focus on the commissioning elements of the Police and Crime Plan and the implications for Cumbria of the Home Office Police Formula Funding Consultation. On January 25th 2016 the Panel considered the matter of the Commissioner's proposed precept. As part of this process the panel held a seminar meeting to undertake detailed scrutiny of revenue and capital budget plans, plans for savings proposals and the Commissioner and Constabulary's performance in delivering efficient and effective policing during 2015-16. The Panel decision was that they support the proposed police precept without qualification or comment.

The Joint Audit and Standards Committee has conducted five public meetings during 2015-16 and undertaken a significant amount of work to scrutinise and make recommendations in respect of the Commissioner's arrangements for governance and the management of risk. This has included scrutiny of the Procurement Regulations, Code of Corporate Governance, Risk Management Strategy, Internal Audit Charter, Treasury Management Strategy, Statement of Accounts and Annual Governance Statement.

During 2015-16 work has been undertaken to develop the arrangements for risk management. This included making improvements to the arrangements for the Commissioner's risk registers, determining risk appetite, revising the methodology for scoring risks and developing the Risk Management Strategy in the context of this work. The process was supported by a CIPFA accredited trainer and the lead member for risk from the Joint Audit and Standards Committee. During the year, the Commissioner has received and scrutinised a quarterly report presented by the Chief Constable in respect of the Constabulary's management of strategic risks to enable the Commissioner to have oversight and scrutiny of the risks facing the Constabulary.

The Commissioner's arrangements for Risk Management include procedures for Business Continuity. During 2015-16 the Commissioner's business continuity arrangements were reviewed and a programme for updating and testing the business continuity plan was initiated. During the course of this review internal audit inspected the arrangements and made a number of

recommendations for improvement. The new, fully codified processes and procedures for business continuity were reported to the Commissioner's Executive Board in July 2015 and have been tested to ensure they are working effectively.

Arrangements for Risk Management have been further assured through the delivery of the 2015-16 Internal Audit Plan. The Plan was developed on a risk based approach and substantially increased the number of days of audit work during the year from 180 to 232 as a consequence of widening the areas of audit coverage in line with the public sector audit standard. Of the 17 audits conducted, all other than one have received either reasonable or substantial assurance. The Audit Plan provides the basis for the Chief Internal Auditor's overall opinion on the control environment. The internal audit annual report for 2015-16 concludes that the Commissioner's frameworks for governance, risk and internal control are reasonable and that audit testing has confirmed that controls are generally working effectively in practice. During 2015-16 the Joint Audit and Standards committee have received quarterly reports monitoring the implementation of all audit recommendations.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP4/1: To ensure the continued effectiveness of the Joint Audit and Standards Committee as a scrutiny body, the programme of training/development activity for 2016-17 will include the design and delivery of a session on the incoming Commissioner's Police and Crime Plan.

Core Principle 5: Developing the capacity and capability of the Commissioner and officers of the Commissioner to be effective.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

A number of arrangements have been in place during 2015-16 to support the capacity and capability of the Commissioner and his Office. These include the receipt of regular APCC briefings in addition to guidance, codes of practice, regulations and legislation from a range of national bodies and organisations. Significant publications have included Grant Thornton's 'knowing the Ropes – Audit Committee Effectiveness Review 2015', CIPFA publications consulting on proposed changes to the Local Government Good Governance Framework and the new Accounts and Audit Regulations 2015.

The Chief Executive is further supported through the Association of Police and Crime Commissioner Chief Executives (APACCE). To provide peer support, APACCE members have developed a directory setting out the specialist subject matter areas of each member. At their regular meetings APACCE have also provided a forum to deliberate on key issues for the development and enhancement of the role of Police and Crime Commissioners. Advice and support is also available through the regional (North West and North Wales) Chief Executives Group, which meets on a quarterly basis. This Group has been chaired by Cumbria's Chief Executive during 2015-16. In addition the North West Joint Oversight Committee of Police and Crime Commissioners continues to

meet regularly to take forward collaboration between forces and OPCCs in the region.

