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Our reference: NC

Date: 4th September 2017

AGENDA

TO: THE MEMBERS OF THE JOINT AUDIT AND STANDARDS COMMITTEE

CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT AND STANDARDS COMMITTEE

A Meeting of the Joint Audit & Standards Committee will take place on **Wednesday 13th September 2017** in **Conference Room Two**, Police Headquarters, Carleton Hall, Penrith, at **10:00am**.

In the afternoon, a development session will be held (**1 – 3 pm**)*, providing updates in respect of Police and Fire (Blue Light) collaboration, and the Police and Crime Plan.

Members are asked to note that consideration of the Grant Thornton Annual Audit Letter has been deferred to the November meeting.

V Stafford
Temporary Chief Executive

Note: Members are advised that allocated car parking for the meeting is available in the Visitors Car Park.

Please note – there will be a private members meeting from 9.30am – 10.00am

COMMITTEE MEMBERSHIP

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

*Please note change to previously notified time.

AGENDA

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

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC

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

3. DISCLOSURE OF PERSONAL INTERESTS

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

4. MINUTES OF MEETING AND MATTERS ARISING

To receive and approve the minutes of the committee meeting held on 21st July 2017.

5. ACTION SHEET

To receive the action sheet from previous meetings.

6. CORPORATE UPDATE

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

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

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

8. INTERNAL AUDIT – PROGRESS REPORT

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

9. INTERNAL AUDIT REPORT(S)

To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.

(To be presented by the Audit Manager)

- (i) Offender Management

10. STRATEGIC RISK REGISTER

To consider the COPCC strategic risk register as part of the Risk Management Strategy.

(To be presented by the Chief Executive / Governance & Business Services Manager)

11. TREASURY MANAGEMENT ACTIVITIES

To receive for information reports on Treasury Management Activity - Quarter 1.

(To be presented by the Deputy Chief Finance Officer)

Future Meeting Dates (For Information)

22 November 2017 @ 10:00 - Conference Room 2

21 March 2018 @ 10:00 - Conference Room 2

24 May 2018 @ 10:00 – Conference Room 2

19 July 2018 @ 10:00 – Conference Room 2

12 September 2018 @ 10:00 – Conference Room 2

22 November 2018 @ 10:00 – Conference Room 2

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Agenda Item 4

CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY

JOINT AUDIT & STANDARDS COMMITTEE

Minutes of a Joint Meeting of the Joint Audit & Standards Committee and the Police and Crime Commissioner held on Friday 21st July 2017 in Conference Room 2, Police Headquarters, Carleton Hall, Penrith, at 10.30 am

PRESENT

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

Also present:

Deputy Chief Finance Officer (Michelle Bellis)
Financial Services Trainee (Neil Collins)
Financial Services Assistant (Dawn Cowperthwaite)
Chief Executive, Office of the Police and Crime Commissioner (Stuart Edwards)
Chief Constable (Jeremy Graham)
Principal Financial Services Officer - Capital & Technical (Lorraine Holme)
Joint Chief Finance Officer (Roger Marshall)
Police and Crime Commissioner (Peter McCall)
Senior Manager, Grant Thornton (Richard McGahon)
Director, Grant Thornton (Robin Baker)
Deputy Chief Constable (Michelle Skeer)
Audit Manager, Cumbria Shared Internal Audit Service, Cumbria County Council (Emma Toyne)

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

It was agreed that agenda items 11 to 13 would be considered before agenda items 5 to 10 in order to allow the Police and Crime Commissioner (PCC) and Chief Constable (CC) to leave at that point if necessary.

333. APOLOGIES FOR ABSENCE

No apologies for absence were received.

334. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC

There are no items of urgent business or exclusions of the press and public to be considered by the Committee.

335. DISCLOSURE OF PERSONAL INTERESTS

There were no disclosures of any personal interest relating to any item on the Agenda.

336. MINUTES OF MEETING AND MATTERS ARISING

The draft minutes of the meeting held on 24th May 2017 had been circulated with the agenda. The minutes were first reviewed for factual accuracy and approved as a true record of the meeting by the committee.

RESOLVED, that the minutes of the meeting held on 24th May 2017 be approved.

337. AUDIT FINDINGS REPORT

Grant Thornton's Audit Findings Report was introduced by the Director, who began by explaining the purpose of the report, which sets out the findings and conclusions of the audit and is presented to the Committee prior to approval and adoption of the accounts by the PCC and CC.

The Director then explained that there were three key messages from the report. Firstly, the audit of the financial statements was drafted a week or two ago, the draft stating that there were one or two matters still outstanding. The Director confirmed that all outstanding matters had since been resolved. All risks that were set out in the audit plan had been addressed, and were the standard risks that would be addressed for any police client. It was also noted that a materiality figure of £2.75m was set for the audit.

The most important risk related to the valuation of net liability on the pension fund, which stands at £1.2bn. This includes liabilities on both the Police Pension Fund and the Local Government Pension Fund. The Director reported that following detailed work, there were no matters to bring to the attention of the Committee and that the figure was materially accurate.

The second important risk factor related to land and buildings, the valuation of which currently stands at approximately £52m. The Director commented that it was very helpful that almost half of assets have been revalued during the year by external valuers. Again, there were no matters to bring to the Committee's attention.

The Director then explained that there was a new requirement for 16/17, generally known as 'Telling the story' – a new way of presenting the spend figures in the comprehensive income and expenditure accounts. The Director commented that the auditors were clear about the way that the figures were presented and that it met with their expectations.

The Director commented that the accounts were produced to a very high standard, with excellent working papers and no material errors or inaccuracies. Subject to the PCC's and CC's willingness to sign the accounts and letters of representation, Grant Thornton would therefore issue an unqualified audit opinion.

The Director also noted that the Annual Governance Statements and narrative associated therewith met the required standard with minor amendments and that there were no issues to raise.

Turning to value for money, the Director explained that the audit focussed specifically on whether the arrangements in place were appropriate. Two risk areas were addressed: managing the financial position, and the Constabulary's response to HMIC reports. The Director confirmed that Grant Thornton again intended to issue an unqualified conclusion.

The final key issue discussed by the Director related to fees and independence. The Director stated that the fee for the audit was in line with the figure set by Public Sector Audit Appointments plus £11k for non-audit services, such as tax and VAT advice services. However, it was noted that ethical standards have been tightened and so Grant Thornton will be unable to advise on tax and VAT in future.

The Director lastly thanked Grant Thornton and Constabulary staff for their work and noted that the speed at which the work had been completed was excellent. He advised that Grant Thornton would wish to continue as auditors going forward.

The Committee welcomed the report, one member commenting that it was the cleanest audit report he had seen from external auditors. It was also noted that accuracy had been maintained.

In response to a question from the PCC, the Director stated that there was no real distinction between a clean and an unqualified audit opinion.

A member stated that the Committee had spoken to the auditors for 45 minutes prior to the meeting and that the clear message from these discussions was the very high quality of the work of the Finance Department.

In response to a further question from the PCC, the Senior Manager (SM) confirmed that Grant Thornton had noticed no difference arising from the merger of the two CFO roles into a Joint CFO.

RESOLVED, that the report be noted.

338. ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS

The CFO introduced the report, stating that its purpose was to provide assistance to the Committee in their role in scrutinising the accounts, by providing commentary on the wider assurance framework, and to bring out some of the key challenges and the changes that have taken place in preparing the accounts.

The CFO noted the external auditors' opinion and stated that he was very pleased with it. The CFO also noted that the other sources of assurance, including internal audit and the work of the Committee, had not raised any significant issues. The key challenge facing the Finance Department was the required timescale, but processes put in place over last two to three years have allowed this to be met and the CFO expressed his confidence that they would be met in future. Very few changes were made to the Statement of Accounts this year, other than the inclusion of 'Telling the Story.'

The CFO recognised the work of Finance Department, especially the Deputy CFO and Principal FSO, but emphasized that the Statement of Accounts had been a team effort.

A member pointed out that in the Letters of Representation, Mr Marshall was listed Joint CFO in the PCC letter and simply as CFO in the Chief Constable's.

The Chair and the PCC thanked the CFO for his efforts. The PCC also thanked the audit teams for their diligence.

RESOLVED, that the reports be noted.

345. ANNUAL STATEMENT OF ACCOUNTS

The Deputy CFO presented a report on the Annual Statement of Accounts, which included a narrative on the financial statements.

Taking items 13 (i) and (ii) together, the Deputy CFO advised the Committee that they had been provided with a set of papers that had been marked up to show changes made. Changes in green represented those that had been pointed out by the auditors, those marked in red were made by the Finance Department, and those in purple were those made as a result of internal audit of the Annual Governance Statement. It was also explained that one item (the Expenditure Funding Analysis) had had to be moved due to confusing guidance. It was then explained that 13 (iii) and (iv) represented summary documents of the foregoing.

There were no comments or questions. The Chair thanked the Deputy CFO again for her efforts and added that she was very confident in recommending that the accounts be signed off.

Regarding items 13 (v) and (vi), the CFO explained that they represented summarised Annual Governance Statements and had been included at the request of Grant Thornton. The CFO also stated that any comments on the new format would be welcomed.

A member commented that as a layman, he much preferred the level of detail shown in the summary documents, but would be interested to hear the opinion of the auditors. The SM replied that this is a growing trend and further commented that the inclusion of links to online sources of would be a useful way of achieving brevity. He added that he would recommend using the Annual Governance Statement to bring out issues specific to the organisation. The Audit Manager (AM) concurred.

A member noted that PCC document does not refer to itself as a summary, unlike the Constabulary document. (Note – this was amended following the meeting, prior to publication on the website.)

In summary, the Chair stated that the Committee's view was that they liked the new format and that it makes much more sense than that used previously. She added that it would be worthwhile to measure whether others find it useful e.g. by monitoring whether it has been viewed often and whether any positive feedback has been received. The CFO replied that it was likely that this would be implemented for the following year.

A member queried how the final desired outcome for action points is determined and suggested that it would be worthwhile making these points 'snappier' with the inclusion of 'milestones'. The CFO replied that this would be noted.

The Chair confirmed on behalf of the Committee that the Statement of Accounts could now be signed.

RESOLVED, that the reports be noted.

Note – the Grant Thornton auditors, Chief Constable, Police and Crime Commissioner and Principal FSO left the meeting at 1110.

