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Our reference: PZ

Date 13 June 2022

CUMBRIA POLICE & CRIME COMMISSIONER'S PUBLIC ACCOUNTABILITY CONFERENCE

The Police and Crime Commissioner's Public Accountability Conference (Finance) will take place **remotely** on **Thursday 23rd June 2022**, at **09.15am**.

The purpose of the Conference is to enable the Police and Crime Commissioner to hold the Chief Constable to account for operational performance.

If you would like to join the meeting as a member of the public or press, please contact Paula Zutic on paula.zutic@cumbria.police.uk you will then be provided with a copy of the dial in details. Following the meeting papers will be uploaded on to the Commissioner's website.

G Shearer
Chief Executive

Attendees:

Police & Crime Commissioner - Mr Peter McCall (Chair)
OPCC Chief Executive - Mrs Gill Shearer
Joint Chief Finance Officer - Mr Roger Marshall
Chief Constable - Mrs Michelle Skeer

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. QUESTIONS FROM THE PUBLIC

An opportunity (not exceeding 20 minutes) to deal with any questions which have been provided in writing within at least three clear working days before the meeting date to the Chief Executive.

4. DISCLOSURE OF PERSONAL INTERESTS

Attendees 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 should not participate in a discussion of the matter and must withdraw from the room unless a dispensation has previously been obtained.

5. MINUTES OF MEETING

To receive and approve the minutes of the Public Accountability Conference held on the 16th February 2022 (copy to follow)

6. DECISION 008-2022- CAPITAL BUDGET PROVISIONAL OUTTURN 2021/22

To receive, note and approve the provisional capital outturn position for 2021/22 (copy to follow)

7. CONSTABULARY REVENUE BUDGET PROVISIONAL OUTTURN REPORT 2021/22

To receive and note the provisional outturn report on the Constabulary revenue budget for 2021/22 (copy to follow)

Note that Item .7. Appendix E is a Part .2. document and will be discussed in the closed part of the meeting.

8. DECISION 009-2022 FINANCIAL OUTTURN REPORT 2021/22

To receive, note and approve the provisional financial outturn for the 2021/22 financial year (copy to follow).

9. **TREASURY MANAGEMENT ACTIVITIES JANUARY to MARCH 2022 and ANNUAL REPORT 2021/22**
To receive and note the Treasury Management Activities January – March 2022 and Annual Report 2021/22 (copy to follow)
10. **DECISION 010-2022 - INTERNAL AUDIT ANNUAL REPORT 2021/22**
To receive and note the annual report from the Head of Internal Audit (copy to follow)
11. **DECISION 011-2022 – EFFECTIVENESS OF THE ARRANGEMENTS FOR AUDIT 2021/22**
 - a) **Effectiveness of arrangements for audit**
A report of the Joint Chief Finance Officer on the effectiveness of arrangements for audit (copy enclosed)
 - b) **Review of Effectiveness of the Joint Audit Committee**
To receive a report reviewing the activities of the JAC as a contribution to the effectiveness of arrangements for governance (copy enclosed)
12. **DECISION 012-2022 – EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS (OPCC) 2021/22**
 - a) **Effectiveness of Governance arrangements**
A report of the Chief Executive and Chief Finance Officer of the Commissioner on the effectiveness of Governance arrangements (copy to follow)
 - b) **The Commissioner’s Annual Governance Statement**
For approval of the Commissioner’s 2021/22 Annual Governance Statement (copy to follow)
 - c) **The Commissioner’s Code of Corporate Governance**
For approval of the Commissioner’s 2022/23 Code of Corporate Governance (copy to follow)

PART 2 – ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC

(Any members of the public or press in attendance will be asked to leave the meeting room prior to consideration of these matters.)