The delivery of a Corporate Development Day was held for all staff within the COPCC as part of the development of the COPCC's Business Plan. A Development Day was also held for all staff as part of the process for reviewing the Commissioner's risk management processes and procedures, together with a separate session for the Executive Team on strategic risk. All of these sessions were facilitated by a CIPFA accredited trainer.

The Chief Finance Officer continues to receive support from the Police and Crime Commissioner's Treasurer's Society (PaCCTS) and the associated technical information service. During 2015-16 this has included significant briefing and analysis of the proposed changes to Police Formula Funding, the 2015 Comprehensive Spending Review and 2016-17 Police Grant settlements. Officers within the finance team have attended annual technical update and development events run by CIPFA. This has included CIPFA's 2015 Developments in Police Finance Forum's at which the CFO and Deputy CFO were invited to present on early financial closedown.

The Chief Finance Officer and finance staff with treasury management responsibilities have held quarterly briefing meetings with Arlingclose, the Commissioner's external treasury management advisors. This facilitates a high level of awareness within the team of the current economic climate

and regulatory changes, both of which impact on the risks and opportunities for counter-party investment. Arlingclose also delivered a seminar on 9th March 2016 for members of the Joint Audit and Standards Committee prior to their scrutiny of the Treasury Management Strategy. Further specialist advice has been received from the Commissioner's Insurance brokers in respect of the annual renewals on insurance. This advice has supported decision making during 2015-16 in respect of increasing the level of employee/public liability insurance cover and supported a more detailed review and decision making on insurances not currently taken on the basis of cost and risk.

The Office of Public Engagement has continued to develop its range of effective community engagement methods, to ensure all sections of the community are reached. The Commissioner worked with a number of Neighbourhood Forums run by the County Council to capitalise on their tried and tested format and ensure good attendance.

The Commissioner, through his Victim's Advocate, created a Victim's Consultation Group, who operate in a 'focus group' style to look in depth at certain policy issues at the time of policy formation. This year the Group contributed to the development of the Cumbria Together website, which is an information portal aimed at sign-posting victims to where they can get help, support and guidance. The Group also contributed to the development of the Bridgeway and emerging themes and priorities for the new Police and Crime Plan. The internal restructure that took place in 2014 placing more emphasis on partnerships, victims support and victim's advocacy has embedded well during 2015-

16. The capacity and skills are now in place to ensure that the Commissioner's wider responsibilities for community safety, enhancing criminal justice and supporting victims are met.

All staff within the office participate in a personal development review process to ensure they have the skills to be effective in their roles. Staff also have regular one-to-one sessions with their line manager. Specific training has been provided for staff in the areas of advanced Microsoft Word, Excel, Freedom of Information, media management, project management, risk management, coaching and fire safety.

The Joint Audit and Standards Committee has conducted a formal review of its effectiveness against the new CIPFA guidance for Audit Committees. **Against the self-assessment checklist the committee achieves a consistent grade of 4 or 5 (against a maximum of 5) across all areas.** For those functions not included within the checklist, incorporating the wider functions of the committee, there is evidence to demonstrate compliance with CIPFA guidance and elements constituting best practice. The review confirmed that the Committee has during 2015-16 implemented areas identified for developed from the 2014-15 review. Further areas for development are identified for 216-17 to provide for continuous improvement. The full report of the Committee can be found on the Commissioner's website at:

<http://www.cumbria-pcc.gov.uk/governance-transparency/audit-committee.aspx>

There have been a significant number of changes of personnel on each of the Custody Visiting Panels

during this year and the Scheme Administrator has run a number of recruitment campaigns to attract new candidates for appointment. Induction training courses have been run for newly-appointed visitors in Workington, Barrow, Carlisle and Penrith throughout 2015-16. Membership of the four panels at the end of 2015-16 stood at Barrow 10; Kendal 8; North Cumbria 12 and West Cumbria 11.