346. ACTION SHEET

The action sheet of the meeting held on 24th May 2017 had been circulated with the agenda. The following comments were made:

- Action 321 – A member thanked the AM for the information that she had provided. A member noted that this links with action 288 in terms of training requirements, regarding which the Deputy CFO confirmed that instructions have been issued to the Finance Department and that a member of the Department is now monitoring this as part of her

role. The Assistant CFO is also delivering training sessions on financial rules and regulations. It was agreed that both actions could be closed.

- Action 302 – In response to a question from a member, the CFO confirmed that the new CFO arrangements would be advised in writing in time for the March 2018 meeting. The Deputy CFO advised that this would be included in the annual review of the role of the CFO. It was agreed that a verbal update regarding would be provided at the November JASC meeting, but that the full discussion would take place at the March 2018 meeting, when a fuller picture would be available. The Deputy CFO will also circulate to members a copy of the Conflict of Interest Report that went to the Police and Crime Panel.
- Action 308 – A revised target date of 31st August 2017 has been implemented for Recommendation 3. All other actions are complete; therefore it was agreed that the action could be closed.
- Action 313 – No further action required – action closed.
- Action 328 – It is anticipated that an update will be provided at the September meeting, as the Ethics and Integrity Panel due to meet in August. The action point will therefore to remain.
- Action 316 – Members are to arrange for the action plan to be completed before the next meeting. The action's status will be amended to ongoing.

RESOLVED, that the report be noted.

347. CORPORATE UPDATE

The CFO advised that Committee that no update on the Funding Formula had been received, largely due to the outcome of the general election and the appointment of a new Policing and Fire Minister. No change is therefore anticipated for the next financial year due to the timescales involved. However, a possible relaxation of the Public Sector Pay Cap could create difficulties if funding does not follow. This has been reflected in the Risk Register. The DCC added that police forces nationally have stressed the need for increased funding following recent terror attacks and the 10 per cent increase in crime figures.

The DCC gave an update on Vision 2025, the Constabulary's corporate plan to 2025. Officers and staff have been involved in the formulation of the draft document, which has been seen by Joint Collaborative Board. Officer and staff involvement has been via a series of performance conferences and focus groups, which have brought up a number of good ideas. A strategy day will follow at the beginning of September, with a series of roadshows in October. The five key areas on which the document focusses are: local policing, specialist capabilities, workforce, digital, and whole business support. The document considers investment decisions that may be needed, whilst remaining mindful of the need for savings.

In response to queries from members, the DCC confirmed that Blue Light initiative will be incorporated into the final document, which will be launched in October. It will also be tabled at a JASC meeting, probably in November.

The OPCC Chief Executive announced that he would be retiring in September and so consideration is currently being given to how the role will be filled. The preferred option – for the role to be covered alternately by the Head of Partnerships and Commissioning and the Head of Communications and Business Services for the next 12 months (six each), with the other serving as Deputy - was discussed at the Police and Crime Panel meeting on Tuesday.

A revised draft of Blue Light Options Appraisal Paper was received yesterday, and the outcome of this process will determine how the Chief Executive post is filled on a permanent basis.

The Chair thanked the Chief Executive on behalf of the Committee for his contribution, and commented that this now leaves quite a small OPCC organisation. It was also noted that the proposed replacements possess a strong public finance background and several years' experience with the organisation.

Members suggested that the loss of both the CFO and Chief Executive from the OPCC should now feature on the risk register, it being noted that this is especially desirable given that both roles are statutory functions. This was agreed, along with a requirement for an update at a future meeting.

348. INTERNAL AUDIT – PROGRESS REPORT

The AM informed the Committee that up to 30th June, the audit is progressing as planned and that the report on Command and Control has now been finalised. The review of the PCC's Annual Governance Statement for the 2017/18 plan has also been completed and six audits for the first two quarters of 2017/18 have been scoped. In response to a query from a member, she advised that the offender management document has not yet been published and is still in draft form.

RESOLVED, that the report be noted.

349. INTERNAL AUDIT REPORTS

During the last quarter, six audit reports were circulated to members.

Members asked for two of these reports to be included for discussion at the meeting.

- Command and Control
- Annual Governance Statement 2016/17

Members agreed that the four remaining reports did not need to be included on the JASC agenda

for discussion but that the minutes should note that members had received these reports and were content with these reports, copies of which are on the OPCC website. These reports related to:

- Audit of Payroll
- Audit of Information Security
- Police Pensions
- Business Continuity Follow Up

(i) Command and Control

Internal audit undertook a review of Command and Control. An overall level of assurance of 'reasonable' was given.

A member observed that there had been debate as to whether or not this report should be tabled at the meeting but added that the Committee sought additional reassurance as to how seriously the issue was being taken. The DCC replied that it is being monitored through weekly performance meetings, with very positive feedback having been received from HMIC. There are no issues with 999 response levels, but there is still work to do on 101 response levels, as only a 'reasonable' grade has so far been achieved. External agencies have been brought in to report on this.

A member commented that this is not clear from the Constabulary's response to the report. The DCC advised that she would arrange for a more detailed response to be provided. The Committee was much reassured by this. The Chief Executive added that this is a high priority for the PCC.

(ii) Annual Governance Statement 2016/17

Internal audit undertook a review of the Annual Governance Statement 2016/17. An overall level of assurance of 'reasonable' was given.

There was one medium priority recommendation relating to this. A member commented that it is not always clear exactly what action was required. The CFO replied that some improvements were acted upon immediately but that he would ensure that objectives and desired outcomes were made clearer in the document. This will be implemented for next year.

RESOLVED, that the reports be noted.

350. STRATEGIC RISK REGISTER

The Chief Executive informed that Committee that a new strategic risk has been added to the register in addition to the existing risk relating to strategic finance. The new risk relates to the emergency service mobile communications system that is to replace Airwave. The concern centres on the delivery of a system with the required amount of coverage. This is especially relevant to Cumbria due to presence of blind spots in mobile communications coverage. It is the responsibility of the Home Office to address this, which may require planning permission within the National Parks. There are also concerns over funding and timing, as some neighbouring forces (e.g. Police Scotland) will continue to use Airwave following the introduction of the new system here.

A member asked how this links to the Blue Light initiative. The Chief Executive replied that it is linked in so far as it brings the emergency services together, but that it will go ahead regardless of the outcome of Blue Light.

A member asked if it would therefore be necessary to ensure mobile coverage throughout the Cumbria area, to which the DCC replied that it was only necessary to ensure that coverage is at least as good as with the present system.

A member asked whether the creation of the People Department has mitigated some of the HR risks associated with Risks 7, 11 and 12. The Chief Executive advised that this would be reviewed.

A member also noted that strategic risk no. 2 had not been given its own headline description within the document.

The DCC stated that there had been few changes to the Constabulary's Risk Register, other than the inclusion of a new risk to reflect potential changes to the Public Sector Pay Cap. She added that the Constabulary is comfortable with the other risks listed on the register.

A member asked whether the creation of the People Department has mitigated some of the HR risks associated with Risks 11 and 23. The DCC confirmed that the wording would be amended.

Regarding Risk 22, a member queried how the revised corporate plan links to Vision 2025. The DCC confirmed that they are the same.

RESOLVED, that the report be noted.

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

The CFO noted there was an unusually large number of actions. Seven of these have been completed, with the majority of remainder either ongoing or with a future-dated deadline. Specific updates were as follows:

- Digital case preparation – most recommendations have been implemented or are close to being implemented, with a report due to go to COG shortly, with further actions arising.
- Stingers – actions due to be completed within the next month.
- Procedures – the majority of the actions have been completed.
- Safeguarding hub – the DCC advised that this has been taken up by ACC. The initial report from the consultants' report has recently been received, but additional work is required in order to give more detail regarding context as the report focusses heavily on process at present. The ACC has also held meetings with Children's Services to formulate an action plan. It is anticipated that these documents will be finalised by the time of the September meeting.

In response to a question from a member, the DCC advised that it was anticipated that the score for protecting vulnerable people would rise to 'good' on the next review, following feedback from the two visits by the HMIC Child Protection Team since the previous review.

A member noted that the front page states that no timescales were exceeded, but commented that this is because some of the timescales had been revised. She suggested that this should therefore perhaps be reflected in the wording so that it can be determined whether or not the timescales suggested are realistic. A member commented that 90 per cent was a good accuracy result for the Digital Case File Preparation.

RESOLVED, that the reports be noted.

352. JOINT AUDIT AND STANDARDS COMMITTEE – ANNUAL REPORT

The Chair proposed including reference in the JASC Annual Report to the creditable performance of the Finance Team and the comments made earlier regarding the unqualified audit opinion so that this could be tabled at the Police and Crime Panel Meeting. This amendment will be drafted by the Chair.

RESOLVED, that the report be noted.

The date of the next meetings were confirmed as follows:

- 13 September 2017 @ 1000 – Conference Room 2
- 22 November 2017 @ 1000 – Conference Room 2
- 21 March 2018 @ 1000 – Conference Room 2
- 24 May 2018 @ 1000 – Conference Room 2
- 19 July 2018 @ 1000 – Conference Room 2
- 13 September 2018 @ 1000 – Conference Room 2
- 22 November 2018 @ 1000 – Conference Room 2

Meeting ended at 12.30 pm

Signed: _____

Date: _____

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Joint Audit & Standards Committee – Action Update and Plan

Minute Item	Action to be taken	Person Responsible	Target Date	Comments	Status
DATE OF MEETING: 15th March 2017					
302	Item 6 – Corporate Update Review of new CFO arrangements	Roger Marshall / Michelle Bellis	November 2017 / March 2018	A review of the CFO arrangements will be provided in March 2018, once arrangements have settled in. Verbal update to be provided at November 2017 meeting.	On-going
DATE OF MEETING: 24th May 2017					
328	Item 12 – Ethics and Integrity Governance Members to receive an update on what the Ethics and Integrity Panel thought about the control room review.	Joanne Head	September 2017 November 2017	Paper to be submitted to the meeting in September. The Ethics and Integrity Panel meeting for August has been delayed until 21/09/17 and as such the report on the Control Room Review will now come to JASC at the November meeting.	On-going
316	Item 16 – Joint Audit and Standards Committee – Review of Effectiveness Agenda Item 5 – JASC Action Sheet to include members plan	Michelle Bellis	September 2017	The areas for improvement identified in the review of effectiveness have been formulated into an action plan and are provided on the next page of this action plan update (agenda item 5). The JASC action plan has been populated/completed by members (see below)	Complete