7. **PART .2. CONSTABULARY REVENUE BUDGET PROVISIONAL OUTTURN REPORT 2021/22**
To receive and note the PART .2. section of the provisional outturn report on the Constabulary revenue budget for 2021/22

**CUMBRIA POLICE & CRIME COMMISSIONER
PUBLIC ACCOUNTABILITY CONFERENCE**

Minutes of the Public Accountability Conference held on
Wednesday 16th February 2022 Via Teams
at 10:00am

PRESENT

Police & Crime Commissioner - Mr Peter McCall (Chair)

Also present:

Chief Finance Officer (Roger Marshall);
Deputy Chief Finance Officer (Michelle Bellis);
OPCC Chief Executive (Vivian Stafford);
OPCC Executive Support Officer (Paula Zutic) – taking minutes;

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

001. APOLOGIES FOR ABSENCE

Apologies for absence were received from the Chief Constable (Michelle Skeer); Deputy Chief Constable (Mark Webster); and T/Assistant Chief Constable (Jonathan Blackwell);

002. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from the public.

003. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC

There were no items of urgent business to be considered by the Committee.

004. DISCLOSURE OF PERSONAL INTERESTS

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

005. MINUTES

The Chair presented the minutes of the Public Accountability Conference held on the 8th December 2021, these had previously been circulated with the agenda. The minutes were agreed as an accurate record and signed by the Chair.

RESOLVED, that, the

- (i) Minutes of the Public Accountability Conference held on the 8th December 2021 be confirmed as a correct record and signed by the Chair;

006. FINANCIAL SUMMARY 2021/22 – QUARTER 3 TO DECEMBER 2021

The report was presented by the Chief Finance Officer on a 'by exception' basis.

At the end of the third quarter the core message is that the forecast is broadly on budget, with a £100k underspend (£11k Constabulary / £89k OPCC).

There is some pressure on the policing pay budget and overtime, which relates to Operation Uplift. Overtime is significantly overspent but has been balanced out by other budgets.

The Commissioner is keen to understand what the reason for the net unexplained increase in overtime is. The Commissioner has spoken to the Chief Constable and has been assured that this is currently an area that is being looked into.

Page 4 of the report provides a more detailed breakdown, while Page 5 shows that the ongoing costs of COVID are almost cost neutral. The CFO is not aware of any further COVID funding for 2023/24 from the Government.

The Operation Uplift graph on page 6 show that this area is largely as has been forecast & budgeted throughout the year.

There has been some slippage in Capital, relating to ICT / CCTV / West Estate and this is likely to be re-scheduled for 2022 /23.

Following a discussion, the report was noted.

RESOLVED, that

- (i) The report be noted.

007. TREASURY MANAGEMENT ACTIVITIES 2021/22 QUARTER 3 (OCTOBER to DECEMBER 2021)

The report was presented by the Deputy Chief Finance Officer, on a 'by exception' basis.

Cash flow Balances - Quarter average daily balance - £22.459m

Investment balance @ 31/12/21 £16.242m. This is down from £21.412m at 30/09/21

Investment Interest Forecast

- Base Budget - £10,000
- Revised Budget - £10,000
- Current Estimate - £2,000

No borrowing was undertaken between 01 October 2021 to the 31 December 2021 and none is expected during 2021/22.

Treasury and Prudential Indicators

During the period 01 October 2021 to 31 December 2021, the treasury function has operated within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.

Compliance with the prudential and treasury indicators are shown on page 3 of the report.

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that regular reports are presented with regards to treasury management activities. This half yearly report ensures the Police and Crime Commissioner is implementing best practice in accordance with the Code.

Following a discussion, the report was noted.

RESOLVED, that

- (i) The report was noted;

008. DECISION 003-2022 – CAPITAL STRATEGY 2022/23

The report was presented by the Deputy Chief Finance Officer.

The purpose of the report was to provide information on the proposed capital strategy for 2022/23. The capital strategy (item 08a) is an overarching strategy that sits above the two documents which have been produced historically namely the capital programme (item 08b) and the treasury management strategy statement (item 08c). The capital strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. The capital programme is developed in consultation with the Constabulary who are the primary user of the capital assets under the ownership of the Commissioner.