The Cumbria ICV Annual Conference was held on Saturday 25th April 2015 with 31 Custody Visitors attending. The Commissioner opened the conference and held a question and answer session along with the Chief Constable. Among the topics this year was: Changes within Custody; Suicide Awareness Training and Healthcare in Custody. The delegates undertook a number of workshop exercises focusing on developing good practice in Custody Visiting and a series of scenario discussions aimed at improving practice in the Cumbria ICV scheme.

In addition to the Cumbria Conference, a number of ICV's attended the Regional Conference held on 24 October 2015. The event covered a range of issues including Vulnerable People in Custody; Learning Disabilities and Difficulties in Custody; the Liaison and Diversion programme for Mentally Disordered Offenders.

During 2015-16 the Ethics and Integrity Panel has developed and enhanced its role. This has included undertaking "deep dives" of specific areas of activity such as Stop and Search and contributing to reviews of ways of working within the Constabulary, such as the changes introduced within the Constabulary's Communication Centre. This work has led to recommendations being made to the Constabulary with a view to the enhancement and/or improvement of the service. Stop and Search will be reviewed in August 2016 to gauge progress. In undertaking these new activities the focus has been on the ethical implications of the proposals or the way in which the activity is undertaken.

AREAS FOR FURTHER DEVELOPMENT

CP5/1: Arrangements for induction of new Joint Audit and Standards Committee members will be developed and formalised. This will include an operational development day with the Constabulary to which all members will be invited.

CP5/2: Undertake a review of the arrangements for Independent Custody Visiting within Cumbria, fully engaging with the Independent Custody Visitors as part of that review.



Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Policing Protocol Order highlights the accountability of the Police and Crime Commissioner to local people. This responsibility is delivered through an Office of Public Engagement to ensure a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria and is accountable. During 2015-16, the Commissioner has:

- Spoken to the public at more than 100 public engagement events, ranging from public meetings, surgery style events, 'drop-ins' at supermarket cafés, walkabouts with Constabulary Neighbourhood Policing Teams;
- Attended a number of county council neighbourhood forums, community meetings, parish councils, meetings with various groups i.e. businesses, youth, and agricultural shows;
- Attended a significant number of meetings with local councillors, leaders and MPs;
- Sponsored and spoke at the Cumbria Neighbourhood Watch Association annual conference, where the theme was Local Resilience;
- Worked with the National Rural Crime Network (NRCN) to highlight national the issues with rural crime and contribute to the largest rural crime survey to ascertain the levels of rural crime and how the police can better serve rural communities;
- Sponsored and attended the 'Know Your Criminal Justice Day', run in collaboration with People First, the Crown Prosecution Service, Cumbria Constabulary and HM Courts Services, aimed at helping those with learning and physical disabilities understand how to report hate crime and what they can expect of the criminal justice system, with the aim of encouraging the reporting of hate crime incidents;
- Awarded a grant to Young Cumbria to consult with young people about how the police interact with them and what needs to be improved;
- Published online and circulated by email and community messaging, a regular newsletter, and contributed to other newsletters;
- Taken part in a wide range of media activities and interviews through a range of communication methods;
- Conducted surveys on rural crime, and policing priorities, through a mixture of both online and face-to-face methods during themed engagement events;
- Promoted events and activities and maintained a presence using social media i.e. Twitter and Facebook;
- Responded to over 291 'Quality of Service' complaints from members of the public.

During the course of the year the Commissioner has engaged with the Police and Crime Panel as part of the review processes for the Police and Crime Plan.

The Panel has developed jointly with the Commissioner a programme to support engagement and accountability in respect of priority areas from within the Plan. During 2015-16 the panel focused accountability on the two thematic areas, these being: 'Victims: Ensure victims of crime have access to support and redress'; Domestic Abuse, Sexual Violence and Hate Crime: reduce harm by targeting domestic abuse and sexual violence, reduce harm caused by hate crime. The panel has received regular reports on the work, activity and outcomes in respect of these themes and has provided scrutiny and support in respect of the on-going delivery of these priorities.

During 2015-16 the Commissioner has also prepared for publication the final annual report of his term of office. The annual report, entitled "Making Cumbria an Even Safer Place", includes information on how the Commissioner has responded to issues raised during community engagement activity and how engagement has informed future priorities.