Minute Item	Action to be taken	Person Responsible	Target Date	Comments	Status
DATE OF MEETING: 21st July 2017					
347	Item 6 – Corporate Update Loss of CFO and Chief Executive from OPCC to be added to Risk Register. Update to be provided at future meetings.	Vivian Stafford	September 2017	The risk register has been updated to incorporate this risk.	Complete
349	Item 8 – Command and Control More detailed response to audit report to be provided	Michelle Skeer	September 2017 November 2017	An update will be provided as part of the development session at the November meeting.	Ongoing
349	Item 8 – Annual Governance Statement Objectives and desired outcomes to be clarified.	Vivian Stafford	September 2017	The AGS action plan was reviewed with the aim of making objectives clear and linked to outcomes. The Chief Executive has further reviewed the action plan following the July JASC meeting.	Complete
352	Item 14 – Joint Audit and Standards Committee – Annual Report Paragraph to be added to Foreword regarding high performance of Finance Team and unqualified audit opinion.	Fiona Daley	October 2017	FD provided update to MB and this has been incorporated into the finalised version that FD will present to the Police and Crime Panel on 16/10/17.	Complete

Joint Audit & Standards Committee – Review of Effectiveness

Improvement Action Plan 2017/18

Ref	Improvement Area	Planned Action	Action Owner	Target Date	Status
JASC1	Helping to improve the outcome focus of the new Police and Crime Plan so that delivery can be measured more effectively.	Consider the arrangements for monitoring delivery of the Police and Crime Plan	JASC	March 2018	
JASC2	Exploring ways to strengthen partnership working with the Police and Crime Panel and the Ethics and Integrity Panel where appropriate.	Increase awareness of the issues and concerns of the Police and Crime Panel to the extent that they might inform the work of the Joint Audit and Standards Committee.	JASC	March 2018	
JASC3	Support and monitor the OPCC and Constabulary plans to address the increasingly stringent funding environment.	Attend training session and consider as appropriate the arrangements flowing from significant changes in funding levels.	JASC	March 2018	
JASC4	Support and challenge any new governance arrangements, for example, from restructuring, greater collaboration with other organisations or joint working on delivery of services.	Consider the arrangements for the Joint Chief Finance Officer and the rotating appointment of Monitoring Officer.	JASC	March 2018	

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Monitoring Key Audit Recommendations

Introduction

This report is designed to monitor the implementation of recommendations and actions arising from Audit and Inspection.

If fulfills the assurance responsibilities of the Audit and Standards Committee with regards to the implementation of control recommendations and best practice arising from Audit and Inspection work.

Report Summary

Summary of Actions	PCC	CC	Joint	Total
Open actions b/fwd from last report	1	14	0	15
New actions since last report	0	6	0	6
Total actions this report	1	20	0	21
Actions completed since last report	1	6	0	7
Open actions c/fwd to next report	0	14	0	14

Summary of Total Actions by Status	PCC	CC	Joint	Total
Completed	1	6	0	7
Ongoing (within original timescale)	0	7	0	7
Ongoing (original timescale exceeded)	0	6	0	6
Overdue/ timescale exceeded	0	0	0	0
Not yet due	0	1	0	1
Total	1	20	0	21

Key to Grade:

Cumbria Shared Internal Audit Service

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

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

External Audit – Grant Thornton

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

Audit Report	Report Date	Report emailed to JASC Members	Report considered by JASC Meeting	Report Of	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Revised Target Date	Status
Cumbria's Multi-Agency Safeguarding Hub (CC)	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R1 Hub resources should be fully considered in terms of the skills, qualifications and experience required to fulfil defined responsibilities, operate the Hub effectively and deliver improvements. The agreed requirements and individual partner contributions should be formally reflected in a signed funding agreement that is properly communicated, including to individual partner leadership boards.	Medium	Chair of the Programme Board DI Dan StQuintin	The Programme Board, which met on 27th October, established a Task and Finish Group which met on 27th October 2016 and will ensure that the updated MOU is in place by 5th January 2017 and is agreed / endorsed by the Board. The MOU will capture the issue regarding multi-agency resourcing. February 2017 - Issues of Hub governance are dealt with by the programme board. the MOU is currently under discussion. This is not yet complete because health are a statutory partner and are currently undergoing significant restructure under the strengthening families programme of which their contribution to the hub is part. June 2017 - The partnership has commissioned an external review of the hub process and model which is currently under way, the company doing the review are Ad Esse and their report is expected to be available around mid-July. August 2017 - Ad Esse have completed their assessment and we are awaiting the full report back from them. However, they have shared list of recommendations for the safeguarding hub. These recommendations are wide ranging and have triggered significant discussion by LSCB partners. These discussions will move forwards over the next few months at various LCSB programme board meetings. Once decisions on these recommendations have been made. Decisions on resourcing can be made once the future role and structure of the hub has been agreed. A 3 month extension to the deadline has been requested.	31/01/2017	31/08/2017 31/10/2017	Ongoing (Original timescale exceeded)
Self Service Travel Expenses & Overtime (CC)	22/02/2017	22/02/2017	15/03/2017	Shared Internal Audit Service	R3 Procedures should give greater clarity with regard to the roles and responsibilities of officers, managers and CSD in respect of driver licence details.	Medium	Head of Central Services Ann Dobinson	New forms are being devised in line with the new procedures along with a full review of all officers and staff claiming mileage. The new form includes the requirement to submit insurance and MOT documentation; this will be completed in the next couple of months. June 2017 - Work is ongoing to create self-service forms within the payroll system and a full review of all claimant records is underway. This should be completed and implemented by the end of August 2017. August 2017 - All recommendations have now been completed with the procedure and process documents updated and circulated to all relevant staff and available on the CSD intranet site. In addition to the recommendations, CSD are in the process of doing a full data cleanse of all vehicles on the system and ensuring all users are authorised. This data cleanse will be completed in 2 - 3 stages to avoid an overload of certificates for CSD to process. All current casual and essential users have already been contacted and asked to provide certificates and CSD intend to roll this out over Sept to all general users. When complete CSD will remove any vehicles we have not received documentation for and system will only hold current valid users. If you require anything further from me please give me a call.	31/05/2017	31/08/2017	Complete
Digital Case File Preparation (CC)	08/05/2017	08/05/2017	24/05/2017	Shared Internal Audit Service	R1 Arrangements to ensure the robustness of digital case files at an earlier stage should be strengthened taking into consideration the outcomes of the Strategic Development Unit's review.	High	Temp Supt CIU/Partnerships Gordon Rutherford	The Chief Officer commissioned review will report to COG in May 17. The evidence-gathering phase took place from January to March, with the team now considering data analysis and findings. Once recommendations as to future structure of CIU and the file checking function are considered and approved by Chief Officers, then they will be implemented before September 30th 2017. June 2017 - The primary causes of file quality issues was identified as a training/knowledge gap, together with a number of national developments. To address this gap, Chief Officers approved a number of measures, increased in staffing within CJ, introduced Area Compliance Teams and a CJ trainer post. The trainer has worked to deliver a comprehensive package of training for all front line officers. This training is informed by issues raised in the file quality process. A recent example, raised by CPS, relates to lack of understanding about disclosure of undermining material. The trainer has developed a package of learning material on the subject that is being rolled out now. Further to that there will be a day's file quality training given to all officers from September 2017. August 2017 - No change since June update apart from the review paper will be taken to COG on September 4th.	June 2017 to 30 Sept 2017		Ongoing (within original timescale)
Digital Case File Preparation (CC)	08/05/2017	08/05/2017	24/05/2017	Shared Internal Audit Service	R3 (1) Management should ensure that digital case file training is rolled out to all appropriate officers across the force.	Medium	Temp Supt CIU/Partnerships Gordon Rutherford	The Constabulary Training Panel has approved the file quality training proposal and this will be delivered Sept to Nov 17 to all staff. In the meantime, the CIU trainer is continuing to deliver training across the force utilising Area Training Days. June 2017 - The trainer has worked to deliver a comprehensive package of training for all front line officers. This training is informed by issues raised in the file quality process. The trainer has developed a package of learning material on the subject that is being rolled out now. Further to that there will be a day's file quality training given to all officers from September 2017. August 2017 - No change to June review.	30/09/2017		Ongoing (within original timescale)
Digital Case File Preparation (CC)	08/05/2017	08/05/2017	24/05/2017	Shared Internal Audit Service	R4 Defined policies and procedures should be prepared and approved in accordance with the Constabulary's established process.	Medium	Temp Supt CIU/Partnerships Gordon Rutherford	The National Manual of Guidance is currently being redrafted to reflect changes in national digital file transfer processes. The Constabulary work needs to take cognisance of the national requirement. This work can be picked up via the ACTs and CIU Trainer. Embedded processes exist but for new recruits and staff it is accepted that these need to be made explicit in the form of written documentation. June 2017 - The national Manual of Guidance (MOG) is the single reference document for how to prepare court cases. This document is under national review at this time. To simplify basic file submission processes an electronic reference document is being created. This in principle will condense the requirements within the MOG in an easier to understand and navigate, reference document. This is a considerable task but will prove to be a valuable resource for officers. This should be available by September 2017. August 2017 - No change to June review.	30/09/2017		Ongoing (within original timescale)