Local Authorities (including Police and Crime Commissioners) determine their own programmes for capital investment in non-current (fixed) assets that are essential to the delivery of quality public services. The Commissioner is required by regulation to have regard to The Prudential Code when carrying out his duties in England and Wales under part 1 of the Local Government Act 2003. The Prudential Code establishes a framework to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure: “within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable”. In the past, to meet these requirements, all schemes within the 4 year medium term capital programme are only approved on the basis that they are fully funded either through capital grants, capital reserves, capital receipts or revenue contributions. The proposed programme meets this test. However, the MTFF timeframe has now been increased to cover a 5 year period in line with best practice. A concern is raised that there is a capital funding deficit of £2.94m in 2026/27 as a result of the implementation of the Emergency Services Network. The capital funding deficit increases to £7.62m over years 5 to 10. The estimates for 5-10 years are however built on a number of assumptions, which, particularly in rapidly changing sectors such as ICT, are difficult to accurately predict. This means that projected costs in the later years of the capital programme become increasingly indicative and should be treated with caution. Nevertheless, the funding gap identified beyond year 4 of the capital programme presents a risk that it will no longer meet the tests of ‘affordability, prudence and sustainability’ as set out in the Prudential Code. The only ways in which this can be realistically addressed is through either capital savings or further increased support from the revenue budget, which will, in turn, increase the requirement to deliver revenue savings.

Recommendations:

- **Capital Strategy (Item 08a)** – The Commissioner is asked to approve the capital strategy including the prudential indicators set out in the report.
- **Capital Programme (Item 08b)** - The Commissioner is asked to:
 - Approve the capital programme for 2022/23 and beyond as part of the overall budget process for 2022/23.

- Approve the status of capital projects as detailed in appendices 2 to 5.
- **Treasury Management Strategy (Item 08c)** - The Commissioner is asked to:
 - Approve the Borrowing Strategy for 2022/23 as set out on pages 8-9
 - Approve the Investment Strategy for 2022/23 as set out on pages 10-13
 - Approve the Treasury Management Prudential Indicators as set out on pages 15-16
 - Approve the other Prudential Indicators set out on pages 17 to 21
 - Approve the Minimum Revenue Provision Policy Statement for 2022/23 as set out on page 22
 - Note that the detailed Treasury Management Practices (TMPs) have been reviewed and updated as required by the Code of Practice and will be published alongside the TMSS on the Commissioner's website.
 - Delegate to the Joint Chief Finance Officer any non-material amendments arising from scrutiny of the strategy by the Joint Audit Committee.

Following a discussion, the report was noted and all of the recommendations were approved as set out within the report.

RESOLVED, that

- (i) The presentation to be noted; and
- (ii) The recommendations were all approved as set out within the report;

009. DECISION 004-2022 – 2022/23 BUDGET and MEDIUM-TERM FINANCIAL FORECAST

The report was presented by the Chief Finance Officer.

The Commissioner was asked to approve the revenue budget, capital budget and reserves strategy for 2022/23 and the level of council tax to support the budget, having taken into account the advice of the Joint Chief Finance Officer in his report on the robustness of the proposed budgets. The papers provide provisional financial information for the years 2023/24 to 2026/27 and for 10 years in respect of the capital programme.

Recommendation:

The Commissioner was asked to note the attached Joint Chief Financial Officer's report on the robustness of the budget 'the Local Government Act 2003 Requirements' report (item 09a), taking into account his advice in respect of his decisions on the proposed budgets.

Appendix B of the attached report 'Budget 2022/23 and Financial Forecasts 2023/24 to 2026/27 (item 09b) sets out the budget resolution for decision by the Commissioner in order to formally approve the level of council tax precept.

In the context of the budget resolution, it is recommended that:

- a) The revenue budgets outlined in the report and appendices be approved, having regard to the Local Government Act 2003 Requirements report
- b) That the budget requirement for 2022/23 be set on the basis of the amount within the budget resolution at appendix B
- c) The council tax for Band D properties be approved at £282.15 for 2022/23, an increase of £9.99 or 3.67%, being the amount within the budget resolution

The commissioner was also asked to approve the Reserves Strategy for 2022/23 which is provided as a separate report (item 09c).