As part of the arrangements for financial accountability, the Commissioner's audited accounts for the 2014-15 financial year were signed by the independent auditors and published on the Commissioner's website. The auditor's opinion was that the Statements provided a true and fair view of the financial position and that they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting. The auditors further confirmed in their Audit Findings Report a positive conclusion with regards to securing value for money. Throughout the year the Commissioner has published financial monitoring

information that reports progress in respect of the capital and revenue budgets and treasury management activities for 2015-16.

To further support public accountability a range of information has been made available through the Commissioner's website over the course of the year. This has included agenda and reports for the public Executive Board meetings and the Joint Audit and Standards Committee, guidance and application packs for the Commissioner's three funds, Freedom of Information disclosure logs, financial information and strategies. In the latter part of 2015-16 a section of the website has been developed to provide information relevant to potential candidates for the Police and Crime Commissioner elections to be held in May 2016.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP6/1 Develop a new Office of Public Engagement strategy to ensure it embraces the new Commissioner's vision for engaging with local people and stakeholders.

CP6/2 Following the Police and Crime Commissioner elections in May 2016 wider engagement activity will take place with a range of partners/stakeholders as part of the process to develop and implement the new Police and Crime Plan and Partnership Strategy.

CP6/3 Following the Police and Crime Commissioner Elections in May 2016 and subsequent work to develop the new Police and Crime Plan the Commissioning strategy will be reviewed to ensure that commissioning intentions reflect manifesto priorities.

APPENDICES TO THE ANNUAL GOVERNANCE STATEMENT

- Appendix A: 2016-17 Development And Improvement Plan
- Appendix B: 2015-16 Development And Improvement Plan Update

FURTHER INFORMATION

Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.

We welcome your views on the Commissioner's Annual Governance Statement. You can do this by using the contact information below:

Office of the Police & Crime Commissioner

Carleton Hall

Penrith

Cumbria CA10 2AU

Telephone: 01768 217734

E-mail: commissioner@cumbria-pcc.gov.uk

*Richard Rhodes
Police and Crime Commissioner for Cumbria

*Stuart Edwards
Chief Executive

*Ruth Hunter
Chief Finance Officer/ Deputy Chief Executive

*Signatures are removed for the purposes of Publication on the website

APPENDIX A: 2016-17 DEVELOPMENT AND IMPROVEMENT PLAN

Ref	Action	Responsibility	Deadline
CP1	Focusing on the purpose of the PCC and the Force, and on outcomes for the community, and creating and implementing a vision for the local area.		
CP1/1	Achieve publication of the audited financial statements by end July 2016.	Chief Finance Officer	31 st July 2016
CP1/2	During 2016-17 The Head of Partnerships and Commissioning will be tasked with developing and implementing a Quality framework to support collaborative and partnership working in delivering improvements in services to victims and develop compliance with the Victims' Code of Practice.	Head of Partnerships and Commissioning	31 March 2017
CP1/3	Arrangements for scrutiny of Constabulary performance will be reviewed to ensure that robust arrangements are in place following the Police and Crime Commissioner Elections.	Head of Partnerships and Commissioning	31 July 2016
CP2	Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.		
CP2/1	Develop and introduce a new Code of Corporate Governance in response to the introduction of a new CIPFA Good Governance Framework and Guidance for Police expected in 2016-17.	Chief Executive/Chief Finance Officer	30th June 2016
CP2/2	The Commissioner is working with health and local government partners to improve services for victims with mental health issues. Supported by the PCC, the Office of the Police and Crime Commissioner has secured funding from the Home Office Innovation Fund for the development of a multi-agency assessment and crisis centre.	Head of Partnerships and Commissioning	31 March 2018
CP2/3	Building on the work of the OPCC and partners during 2015-16 to embed Victim led Restorative Services, the OPCC will work with partners to increase the use of quality Restorative Justice through the ongoing development of a multi-agency approach.	Head of Partnerships and Commissioning	31 March 2017
CP2/4	During 2016-17 the OPCC will work to support the newly elected PCC to develop and implement a new Police and Crime Plan	Head of Partnerships and Commissioning	31 December 2016
CP3	Promoting values for the PCC and demonstrating the values of good governance through upholding high standards of conduct and behaviour.		