Audit Report	Report Date	Report emailed to JASC Members	Report considered by JASC Meeting	Report Of	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Revised Target Date	Status
Digital Case File Preparation (CC)	08/05/2017	08/05/2017	24/05/2017	Shared Internal Audit Service	R5 Management should continue to explore the reason for the error rate and explore options for improving the efficiency of the oversight / review mechanisms.	Medium	Chief Officer Group	Chief Officers have commissioned Strategic Development Unit to undertake an activity analysis of the file QA process covering Area Compliance Teams, training and CJU structure. This review will report to COG in May with recommendations for implementation before the end of September 2017. July 2017 - A report is due to be presented to COG in July 2017. August 2017 - A report is due to be presented to COG in early September, a verbal update will be provided to the JASC meeting on 13th September.	30/09/2017		Ongoing (within original timescale)
Receipt, Handling and Disposal of Drugs (CC)	08/05/2017	08/05/2017	24/05/2017	Shared Internal Audit Service	R1 A policy and supporting procedures should be in place in respect of the arrangements for receiving, recording, storing and disposal of seized drugs.	High	DCI Stalker	We recognise there is a weakness in relation to policy and procedure re seized drugs and work is being undertaken in force to remedy this. Policy and procedure is being written and will be approved at Ops Board. One agreed it will be disseminated to staff. We will put arrangements in place to ensure compliance with policy and procedure. June 2017 - The procedures document has been written, to reflect our practices and some amendments around role/ responsibilities. This has gone to consultation with some affected parties and now sits with the Head of Crime, Mr Slattery for final sign off. Once approved it will be submitted to the next Operations Board (next meetings 21/07 or 17/08). August 2017 - The new process / procedure document was presented to Operations Board on 17 August 2017 and was agreed/adopted.	30/06/2017	-	Complete
Use of Stingers (CC)	08/05/2017	08/05/2017	24/05/2017	Shared Internal Audit Service	R1 A mechanism should be developed to give management assurance that stingers are being deployed in accordance with national guidance.	High	Superintendent Operations Mark Pannone	A policy document will be prepared to be agreed at Executive level. The document will incorporate the areas identified as part of the audit. We will implement systems to ensure compliance with the policy document and national guidance. June 2017 - In order to formalise activity taking place a procedural document is being completed. This will provide a clear process for procedures, roles, responsibilities and review of the use of stingers. August 2017 - The policy document has been prepared and will be considered at TP SMT w/c 4/9/17 before being approved at Operations Board on 15/09/17. Once approved the new policy document will be circulated.	31/08/2017	30/09/2017	Ongoing (Original timescale exceeded)
Use of Stingers (CC)	08/05/2017	08/05/2017	24/05/2017	Shared Internal Audit Service	R2 The wider arrangements around stinger usage should be clearly defined and communicated to those involved and give greater clarity around procedures, roles and responsibilities.	High	Superintendent Operations Mark Pannone	An operational framework for stingers will include named roles and responsibilities and will be communicated to officers. June 2017 - In order to formalise activity taking place a procedural document is being completed. This will provide a clear process for procedures, roles, responsibilities and review of the use of stingers. August 2017 - As above, the policy document has been prepared and will be considered at TP SMT w/c 4/9/17 before being approved at Operations Board on 15/09/17. Once approved the new policy document will be circulated.	31/08/2017	30/09/2017	Ongoing (Original timescale exceeded)
Use of Stingers (CC)	08/05/2017	08/05/2017	24/05/2017	Shared Internal Audit Service	R3 The arrangements for ensuring that the driver training system alerts are actioned and the necessary refresher training is delivered on a timely basis should be clearly defined and communicated.	Medium	Superintendent Operations Mark Pannone	We will rationalise the procedures in place within our operating framework for current systems with a view to implementing the Chronicle system over a longer period. June 2017 - Cumbria are in the process of implementing a driver training software program which will allow greater scrutiny and management of training in this area. August 2017 - Prior to the full implementation of the Chronicle system, a process of using the 5 & 15 week review process to bring attention to training and authorities that are due to expire. Officers undertaking any specialist driver training or in relation to the use of stingers will be advised that in the situation where their authority expires, they are not permitted to undertake the particular activity.	31/08/2017	-	Complete
Use of Stingers (CC)	08/05/2017	08/05/2017	24/05/2017	Shared Internal Audit Service	R4 There should be mechanisms in place to review pursuit information involving stingers so that management can be assured that improvement opportunities are maximised.	Medium	Superintendent Operations Mark Pannone	The extent and frequency of debriefs will be outlined and delivered as part of driver training. Specific expectations on when debriefs will take place and in what format will be documented. June 2017 - In order to formalise activity taking place a procedural document is being completed. This will provide a clear process for procedures, roles, responsibilities and review of the use of stingers. August 2017 - As above, the policy document has been prepared and will be considered at TP SMT w/c 4/9/17 before being approved at Operations Board on 15/09/17. Once approved the new policy document will be circulated. This document includes guidance in relation to briefing and debriefing.	31/08/2017	30/09/2017	Ongoing (Original timescale exceeded)

Audit Report	Report Date	Report emailed to JASC Members	Report considered by JASC Meeting	Report Of	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Revised Target Date	Status
Information Security (CC)	13/04/2017	13/04/2017	-	Shared Internal Audit Service	R1 The responsibility of managers to adjust the access permissions of staff who change jobs in the constabulary should be clearly defined and communicated.	Medium	The Head of People (incl Professional Standards) Supt. Sarah Jackson	The responsibility of managers to adjust the access permissions of staff who change jobs within the constabulary will be defined within the Information Security Policy. June 2017 - These responsibilities are not currently included in Policy, and are dealt with on behalf of the business only sporadically in that the removal of access is largely reliant on ICT Dept picking up requirements for changes where they are able: (a) ICT Dept have created a weekly task to identify and amend permissions for leavers / role-changers for some systems, or as part of service requests relating to other matters. However, the only core systems currently covered by this are: PoliceWorks, SLEUTH, STORM, Duties Management System (b) Caroline Patterson is now formalising these processes such that ICT Dept will continue to act as a back-stop for these systems, but this is a supplementary process and does not replace the need for effective management of change by the business. Actions Taken 1. Responsibilities will be documented in Section 4.3 of Information Management Strategy at next revision in Nov 2017, reflecting the following improvements to current processes: Make clear that managing access permissions is an IAO (i.e. business) responsibility, not ICT Dept or HR. 2. Revised processes have been introduced for supervisors within the business to own responsibility for managing access permissions for all personnel under their command, and to ensure that permissions for role-changers and leavers are revoked where no longer needed, in a timely fashion. Specifically: (a) Internal staff and officer moves into new roles or new departments happen frequently. Managers inform the HR Department of moves by submitting an establishment change form. A section has been added on to this form requiring current managers to check the permissions of their officers / staff and remove any which are not relevant to their new role. Where appropriate, requests to remove permissions are to then be submitted by the manager direct to the ICT Service Desk portal. (b) Any internal staff recruitment into new roles will be captured by CSD Employee Services who will send an email to new line managers requiring them to review permissions and check if previously held permissions are required in their new role. This will specifically include reviewing: i. Access to group e-mail accounts, ii. Access to shared Sharepoint folders, iii. Access to G (Group) drives August 2017 - The changes to the responsibilities will be incorporated at the next revision in November 2017. The new process for the Records and Security Information Manager role to review personnel access permissions to core systems managed by IAOs is now under way. The CSD processed have been updated, forms revised and changes communicated.	31/05/2017	31/12/2017	Ongoing (Original timescale exceeded)
Command and Control (CC)	26/06/2017	26/06/2017	21/07/2017	Shared Internal Audit Service	R1 Management should have arrangements in place to demonstrate that decisions taken in relation to performance data / information are subject to scrutiny and challenge and are formally approved.	Medium	Chief Inspector Control Room Ben Swinson	Command and Control will have a specific agenda item on the Operations Board meetings moving forward to ensure that decisions on performance data can be demonstrated. August 2017 - Command and control performance is now part of the standing agenda for update on performance at the Operations Board.	31/07/2017		Complete
Command and Control (CC)	26/06/2017	26/06/2017	21/07/2017	Shared Internal Audit Service	R2 Management should ensure that expectations regarding frequency and focus of quality assurance checks within the Command and Control room are clearly defined and communicated.	Medium	Chief Inspector Control Room Ben Swinson	A piece of work is being undertaken in the Command and Control Room to bring all its quality assurance arrangements together. This includes formalising the process for quality assurance checks and updating the guidance manual and other relevant documents accordingly. August 2017 - This action has now been tasked and work is ongoing as part of the dedicated training team to review and consolidate all areas of QA work.	31/10/2017		Ongoing (within original timescale)
Annual Governance Statement (PCC)	05/07/2017	05/07/2017	21/07/2017	Shared Internal Audit Service	R1 a) Areas included in the Development and Improvement plan should readily link back to the narrative in the AGS. b) Actions in the Development and Improvement plan should be clearly defined and measurable so that achievement can be monitored. c) Longer term actions spanning more than one year in the Development and Improvement plan should be updated to reflect progress made and action still to be taken to achieve the required outcome.	Medium	Joint Chief Finance Officer Roger Marshall	The Annual Governance Statement will be amended to incorporate actions in the main body of the report. For the future we will seek to provide a better cross check between the statement narrative and the action plan. Having reviewed the development and improvement plan actions for 2017-18 the majority of actions have clear and measurable outcomes, however the statement will be amended to provide greater clarity where this is not the case. For longer term actions spanning more than one year and update on progress is generally made at the end of each year. August 2017 - Amendments to the AGS action plan as presented to the July meeting of JASC were incorporated into the final AGS. Cognisance of the audit recommendations will be taken in preparing the 2017/18 AGS.	31 July 2017 for amendments to specific actions 30 April 2018 for more general cross referencing.		Complete
Offender Management (CC)	01/08/2017	02/08/2017	13/09/2017	Shared Internal Audit Service	R1 Management should ensure that the actions and outcomes to assess and manage the delivery of the IOM aims and priorities are clearly defined. Arrangements should include regularly monitoring and reporting progress on these.	High	Detective Chief Inspector – Public Protection Dave Pattinson	Annual IOM Strategy to be drawn up and agreed. It will include the actions and outcomes to assess and manage the delivery of the aims and priorities detailed in the 2016-2020 IOM Strategy. Detective Chief Inspector will obtain assurance that the progress on actions and outcomes are regularly monitored and reported.	30/09/2017		Not yet due
Offender Management (CC)	02/08/2017	02/08/2017	13/09/2017	Shared Internal Audit Service	R2 Arrangements should be put in place to demonstrate discussions, decisions taken and actions arising relating to the: • review of risks including MAPPA risks for inclusion in the Crime Command and TPA's risk register; and • regular review of the PVP monthly performance report and progress on delivering MAPPA strategic aims.	Medium	Detective Inspector – MOSOVO Helen Harkins	Agreed management action: PVP Forum is currently under review to incorporate this and other risk management processes. Risk Register is now a standing item at the Crime Command SMT and a record of decisions taken will be documented. MAPPA SMB records the details. It was recognised that they are not formally recorded by police (only as stated) they will now go to Crime Command SMT where a record of decisions taken will be documented. This is being considered as part of the on-going PVP Forum review. A record of decisions relating to review and challenge of performance reports will be documented. Decisions taken at these meetings will be documented and fed into Crime Command SMT and MAPPA SMB as appropriate. August 2017 - The PVP forum format is now being finalised and the Crime Command Risk Register will be a standing item. As will the progress of MAPPA strategic aims. The outcomes will be highlighted to Crime command SMT and MAPPA SMB. The target date is still current, a further update will be provided after Sept PVP.	30/09/2017		Ongoing (within original timescale)