Following a discussion, the report was noted and all of the recommendations were approved as set out within the report.

RESOLVED, that

- (i) The presentation to be noted; and
- (ii) The recommendations were all approved as set out within the report;

Meeting concluded at 11:20

Signed: _____

Date: _____

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PAC 2022-06-23 Item 06 - Capital Budget Monitoring Quarter 4 to March 2022 & Provisional Outturn



Office of the Police & Crime Commissioner

TITLE: Capital Budget Monitoring 2021/22 – Quarter 4 to Mar 2022 (Provisional Outturn)

Date of Meeting: Public Accountability Conference 23 June 2022

Executive Summary:

The attached report provides an updated position of income and expenditure against the capital programme as approved for the 2021/22 financial year. Projections are based on actual expenditure up to the end of March 2022. Known changes to the capital programme budget approved to date have been included in the report, this includes the capital strategy approved by the Commissioner in February 2022.

Recommendation:

The Commissioner is asked to:

- Note the provisional capital outturn position for 2021/22 as reported.
- Formally approve a change to the 2021/22 programme budget of £307k, being a budget return.
- Formally approve the changes to the 5-year capital strategy arising from re-profiling and detailed planning of approved schemes along with growth within the Fleet replacement programme.
- Formally approve the determinations at section 4 (paragraph 4.1), in respect of the financing of the 2021/22 capital expenditure.

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PAC 2022-06-23 Item 06 - Capital Budget Monitoring Quarter 4 to March 2022 & Provisional Outturn

MAIN SECTION**1. Introduction and Background**

- 1.1. The Commissioner approves on an annual basis a 10 year capital strategy and a more detailed four year capital programme (Five years from 2022/23 onwards). This includes the annual capital budget that finances the delivery of capital schemes and provides for investment in ICT, the estate, vehicles and equipment needed to deliver operational policing.

- 1.2. This report is set out in three main sections:
 - ◆ Section 2, provides an update on the capital budget for the 2021/22 financial year.
 - ◆ Section 3, provides a brief update on the overall capital programme for a five year period to 2025/26.
 - ◆ Section 4, sets out the statutory determinations required to be made by the Commissioner under part IV of the Local Government and Housing Act 1989 in relation to capital financing.

2. Capital Budget 2021/22

- 2.1. On 19 February 2021 the Commissioner approved an indicative 10 year capital strategy up to 2030/31 with a more detailed programme including capital financing for a four year period to 2024/25. The capital programme has subsequently been amended to incorporate the effect of the capital outturn position for 2020/21 and in year changes, such as variations to existing schemes, approved by the Commissioner. The Capital Strategy for 2022/23 and beyond, approved 16th February 2022, has also been reflected in the future year budgets where required.

- 2.2. The table below summarises the movement in the capital budget during 2021/22 and expenditure against it as at the end of the fourth quarter. Total capital expenditure during the year amounted to £5.371m against the budget of £8.675m which represents a net reduction of £3.304m (38.08%) against the approved budget for 2021/22. The overall variance is made up of slippage of expenditure to future years of £2.997m (of which £1.586m had been reported previously) and other reductions to the budget of £307k.