CP3/1	During 2016-17 the scope and remit of the Ethics and Integrity Panel will be reviewed to maximise its on-going impact in improving arrangements for Ethics and Integrity.	Chief Executive	30 March 2016
CP4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.		
CP4/1	To ensure the continued effectiveness of the Joint Audit and Standards Committee as a scrutiny body, the programme of training/development activity for 2016-17 will include the design and delivery of a session on the incoming Commissioner's Police and Crime Plan.	Head of Partnerships & Commissioning/ Chief Finance Officer	30th September 2016
CP5	Developing the capacity and capability of the PCC, officers of the PCC and the Force to be effective.		
CP5/1	Arrangements for induction of new Joint Audit and Standards Committee members will be developed and formalised. This will include an operational development day with the Constabulary to which all members of JASC will be invited.	Chief Finance Officer	30th September 2016
CP5/2	Undertake a review of the arrangements for Independent Custody Visiting within Cumbria, fully engaging with the Independent Custody Visitors as part of that review.	Chief Executive	30 March 2017
CP6	Engaging with local people and other stakeholders to ensure robust public accountability.		
CP6/1	Develop a new Office of Public Engagement strategy to ensure it embraces the new Commissioner's vision for engaging with local people and stakeholders.	Head of Communications and Business Services	30 September 2016
CP6/2	Following the Police and Crime Commissioner elections in May 2016 wider engagement activity will take place with a range of partners/stakeholders as part of the ongoing process to develop and implement the new Police and Crime Plan and Partnership Strategy.	Head of Partnerships and Commissioning	31 December 2016
CP6/4	Following the Police and Crime Commissioner Elections in May 2016 and subsequent work to develop the new Police and Crime Plan the commissioners commissioning strategy will be reviewed to ensure that commissioning intentions reflect manifesto priorities.	Head of Partnerships and Commissioning	31 December 2016

APPENDIX B: 2015-16 DEVELOPMENT AND IMPROVEMENT PLAN UPDATE

Ref	Action	Action Update	Responsibility	Deadline
CP1	Focusing on the purpose of the PCC and the Force, and on outcomes for the community, and creating and implementing a vision for the local area.			
CP1/1	Preparation for earlier financial accounts deadlines: Achieve unaudited publication by 4 th June/audited publication by 10 th September.	Partially Achieved: Unaudited accounts published on 28 th May 2015. Audited accounts achieved a deadline of 23 rd September. This was as a result of national technical issues beyond the control of the Commissioner/Local Audit team.	Chief Finance Officer	Sept 2015
CP1/2	Work to develop financial models to respond to the funding announcements expected following the general election will continue during 2015-16 as further information is received on the new police funding formula and the 2015 comprehensive spending review	Achieved. A number of funding models were developed during the Summer in response to the Home Office Police Funding consultation. These have been incorporated within the 2016-2020 medium term financial strategy.	Chief Finance Officer	Dec 2015
CP1/3	During 2015-16 The Head of Partnerships and Commissioning will be tasked with developing and implementing a Strategy to support collaborative and partnership working.	Partially achieved. A draft strategy has been produced. As we are in an election year further work on the strategy will take place following the May 2016 election to ensure that the priorities of the incumbent PCC are reflected in any future partnership and collaborative working	Head of Partnerships and Commissioning	March 2016
CP1/4	Arrangements for scrutiny of Constabulary performance reports will be reviewed to facilitate OPCC officer input and review prior to presentation at the Executive Board.	Achieved. Arrangements have been reviewed and include support and dialogue with the Office of the Police and Crime Commissioner regarding the requirements and content of reports. Once completed reports are tabled at the Accountability Board for scrutiny by constabulary and Office of the Police and Crime Commissioner.	Head of Partnerships and Commissioning	March 2016
CP2	Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.			
CP2/1	Work with partners to deliver a sexual assault referral centre and joined-up system of follow-up health and emotional support services.	Achieved. The Bridgeway Sexual Assault Referral Centre was formerly opened in December 2015. Support Services for ISVA and Counselling have been commissioned.	Head of Partnerships and Commissioning	March 2016