Audit Report	Report Date	Report emailed to JASC Members	Report considered by JASC Meeting	Report Of	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Revised Target Date	Status
Offender Management (CC)	03/08/2017	02/08/2017	13/09/2017	Shared Internal Audit Service	R3 Management should obtain and review the latest update on the two overdue offender management HMIC inspection recommendation actions, be assured that there are arrangements in place to provide a revised date and once completed to verify that these are implemented.	Medium	Chief Inspector - Business Improvement Unit Carl Patrick	Actions Complete and embedded into existing processes. The Chief Inspector BIU has been assured that these actions are now completed.	30/06/2017		Complete
Offender Management (CC)	04/08/2017	02/08/2017	13/09/2017	Shared Internal Audit Service	R4 A timescale should be set for the review and updated of the Police Staff Offender Manager's job description including its approval.	Medium	Detective Inspector - MOSOVO Helen Harkins	Job description currently being reviewed and expected to be complete by 09/2017. August 2017 - The job description is currently being reviewed by DS Andy Myers.	30/09/2017		Ongoing (within original timescale)
Offender Management (CC)	05/08/2017	02/08/2017	13/09/2017	Shared Internal Audit Service	R5 Management should be assured that staff's performance relating to their roles and responsibilities are being appropriately assessed, evaluated and there is evidence that performance issues are reported with corrective action is taken.	Medium	Detective Inspector - MOSOVO Helen Harkins	15 Week Reviews adapted by the department to cover salient issues including HMIC. 15 Week reviews now tailored to Offenders Managers individual roles and responsibilities. August 2017 - Action complete	30/09/2017		Complete
Offender Management (CC)	06/08/2017	02/08/2017	13/09/2017	Shared Internal Audit Service	R6 Arrangements should be in place for regularly reviewing and updating the Constabulary's responsibilities and accountabilities detailed in the MOU to ensure that they accurately reflect its current working arrangements and to fulfil its statutory requirements for sharing information.	Medium	Detective Inspector - MOSOVO Helen Harkins	MAPPA Coordinator to ensure that the Constabulary's responsibilities and accountabilities detailed in the MOU are reviewed as part of their core role. This will be done annually in line with the review of the MOU The Chief Superintendent PPU will obtain assurance that MOU is annual reviewed. August 2017 - The MAPPA coordinator has had a long term absence she is due back to work on 14th August, this is her priority piece of work please extend target date to end Dec 2017	30/06/2017	31/12/2017	Ongoing (Original timescale exceeded)

JOINT POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY AUDIT AND STANDARDS COMMITTEE	<p>Paper No.</p> <p style="text-align: center;">8</p>
Meeting date: 13 September 2017	
From: Audit Manager (Cumbria Shared Internal Audit Service)	

INTERNAL AUDIT: PROGRESS REPORT TO 18 AUGUST 2017

1.0 EXECUTIVE SUMMARY

1.1 This report provides a review of the work of Internal Audit for the period to 18 August 2017.

1.2 Key points are:

- **Work is progressing as planned. The audit of Offender Management from the 2016/17 plan is complete and concludes all audit work for 2016/17.**
- **All audits from the 2017/18 plan identified for quarters 1 and 2 are underway.**
- **The audit of Digital Media Investigation Unit will be deferred for operational reasons at the request of the Constabulary. This will not impact on our ability to provide the annual opinion for 2017/18. We will carry out this audit in 2018/19.**
- **The External Quality Assessment (EQA) for the Shared Internal Audit Service will take place in October 2017. This is a requirement of the PSIAS.**
- **We are reviewing our assurance descriptions to more closely align with the broader focus of internal audit over governance and risk management as well as internal control.**

2.0 POLICY POSITION, BUDGETARY AND EQUALITY IMPLICATIONS

2.1 Internal Audit's work is designed to provide assurance to management and Joint Audit and Standards Committee members that effective

systems of governance, risk management and internal control are in place in support of the delivery of the PCC and Constabulary's priorities.

- 2.2 The Audit Plan aims to deliver a programme of internal audit reviews designed to target the areas of highest risk as identified through the corporate risk registers together with management and internal audit view of key risk areas.***
- 2.3 The Accounts and Audit Regulations March 2015 impose certain obligations on the PCC and Chief Constable, including a requirement for a review at least once in a year of the effectiveness of their systems of internal control.***
- 2.4 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 Joint Audit and Standards Committee members are asked to note the report.***

3.2 BACKGROUND

- 3.3 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.
- 3.4 Internal audit is responsible for providing independent assurance to the PCC and Chief Constable's senior management and to the Joint Audit and Standards Committee on the systems of governance, risk management and internal control.
- 3.5 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls are operating effectively.
- 3.6 The internal audit plan for 2017/18 was prepared using a risk-based approach and following consultation with senior management to ensure that internal audit coverage is focused on the areas of highest risk to both organisations. The plan has been prepared to allow the production of the annual internal audit opinion as required by the PSIAS.
- 3.7 This report provides an update on the work of internal audit for the five months to August 2017. It reports progress on the delivery of the 2017/18 audit plan in the period and includes a summary of the outcomes of audit reviews completed in the period.

Status of internal audit work as at 18 August 2017

The table below shows the number of internal audit reviews completed, in progress and still to be started for the 2017/18 audit plan. Further detail on this is included at Appendix 2.

Audit plan year	Audit Status	Number of reviews
2017/18	<u>Audits completed:</u>	<u>3</u>
	Risk based audits (2016/17 WIP)	2
	Risk based audits	0
	Governance work	1
	Follow up	0
	<u>Audits in progress:</u>	<u>7</u>

	Risk based audits (2016/17 WIP)	0
	Risk based audits	6
	Financial systems	1
	Follow up	0
	<u>Audits to be started</u>	<u>11</u>
	Risk based audits	7
	Financial systems	2
	Follow up	2
	<u>Audits in plan</u>	<u>21*</u>

* The number of audits in the plan has been reduced from 22 to 21 as we have been asked to defer the audit of Digital Media Investigation Unit for operational reasons. We are satisfied that the request is appropriate and will undertake this work in 2018/19. The change to the plan has been approved by the PCC's Chief Finance Officer (Joint CFO) in line with the Internal Audit Charter. The deferral of this piece of work will not impact on our ability to provide an annual opinion for 2017/18 as our plan was designed to ensure sufficient coverage through the remainder of the plan.

Outcomes from Final Audit Reports to 18 August

3.8 Audits completed to 18 August comprise three risk based audits and the review of the PCC's Annual Governance Statement.

3.9 The detailed outcomes from each finalised audit are shown in Appendix A.

Draft Reports Issued to 18 August

3.10 There are no reports issued in draft.

Other Internal Audit activity

3.11 The Shared Internal Audit service will receive its first External Quality Assessment (EQA) in October 2017. The EQA is a requirement of the PSIAS. Meetings for the assessor to discuss the audit service with the Deputy Chief Constable, Joint Chief Finance Officer and Chair of the JASC have been arranged. We will share the outcome of the EQA at a future meeting.

3.12 We are reviewing the assurance descriptions in the report appendices to more closely align with the broader focus of internal audit over governance and risk management as well as internal control. Once formalised these will be updated on the Internal Audit report template.

Emma Toyne
Audit Manager
18th August 2017

APPENDICES

Appendix 1: Final reports issued to 18 August 2017

Appendix 2: Progress on all risk based audits from the 2017/18 plan

Appendix 3: Internal audit performance measures to 18 August 2017

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

Appendix 1 – Final reports issued to 18 August 2017

Assignments	Status	Assessment
Command and Control (2016/17 WIP)	Report presented to Joint Audit and Standards Committee at the 21 st July 2017 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
OPCC Annual Governance Statement	Report presented to Joint Audit and Standards Committee at the 21 st July 2017 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
Offender Management (2016/17 WIP)	Report presented to Joint Audit and Standards Committee at the 13 th September meeting. Report included in Committee papers and available on the Commissioner's website.	Partial
<p>In addition to the above, a member of the Internal Audit team attended the Police Audit Group Conference in July 2017. The event provided an opportunity to network with other Internal Auditors in the Policing sector and provided an overview of a number of areas including:</p> <ul style="list-style-type: none"> • The policing landscape (a Chief Executive's perspective on key strategic developments in policing and the challenges and opportunities ahead) • Update from the College of Policing • Topical sector developments (including assurance frameworks and collaborative reviews) • Promoting Internal Audit and raising standards (IIA) • Cyber security • Police and crime plan reviews • Developments in Internal Audit and Governance (CIPFA) <p>We will incorporate learning from the event into both current audit work and in preparing the 2018/19 Internal Audit plan.</p> <p>The Group Audit Manager and Audit Manager attended a finance team training session and the Corporate Support Senior Management Team in August to present key points arising from national governance reports. This was well received and prompted discussion on wider governance issues.</p>		

Appendix 2 – Progress on 2017/18 Audit Plan

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary (WIP from 2016/17)	Command and Control	Complete	Yes
Constabulary (WIP from 2016/17)	Offender Management	Complete	Yes
Constabulary	Finances (Funding formula)	Fieldwork underway	N/A
Constabulary	Vulnerability	Not started	N/A
Constabulary	Firearms Licencing	Fieldwork underway	N/A
Constabulary	Use of Force	Fieldwork underway	N/A
OPCC	Commissioning	Fieldwork underway	N/A
Constabulary	Five and fifteen week reviews / Professional Development Reviews (PDRs)	Scoping meeting arranged	N/A
Constabulary	Resourcing – Duty Management	Scoping meeting arranged	N/A
Constabulary	IT capacity	Scoping meeting arranged	N/A
Constabulary	Fleet	Fieldwork underway	N/A
Constabulary	Digital media investigation unit	Deferred to 2018/19	N/A
Constabulary	Business Improvement Unit	Work scoped	N/A
OPCC	Information security	Not started	N/A
OPCC	Annual Governance Statement	Complete	N/A
OPCC/Constabulary	Creditors	Not started	N/A
OPCC/Constabulary	Treasury Management	Fieldwork underway	N/A

Appendix 2 – Progress on 2017/18 Audit Plan

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
OPCC/Constabulary	Cash receipting	Not started	N/A
OPCC	Procurement – detailed testing	Not started	N/A
Constabulary	Procurement – detailed testing	Not started	N/A
Constabulary	Procurement follow up	Not started	N/A
Constabulary	Safeguarding hub follow up	Not started	N/A

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Completion of audit plan	% of audits completed to final report	19% 95% (annual target)	14%	Target is based on the same period last year. The plan is progressing as intended at this early stage in the year.
	Number of planned days delivered	281 (annual target)	61	Fieldwork is underway for all audits scheduled for quarters 1 and 2. Scoping meetings are being organised for quarter 3 work.
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 Chief Officer / Director comments within five working days of management response or closeout meeting.	90%	100%	
Recommendations agreed	% of recommendations accepted by management	95%	100%	

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	100%	
Quality assurance checks completed	% of QA checks completed	100%	100%	
Customer Feedback	% of customer satisfaction surveys returned	100%	100%	Seven forms returned. Five relate to audits reported in the 16/17 annual report and two reported in 17/18.
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	100%	Based on the seven forms returned.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	80%	Chargeable time for the team is on track.