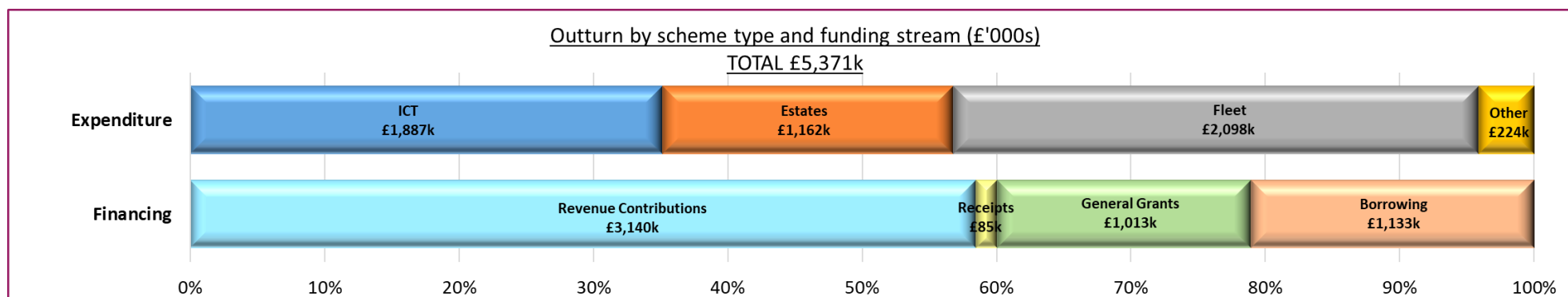
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Capital Budget 2021/22 £000s	
Capital Budget 2021/22 (approved 19/02/21)	5,211
Impact of 2020/21 Outturn (approved 02/06/2021)	2,074
New Schemes Approved/Drawdown	1,429
Budgets Changes - Approved	(38)
Approved Adjusted Budget 2021/22	8,675
Forecast Capital Expenditure 2021/22	5,371
Forecast Variation	(3,304)
Made up of:	
Budget Changes (Under)/Overspend	(307)
Slippage to 2021/22	(2,997)
	<u>(3,304)</u>

Table 1 Forecast Variation summary	Changes £000s
Digital Policing	(2)
National Systems	(54)
Smart Phones	(1)
Operation Uplift	(250)
	<u>(307)</u>

Slippage	Previously Reported	New Slippage Qtr 4	Total £'000s	% of Base Budget
ICT Schemes	(648)	(724)	(1,372)	-36%
Estates Schemes	(336)	(187)	(523)	-111%
Fleet Schemes	(85)	(603)	(688)	-26%
Other Schemes	(340)	(74)	(414)	-55%
	<u>(1,410)</u>	<u>(1,587)</u>	<u>(2,997)</u>	<u>-41%</u>



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

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

2.4. **ICT Schemes** are comprised of the rolling replacement programme in respect of ICT hardware, software and radios, together with schemes to support the roll out of larger specific projects. To help manage the finances of these schemes a prudent £1m slippage is built into the base budget at the start of the year. Total slippage for the year has exceeded this £1m by £1.371m (£0.648m at quarter 3). The smaller amounts of slippage are spread across the whole portfolio of projects, but the larger items include:

- Re-work of the budget for the control room futures (£552k).
 - The expenditure on the Emergency Services Network (ESN) budget, a national project, has been delayed and as a result the transition budget has been moved to future years. This will continue to contribute to the project team planning and implementing the new police radio system (£231k).
 - A number of schemes have been delayed in order to bring them together as one scheme to replace the underlying network infrastructure (Routers £200k, Data switch replacement £200k).
 - A 'proof of concept' has been carried out for the replacement of the conferencing technology around the Constabulary estate. Once completed and fully tested this will be rolled out (£144k).
- The converged infrastructure and related hardware is a large scheme for the wholesale replacement of the main ICT architecture. During the capital strategy setting process the 10-year budget for this scheme was spread evenly to remove the large peaks and troughs which were more representative of the future solutions. Following consultation with suppliers it became apparent that the costs would need to be front loaded to facilitate the equipment purchase and resulted in £123k being brought forward from 2022/23. The work against this original purchase order is nearing completion.
 - With regards to end user hardware (tablets, laptops, phones) the schemes were all largely complete for the year with a return of £1k budget from the 2021/22 Smartphone project. In communication with suppliers a large order for laptops was not expected until just after the year end so contingencies were made and additional orders were placed that could be fulfilled within the year. All of the equipment was received just prior to the year end and has resulted in £112k of 2022/23 budget being brought in to 2021/22, along with the corresponding funding.
 - The control room futures project include a number interdependencies with the national programme to replace the Emergency Services Network (ESN). There continues to be delays in this national project and as a result budget and financing has been moved to 2022/23, but again, expenditure against these budgets are dependant on the national scheme and may need to be moved further into the future. Also in relation to our preparedness for ESN, the Commissioner has received a small

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amount of central grant funding and this has also been moved into 2022/23 to match against the expenditure when it occurs.