CP2/2	Building on the work of the OPCC and partners, develop Victim led Restorative Services	Achieved. The RJ HUB delivering Victim led restorative services is operational. A provider has been commissioned to take the RJ model forward.	Head of Partnerships and Commissioning	March 2016
CP2/3	Work with partners to develop and deliver a Victim and Witness Strategy to deliver improvements in services to victims and develop compliance with the Victims' Code of Practice.	Partially achieved. A Victims and Witnesses Needs Assessment has been completed. As we are in an election year further work will take place following the May 2016 election to ensure that the priorities of the incumbent PCC are reflected in any future work that supports services for victims and witnesses.	Head of Partnerships and Commissioning	March 2016
CP3	Promoting values for the PCC and demonstrating the values of good governance through upholding high standards of conduct and behaviour.			
CP3/1	Update and develop policy and guidance arrangements for complaints to ensure arrangements are accessible and to encourage a positive culture for receiving and addressing issues that have given rise to a complaint.	Achieved: During 2015 – 16 work has been undertaken to ensure the correct guidance and procedures are in place to ensure complaints are dealt with fairly and robustly.	Head of Communications and Business services	March 2016
CP3/2	Develop arrangements for complaints in respect of national proposals regarding changes to the police complaints system.	Achieved: The OPCC has taken part in the consultation, the recruitment process and will continue to monitor as this new process embeds.	Head of Communications and Business services	March 2016
CP4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.			
CP4/1	Establish a training and development programme for Joint Audit and Standards Committee Members within the Committee's annual work programme.	Achieved: During 2015-16 members have undertaken training/development including treasury management, police crime recording, and the medium term financial strategy and change programme. JASC agenda's include a Corporate Update to ensure members are briefed on current/topical issues pertinent to Governance.	Chief Finance Officer	June 2015
CP4/2	Further develop arrangements for risk management including review of risk registers, scoring methodology, risk appetite and the risk management strategy	Achieved: During 2015-16 arrangements for risk management - including review of risk registers, scoring methodology, risk appetite and the risk management strategy – have been reviewed and re-written. This	Chief Executive	Sept 2015

		process was facilitated by a CIPFA accredited trainer and involved all the staff of the COPCC.		
CP4/3	Arrangements will be made to formally codify all elements of the Commissioners business continuity arrangements and initiate a programme for updating and testing the business continuity plan.	Achieved: The OPCC Business Continuity plan is now an embedded policy within the Office. The Business Continuity plans were approved at the March Executive Board.	Head of Communications and Business services	Sept 2015
CP5	Developing the capacity and capability of the PCC, officers of the PCC and the Force to be effective.			
CP5/1	Complete work supported by North West employers to implement a bespoke suite of Human Resource Policies appropriate to the management of the Commissioner's office.	Achieved: The HR policies are now completed and fully functional.	Head of Communications and Business services	March 2016
CP6	Engaging with local people and other stakeholders to ensure robust public accountability.			
CP6/1	During 2015-16 work will be undertaken to improve the quality of engagement with and reporting to the Police and Crime Panel, with a focus on member's contribution to the development of priorities for the new Police and Crime Plan.	Achieved: An annual programme of work has been developed and considered by the Police and Crime Panel. Implementation of the programme of work has included consultation with the panel on the development of the new Police and Crime Plan.	Head of Partnerships and Commissioning/ Head of Communications and Business services	May 2016
CP6/2	During 2015-16 wider engagement activity will take place with a range of partners/stakeholders as part of the process to develop the new Police and Crime Plan.	Achieved: A programme of engagement activity has taken place to develop themes and priorities as part of the process to develop the new Police and Crime Plan. This includes – focus groups, a stakeholder event and completion of a victims and witnesses needs assessment.	Head of Partnerships and Commissioning/ Head of Communications and Business services	May 2016