Cumbria Shared Internal Audit Service Internal Audit Report for Cumbria Constabulary



Audit of Offender Management

Draft Report Issued: **21 June 2017**

Final Report Issued: **1 August 2017**

Audit Resources

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Audit Report Distribution

For Action:	Andy Slattery - Chief Superintendent, Crime Command.
For Information:	Mark Webster – Assistant Chief Constable.
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 13 September, 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 **Offender Management**. This was a planned audit assignment which was undertaken in accordance with the 2016/17 audit plan.
- 1.2. The Constabulary are required to manage offenders in an efficient and consistent manner to ensure that national and local objectives are met.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Chief Superintendent – Crime Command. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:
 - ARMS (Active Risk Management System) risk assessment.
 - Administration of workload of offender managers – allocation, methodology/criteria, and monitoring and reporting
 - Inspections – arrangements for implementing recommendations/agreed actions.
- 2.2.2. 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 within Offender Management provide **Partial** assurance.

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

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 are 7 audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives (see section 5.1.)	1	3	1
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)	-	2	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	-	-
Total Number of Recommendations	1	5	1

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

- The Managing Sexual Offenders, Dangerous Offenders and other potential dangerous persons' policy is regularly reviewed and updated.
- Regular team meetings are held to raise awareness and train staff on new guidance and legislation relating to offender management ie Integrated Management Offender "IOM" strategy, MOSOVO guidance etc.
- Administration of offender managers' caseload is regularly assessed and reviewed to ensure it complies with best practice.

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:*

- The actions and outcomes to manage and measure the delivery of the IOM strategy and the Constabulary's strategic priority on managing offenders have not been identified.

4.4.2. *Medium priority issues:*

- There is not always a record retained of discussions, decisions taken and action arising from management's review of potential risks including MAPPA risks that impact on the service objectives, of PVP monthly performance reports and progress in delivering MAPPA strategic aims.
- Two HMIC inspection recommendation actions are overdue and no revised delivery date or update has been received since the last update in January 2017.
- Staff's roles and responsibilities relating to the administration of offender managers' caseload and implementation of HMIC inspection report recommendations are not considered as part of their 15 weekly performance reviews.
- The Cumbria MAPPA Memorandum of Understanding "MOU" that details the Constabulary and other partners' arrangements for sharing information to assess the risk posed by certain offenders was last reviewed and updated in 2012 is out of date.
- There is a list of checks to verify the accuracy and completeness of ARMS risk assessments and risk management plans however these have not been formally documented or approved.

4.4.3. *Advisory issues:*

- Police Staff Offender Manager's job description that details their roles and responsibilities relating to offender management was last reviewed and updated in 2009; following recent changes to this role it is recognised that there a need to review and update it.

Comment from the Assistant Chief Constable

The recommendations highlighted in this audit report are accepted and will provide a number of helpful areas where internal processes and controls can be improved. Some of the necessary actions have already been completed to meet the recommendations made, and all others are in train to do so.

In considering the recommendations made I have looked into the overall approach to IOM within the constabulary, and I am satisfied that the above recommendations do not reveal systemic weaknesses in our overall approach to IOM; rather that they highlight a handful of areas where documentation can be improved to move comprehensively evidence the good work that is going on in this area.

In making this point, its relevant to reflect the comments of HMIC in March this year when they rather the force ‘**Good**’ in this area and stated that:

“Cumbria Constabulary is effective at investigating crime and reducing re-offending. The constabulary is proactive about managing those offenders who pose a risk to the public.”

And...

“...the constabulary has made good progress in introducing new arrangements with other organisations to reduce offending and to monitor offenders under its integrated offender management programme.”

It is for this reason that I have queried the audit reports assurance rating of ‘partial’ as this seems at odds with HMC’s findings and my own assessment. I understand that the current audit methodology rigidly applies a ‘partial’ rating if there is one high priority issue highlighted, regardless of how many other areas are assessed positively. My view is that the methodology would be far more informative if it was less rigidly formulaic. This point however should be taken as a constructive comment as to the audit process, not as evidence of resistance to the recommendations which are accepted and will be implemented.

5. Matters Arising / Agreed Action Plan

5.1. **Management** - achievement of the organisation's strategic objectives.

● **High priority**

Audit finding	Management response
<p>(a) Service objectives</p> <p>The Integrated Offender Management (IOM) Strategy details the aims and priorities for offender management covering the period 2016-2020.</p> <p>The audit review found that the actions and outcomes to assess and manage the delivery of the IOM strategy and the Constabulary's strategic priority on managing offenders have not been identified.</p> <p>Defining and quantifying expectations for delivering operational and strategic aims and priorities and how resources are used and decisions are made to deliver these is recognised as good management practice in the Constabulary's performance management framework.</p>	<p>Agreed management action:</p> <p>Annual IOM Strategy to be drawn up and agreed. It will include the actions and outcomes to assess and manage the delivery of the aims and priorities detailed in the 2016-2020 IOM Strategy.</p> <p>Detective Chief Inspector will obtain assurance that the progress on actions and outcomes are regularly monitored and reported.</p>
<p>Recommendation 1:</p> <p>Management should ensure that the actions and outcomes to assess and manage the delivery of the IOM aims and priorities are clearly defined. Arrangements should include regularly monitoring and reporting progress on these.</p>	<p>Responsible manager for implementing: Detective Chief Inspector – Public Protection</p> <p>Date to be implemented: 09/2017</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • IOM aims and priorities are not delivered because the performance framework to manage these has not been effectively implemented. • Senior management are unaware of poor performance that needs to be escalated. 	

Audit finding**(b) Record of decisions taken on identified risks and performance reports**

A risk relating to offender management, in particular ViSOR (Violent and Sexual Offences Register), was identified and reviewed for inclusion in the Crime Command and Territorial Policing Area's (TPA) risk register. The audit review identified that there is not always a record retained of the decision taken and action arising relating to risks that have been identified. Audit were informed that the Crime Command's Senior Management Team (SMT) agenda had previously included an item to review risks however this had been removed. It was reinstated during the period of our audit.

The Constabulary has a process in place to regularly review MAPPA (Multi Agency Public Protection Arrangements) risks and escalate these to the Crime Command and TPA's risk register. The audit review identified that there is no record of the discussions, decisions taken and actions arising relating to this review. Audit were informed that in future the Crime Command SMT's agenda item to review risks will also include a review of MAPPA risks that impact on the Constabulary's objectives.

Performance monitoring reports are in place and are regularly presented to Operational Protection of Vulnerable People (PVP) meetings to inform them of the progress of measuring ARMs risk assessments and visits. Audit testing identified that the Operational PVP minutes detail discussions on individual offender cases however there is no record of the decisions taken and actions relating to the review and challenge on the PVP performance reports. Audit were informed that these performance reports are discussed however as there were no exceptions to report there are no actions recorded.

The Constabulary's progress in delivering its MAPPA strategic aims is regularly reviewed and any performance issues are discussed at 1:1 meetings with the Chief Superintendent of Crime Command. Audit were informed that these meetings are diarised however decisions taken and

Management response**Agreed management action:**

PVP Forum is currently under review to incorporate this and other risk management processes. Risk Register is now a standing item at the Crime Command SMT and a record of decisions taken will be documented.

MAPPA SMB records the details. It was recognised that they are not formally recorded by police (only as stated) they will now go to Crime Command SMT where a record of decisions taken will be documented.

This is being considered as part of the on-going PVP Forum review. A record of decisions relating to review and challenge of performance reports will be documented.

Decisions taken at these meetings will be documented and fed into Crime Command SMT and MAPPA SMB as appropriate.

<p>actions arising from these that relate to the review of MAPPA strategic aims are not formally documented.</p>	
<p>Recommendation 2: Arrangements should be put in place to demonstrate discussions, decisions taken and actions arising relating to the:</p> <ul style="list-style-type: none"> • review of risks including MAPPA risks for inclusion in the Crime Command and TPA's risk register; and • regular review of the PVP monthly performance report and progress on delivering MAPPA strategic aims. 	<p>Actions Complete as above.</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Decisions taken and actions arising that relate to managing the potential risks that impact on service priorities and operational performance reports cannot be demonstrated. 	<p>Responsible manager for implementing: DI MOSOVO Date to be implemented: 09/2017</p>

• **Medium priority**

Audit finding	Management response
<p>(c) Performance management and reporting</p> <p>There is a process in place to regularly review progress on implementing HMIC inspection recommendations relating to offender management. Audit testing confirmed that 2016/17 HMIC inspection recommendations relating to offender management had been updated and reviewed with the last update made in January 2017. Audit testing identified all actions had been implemented with the exception of two:</p> <ul style="list-style-type: none"> • MO 5.1 “Develop the performance dashboard to reflect the BIG 6, MANAGE OFFENDERS including automation where possible (with IT) and to reflect the new Management Information Strategy with regard to data content”; and • MO 5.2 “Assist Corporate Improvement as required to develop the performance dashboard to reflect the BIG 6, PREVENT CRIME, RTC and ASB including automation where possible 	<p>Agreed management action: Actions Complete and embedded into existing processes. The Chief Inspector BIU has been assured that these actions are now completed.</p>

<p><i>(with ICT) and to reflect the new Management Information Strategy with regard to data content”.</i></p> <p>The timescale for delivering both these actions is overdue and no revised timescale or update has been provided since January 2017. We were informed that both actions had been transferred to the Corporate Improvement Group and management were aware that these are outstanding.</p>	
<p>Recommendation 3:</p> <p>Management should obtain and review the latest update on the two overdue offender management HMIC inspection recommendation actions, be assured that there are arrangements in place to provide a revised date and once completed to verify that these are implemented.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Service priorities are not achieved because there are not effective arrangements to manage progress of delivering HMIC inspection recommendations. 	<p>Responsible manager for implementing: Chief Inspector BIU Date to be implemented: 06/2017</p>

● **Advisory issue (R4)** ● **Medium priority (R5)**

Audit finding	Management response
<p>(d) Roles and Responsibilities and appraisals</p> <p>The Police Staff Offender Manager’s job description detailing roles and responsibilities relating to offender management was last reviewed and updated in 2009. Audit were informed that following recent changes to this role it is recognised that there a need to review and update this job description.</p> <p>Audit were informed that staff’s roles and responsibilities are assessed and evaluated as part of their 15 weekly reviews. The audit review confirmed that the roles and responsibilities relating to ARMs risk assessments and home visits had been assessed and evaluated in their 15 weekly reviews. Audit testing identified that roles and responsibilities relating to the administration of caseload and implementation of HMIC inspection report recommendations had not been assessed</p>	<p>Agreed management action:</p> <p>R4: Job description currently being reviewed and expected to be complete by 09/2017.</p> <p>R5: 15 Week Reviews adapted by the department to cover salient issues including HMIC. 15 Week reviews now tailored to Offenders Managers individual roles and responsibilities.</p>

and evaluated as part of the 15 weekly reviews. We were informed that the 15 weekly reviews are not role specific.

Recommendation 4:

A timescale should be set for the review and updated of the Police Staff Offender Manager's job description including its approval.

Recommendation 5:

Management should be assured that staff's performance relating to their roles and responsibilities are being appropriately assessed, evaluated and there is evidence that performance issues are reported with corrective action is taken.

Risk exposure if not addressed:

- Service priorities are not achieved because staff roles and responsibilities for offender management are not clearly defined.
- Roles and responsibilities are not effectively managed because the relevant job description is out of date.
- Service priorities are not achieved because there is not an effective evaluation process of staff performance against these and performance issues may remain undetected.

Responsible manager for implementing:

DI MOSOVO

Date to be implemented:

09/2017

5.2. Regulatory - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
<p>(a) Memorandum of Understanding</p> <p>The Cumbria MAPPA Memorandum of Understanding “MOU” between Cumbria MAPPA Responsible Authorities (RAs) and Duty to Co-operate (DTC) Agencies is in place. The MOU details the Constabulary and other partners’ arrangements to fulfil their statutory requirements for sharing information to assess the risk posed by certain offenders. The MOU states that it “<i>will be reviewed annually and the partners agreed that Cumbria Constabulary will hold the original signed copy of the agreement, but will provide copies electronic copies (including copies of signatures) to all partners upon request.</i>” Audit testing identified that the MOU was last reviewed and updated in 2012 so is out of date. Audit has since been informed that the MOU is currently being reviewed and updated.</p>	<p>Agreed management action:</p> <p>MAPPA Coordinator to ensure that the Constabulary’s responsibilities and accountabilities detailed in the MOU are reviewed as part of their core role. This will be done annually in line with the review of the MOU</p> <p>The Chief Superintendent PPU will obtain assurance that MOU is annual reviewed.</p>
<p>Recommendation 6:</p> <p>Arrangements should be in place for regularly reviewing and updating the Constabulary’s responsibilities and accountabilities detailed in the MOU to ensure that they accurately reflect its current working arrangements and to fulfil its statutory requirements for sharing information.</p>	<p>Responsible manager for implementing: DI MOSOVO</p> <p>Date to be implemented: 06/2017</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Constabulary information sharing risks are not effectively managed because the MOU is out of date. • Reputational damage arise from non-compliance with statutory information sharing requirements because the application of out of date MOU. 	

● **Medium priority**

Audit finding	Management response
<p>(b) Checks on ARMs risk assessments and risk management plans</p> <p>A process is in place to review and check the accuracy and completeness of ARMS risk</p>	<p>Agreed management action:</p> <p>Now in place with quality assurance audits.</p>

<p>assessments and risk management plans. Audit testing confirmed that there is a list of checks that are undertaken however these have not been formally documented or approved. Audit were informed that the College of Policing is to issue new guidance relating to the review of ARMs risks assessments and that this will be made available to relevant officers.</p>	<p>DI MOSOVO now completes 4 quality assurance checks per month on a random of ARMs risk assessments and risk management plans that have already been reviewed by Supervisors; this increases the confidence that the completion and supervision is fit for purpose.</p>
<p>Recommendation 7: Arrangements should be put in place to assure management that the ARMS risk assessments and risk management plans are verified in accordance with their requirements and that where any issues are identified these are reported and corrective action taken where appropriate.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Service priorities are not achieved because there is not effective monitoring and reporting over the ARMs risk assessments and risk management plans. • Non-compliances with procedures to follow may remain undetected. 	<p>Responsible manager for implementing: DI MOSOVO Date to be implemented: 06/2017</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.

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Peter McCall

Joint Audit & Standards Committee

OPCC Risk Management Monitoring

Date: September 2017

Agenda Item No: 10 (i)

Originating Officer: Vivian Stafford

Executive Summary:

The Office of the Police and Crime Commissioner (OPCC) is responsible for providing policing services within Cumbria. This takes place in a constantly changing and challenging environment and the OPCC must ensure that it has robust systems and processes in place to monitor and react appropriately to risk.

Recommendation:

That, the Committee notes the OPCC's Strategic Risk Register, the planned oversight to be undertaken of the Constabulary's risk management arrangements; and the OPCC's Operational Risk Register.

1. Introduction & Background

- 1.1 The Office of the Police and Crime Commissioner (OPCC) is responsible for providing policing services within Cumbria. To enable it to carry out this function effectively it must monitor and react appropriately to risks. The Joint Audit and Standards Committee as part of their role, ensures that the OPCC is actively managing strategic risks and one member of the Committee has been appointed as the lead member for risk.

2. Issues for Consideration

- 2.1 Appended to this report at Appendix 1 is the OPCC's Strategic Risk Register which is to be reviewed by the Executive team on 15 September 2017.

- 2.2 The OPCC has reviewed its Operational Risk Register. At the July meeting of JASC members expressed concern at the loss of governance expertise at a senior level as a result of the CEO's retirement and the CFO's resignation. The Committee asked that their concern be added as a risk to the Risk Register. To meet that request an additional risk has been added it in as a further sub-risk in the section on "Non-Financial Governance". The Operational Risk Register is presented to the Committee to provide assurance that other areas of risk are being considered and regularly monitored. A copy of the Operational Risk Register is attached at Appendix 2.
- 2.3 The Chief Executive will meet with the Constabulary's lead for Risk Management, the Director of Corporate Improvement, on 18 September 2017 and as part of the OPCC's quarterly oversight of the Constabulary's strategic risks.

3. Implications

- 3.1 Financial - the inability of the OPCC to successfully identify and manage its organisational and strategic risks could impact financially on not only the OPCC but Cumbria Constabulary and other partner organisations which are financially dependent upon OPCC funding.
- 3.2 Legal - the OPCC could face legal challenge on some areas of its business, therefore it is essential that these are identified at an early stage and effectively mitigated and managed.
- 3.3 Risk - if the OPCC does not identify and mitigate risks then it may mean that the OPCC cannot carry out its statutory function efficiently and effectively.

OFFICE OF THE POLICE & CRIME COMMISSIONER – STRATEGIC RISK REGISTER

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

Risk No.	Risk Title	Total Score	Risk Owner		Actions		Reviews
			Risk Owner	Action Owner	Any outstanding actions YES/NO	Date for actions to be completed	Date of next review
R1	Strategic Finance	12	Chief Executive	Chief Finance Officer	No		September 2017
R2	The Emergency Services Mobile Communications Programme (ESMCP)	12	Chief Executive	Chief Executive	No		September 2017

Scores:

8 – 16	Review within 3 months
4 - 6	Review within 6 months
3 or less	Review within 12 months

Risk No: R1	Risk Title: STRATEGIC FINANCE	The Police and Crime Commissioner is required to set a balanced budget. Resources from central Government formula grant provide the significant majority of funding to deliver police services. Reductions in that funding will have a substantial impact on the level of policing that can be provided and on the potential to deliver the Commissioner's wider responsibilities.
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Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken			
Lack of resources within the medium term budget to provide sufficient funding for the Constabulary to deliver current levels of policing service. High levels of funding uncertainty are impacting on this risk from 2018/19 (the government's current implementation date for the new formula). Announcements are expected from March 2017 regarding a proposed formula. An emerging potential risk is the loosening of the public sector cap which would put additional pressure on budgets if it was unfunded.	This risk may lead to a reduction in the level of police services and/or result in Cumbria Constabulary not being viable as an independent force. Alternative options for delivering a police service in Cumbria may have to be considered. This may impact on the extent to which services respond to local needs in Cumbria. During the period of change there may be reductions in public assurance/confidence.	4	4	16	3	4	12	Chief Executive (Reduce)	The Commissioner has joined the National Rural Crime Network through which work has been commissioned to demonstrate weakness in the proposed funding model. A paper has been submitted to the TRG and external support has been commissioned on developing a cost model for community policing. The budget has been balance in the short term and longer term decisions on the budget and policing model are being deferred pending announcements.	Budget monitoring processes and internal controls are in place to manage financial commitments. The financial control environment is tested annually by internal and external audit. HMIC Peel inspections and external auditors review overall financial resilience and the track record of delivering savings.		Chief Finance Officer	September 2017	
The Emergency Services Mobile Communications Programme (ESMCP) is a collaboration between the police, fire and ambulance Emergency Services (3ES) in England, Scotland and	This risk may result in significant additional costs and impact upon the Commissioner's ability to ensure Cumbria has an efficient and effective force, which could lead to reputational risk.	4	3	12	3	4	12	Chief Executive (Reduce)	The Commissioner is working regionally with other North West Commissioners and nationally through the APCC to highlight concerns	Work being undertaken regionally and nationally provides some assurance. The critical nature of this national project means it will be a priority.		Chief Executive	September 2017	

<p>Wales, to replace the existing mobile radio system known as Airwave. ESCMP will deliver the Emergency Services Network (ESN) which will provide integrated critical voice and broadband data over an enhanced 4G commercial network. This is a significant project. At the present time there are concerns around cost, coverage and timescales for delivery.</p>									<p>and seek to have them addressed. Officers within the OPCC are also engaged through attendance at regional events and through the APCC.</p>				
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Peter McCall

Treasury Management Activities 2017/18

Quarter 1 (April to June 2017)

PCC Decision Meeting 21 July 2017 and JASC Meeting 13 September 2017

Purpose of the Report

The purpose of this paper is to report on the Treasury Management Activities (TMA), which have taken place during the period April to June 2017, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management.

TMA are undertaken in accordance with the Treasury Management Strategy Statement (TMSS) and Treasury Management Practices (TMPs) approved by the Commissioner in February each year.

Recommendations

The Commissioner is asked to note the contents of this report.

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.

Economic Background

Reaction from the markets to the general election in June have been fairly muted, confidence now hinges on Brexit negotiations. Commodity prices have fallen during the quarter with oil falling below \$50 a barrel, primarily as a result of oversupply.

The Bank of England (BOE) made no change to monetary policy at its meeting on 15 June. The Base Rate has been maintained at **0.25%** since 4 August 2016. Quantitative Easing (QE) has also been maintained at **£435bn** since that date.

The treasury advisor's Arlingclose central case is for the Bank Base Interest Rate to remain flat at 0.25%, however, there is a downside risk for rates to be cut to 0.00% in the short and medium term, and scope for rates to be increased from 2019 onwards, albeit modestly to 0.50%.

Consumer Price Index (CPI) inflation rose over the first quarter and the data for May showed CPI at 2.9%, its highest since June 2013. The effect of the fall in fuel prices was offset by a number of other rises in the CPI

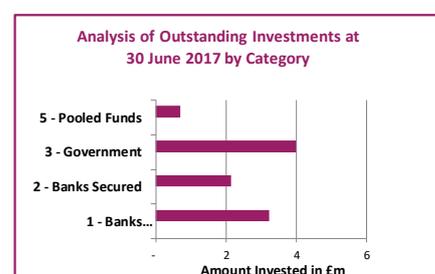
'basket' as the fall in sterling post Brexit continues to impact on import prices.

TM Operations and Performance Measures

The Commissioners day to day TMA are undertaken in accordance with the TMSS. The TMSS establishes an investment strategy with limits for particular categories of investment and individual counterparty limits within the categories.

Outstanding Investments: As at 30 June 2017 the total value of investments was **£10.070m** and all were within TMSS limits.

The chart below shows the outstanding investments at 30 June by category.



A full list of the investments that make up the balance of £10.070m is provided at **Appendix A**.

Investment Activity: During quarter 1 there were no investments made within TM categories 1-3 (banks unsecured, banks secured and Government). There were however, regular smaller investments in category 5 (money market pooled funds).

Non-specified investments: The TMSS sets a limit for investments with a duration of greater than 364 days at the time the investment is made (known as non-specified investments), this limit is £5m. At 30 June the Commissioner had two investments meeting this description with a combined total of £4.2m. Of these two, only 1 has an outstanding duration of over 364 days. These investments are:

- Leeds Building Society £2.2m 887 days (13/07/16 to 17/12/18)
- Lloyds Bank £2m 366 days (11/08/16 to 11/08/17)

Investment Income: The budget for investment interest receivable in 2017/18 is £75k. The current forecast against this target is that the actual will be on budget although it is still relatively early in the financial year to provide an accurate estimate. Factors such as

future interest rates available and investment balances will impact.

The average return on investment at the end of quarter 1 is 0.48%. As a measure of investment performance the rate achieved on maturing investments of over 3 months in duration is compared with the average BOE base rate.

The table below illustrates the rate achieved on the one maturing investment of over three months duration in quarter 1 compared with the average base rate for the duration of the investment.

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Highland Council	£2m	6	0.30%	0.25%

Cash Balances: The aim of the TMSS is to invest surplus funds and minimise the level of un-invested cash balances. The actual un-invested cash balances for the period April to June are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	91	3,226	108,681
Days Overdrawn	0	0	0

The bank account had large un-invested balances on one occasion. The largest un-invested balance occurred on the 26 April (£109k) where a BACS deposit was received late in the afternoon in respect of the sale of the former police station at Cleator Moor.

During quarter 1 there were no occasions when the bank balance was overdrawn.

Prudential Indicators

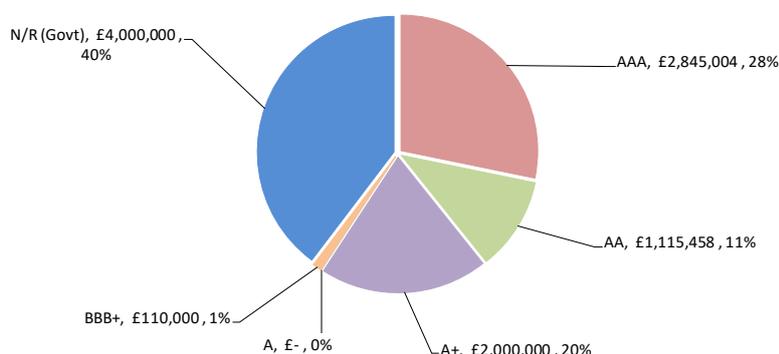
In accordance with the Prudential Code, the TMSS includes a number of measures known as Prudential Indicators which determine if the TMSS meets the requirements of the Prudential Code in terms of **Affordability, Sustainability and Prudence.**

An analysis of the current position with regard to those prudential indicators for the financial year 2017/18 is provided at **Appendix B.** The analysis confirms that the Prudential Indicators set for 2017/18 are all being complied with.

Appendix A Investment Balance at 30 June 2017

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Lloyds Bank Plc	A+	11/08/2016	11/08/2017	42	1.00%	2,000,000	2,000,000
Svenska (Deposit Account)	AA	Various	On Demand	N/A	0.30%	1,115,458	1,115,458
NatWest (Liquidity Select Account)	BBB+	30/06/2017	01/07/2017	O/N	0.10%	110,000	110,000
						3,225,458	3,225,458
Category 2 - Banks Secured (Includes Banks & Building Societies)							
Leeds Building Society (Bond)	AAA	13/07/2016	17/12/2018	535	0.68%	2,141,288	2,141,288
						2,141,288	2,141,288
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
East Dunbartonshire Council	NR	07/03/2017	06/03/2018	249	0.50%	2,000,000	2,000,000
Lancashire County Council	NR	18/04/2017	17/04/2018	291	0.60%	2,000,000	2,000,000
						4,000,000	4,000,000
Category 4 -Registered Providers (Includes Providers of Social Housing)							
None						0	0
						0	0
Category 5 -Pooled Funds (Includes AAA rated Money Market Funds)							
Fidelity	AAA	Various	On demand	O/N	0.16%	3,716	3,716
Aberdeen Asset Management	AAA	Various	On demand	O/N	0.18%	100,000	100,000
Standard Life (Formally Ignis)	AAA	Various	On demand	O/N	0.25%	600,000	600,000
						703,716	703,716
Total						10,070,462	10,070,462

Analysis of Outstanding Investments by Credit Rating of Counterparty at 30 June 2017 (Minimum Criteria per TMSS A-)



Note – The credit ratings in the table & chart relate to the standing as at 30 June 2017, these ratings are constantly subject to change.

Appendix B Prudential Indicators 2017/18

Prudential Indicator - With Targets To Review		Approved Limits TMSS £m	Recalculated Limits at Jun-17 £m	Actual £m	Within Target	
1	The Authorised Limit <i>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not be sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a</i>	Total Authorised Limit	24.478	24.478	4.887	✓
2	The Operational Boundry <i>The operational boundry represents and estimate of the most likely but not worse case scenario it is only a guide and may be breached temporarily due to variations in cashflow.</i>	Total Operational Boundry	22.978	22.978	4.887	✓
3/4	Interest Rate Exposure <i>The purpose of this indicator is to contain the Commissioners exposure to unfavourable movements in future interest rates.. This represents the position that all of the Commissioner's authorised external borrowing may be at a fixed rate at any one time.</i>	Net Principal sums Outstanding at Fixed Rates	24.478	24.478	4.887	✓
		Net Principal sums Outstanding at Variable Rates	1.500	1.500	0.000	✓
5	Upper Limit for total principal sums invested for over 364 Days <i>The purpose of this indicator is to ensure that the commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</i>	Non Specified Investments with a maturity greater than 364 days	5.000	5.000	4.200	✓
Prudential Indicator - To Note						
6	Net Borrowing and the Capital Financing Requirement <i>This indicator is to ensure that net borrowing will only be for capital purposes. The commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.</i>	Net Debt (section 12 below provides analysis)	(15.280)	(17.477)	(17.477)	
		Capital Financing Requirement as at 31 March	17.978	17.978	17.978	
		Net external Borrowing	0.000	0.000	1.000	
7	Capital Expenditure and Capital financing <i>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2016/17</i>	Expenditure	6.521	6.768	6.768	
		Financing and Funding	0.000	0.000	0.000	
8	Ratio of Financing Costs to Net Revenue Stream <i>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs</i>	Financing Costs	0.348	0.348	0.348	
		Net Revenue Stream	96.178	96.178	96.178	
		Ratio	0.36%	0.36%	0.36%	
9	Capital Financing Requirement <i>The CFR is a measure of the extent to which the commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i>	CFR including PFI & other long term liabilities	17.978	17.978	17.978	
		CFR excluding PFI & other long term liabilities	13.091	13.091	13.091	
10	Actual External Debt <i>It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investment rates compared to the costs of borrowing</i>	External Debt including PFI & other long term liabilities	4.887	4.887	4.887	
		External Debt excluding PFI & other long term liabilities	0.000	0.000	0.000	
11	Impact of capital investment decisions on the Council Tax <i>This indicates the incremental impact of the capital investment decisions funded from prudential borrowing proposed for the period 2016/17 based on a Band D property in line with the proposed council tax level.</i>	Capital Expenditure funded from revenue	1.584	1.552	1.552	
		Incremental Impact on Band D Council Tax	9.485	9.294	9.294	
12	Gross and Net Debt <i>The purpose of this indicator is highlight a situation where the Commissioner is planning to borrow in advance of need.</i>	Outstanding Borrowing (at notional value)	0.000	0.000	0.000	
		Other Long Term Liabilities (PFI & Finance Lease)	4.887	4.887	4.887	
		Less Investments	20.167	22.364	22.364	
		Net Debt	(15.280)	(17.477)	(17.477)	
13	Maturity Structure of Borrowing <i>The indicator is designed to exercise control over the Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i>	Not Applicable - currently no external debt				