- Another consequence of the delayed national ESN project is the replacement of the current Airwave radio terminals. Early in 2020/21 the scheme to replace these terminals (including covert radios) was given approval. The procurement agreement for the new radios saw the inclusion of a buyback for the old radios. The £85k capital receipt has been drawdown in 2021/22 to partially fund the radio replacement scheme that is all but complete.
- Other smaller areas of spend during 2021/22 were on ANPR replacements, replacement conferencing facilities, specialist consultancy and the installation of two new systems – vetting and anti-corruption.
- The recurring project for the impact of national systems rollouts was not required in 2021/22. There are smaller national projects on the horizon but as this is a recurring capital budget and provision is made within 2022/23 capital strategy the £54k scheme for 2021/22 has been closed and the corresponding financing has been returned.
- The digital policing project has also been completed and the scheme has been closed. This sees a small return of funding - £2k

R1) The Commissioner is asked to note the return of funding of £57k from the ICT capital projects

2.5. **Fleet Schemes** are comprised of the cyclical replacement of the Constabulary fleet of vehicles. The position reported previously at quarter 3 included slippage to future years of £85k and other changes amounting to a net increase of £127k. There are no changes requiring approval for 2021/22 but there is additional slippage of £602k.

- During 2021/22 the budget and financing included £85k for replacement of vehicles for the dedicated Sellafeld Policing Unit team in Cumbria. Following review of the mileage and usage of these vehicles the replacement has been moved into 2022/23 and may even move again. The budget and financing have been moved forward accordingly.
- The budget for 2021/22 included an ambitious replacement programme for 100 vehicles (of which 60 had been carried forward from 2020/21 and which were in the main the replacement vehicles for the single vehicle platform Peugeot experts). By 31 March 2022, a total of 98 vehicles had been ordered of these, 76 were received and commissioned, 10 ordered but not delivered, 12 ordered on the 31/03/2022 and the remaining 2 are still to be ordered. The pandemic has led to an increase in

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lead times and the cost of vehicles. Decisions regarding the pool fleet following the pandemic resulted in the replacement vehicles not being ordered until the 31st March. Of these new pool vehicles four will be replaced with electric vehicles.

2.6. **Estates Schemes** The capital strategy approved in February 2021 contained only 2 new scheme for 2021/22, namely the West Cumbria Estate and Barrow CCTV. There were also 2 schemes carried forward from 2020/21. By quarter 3 there had been £336k of slippage approved and a number of new schemes added to the estates programme. There are no further changes requiring approval but there is additional slippage of £187k.

- Discussion and planning work around the estate in West Cumbria has continued as the PFI contract expires in 2026. There has yet to be any expenditure against this scheme and the £250k budget from 2021/22 to facilitate this preliminary work has all been moved to 2022/23 (£230k in quarter 3 and £20k in quarter 4). The corresponding financing has also been moved.
- During quarter 3 the following schemes were approved and added to the estates work programme
 1. Purchase and modification of a premise at Wreay for the specialist dog unit (purchase complete in January 2022).
 2. Adaptations to the ground floor in the Learning and Development Centre.
 3. Adaptations to the Occupational Health building to facilitate a dedicated taser training area.

The budgets for these schemes were spread across 2021/22 and 2022/23 appropriately but delays from the scoping and tendering work for the Dog section has led to £167k being moved from 2021/22 to 2022/23.

2.7. **Other Schemes** – This includes a number of diverse projects which do not fall into the previous categories. Highlights during 2021/22 include:

- Glock Pistol Replacement – The purchase order was raised in March 2022 and delivery is expected early in 2022/23.
- Countywide CCTV. The amount remaining of £23k, is required for the link to the Digital Evidence Management System will be incorporated into the replacement project. The tender for the county wide replacement system is currently live and also includes the option to replace the Constabulary internal CCTV systems. The internal system, although not a scheme in it's own right, is partly covered in the future estates budgets as the replacement of custody CCTV systems at various sites.
- Scanning equipment for accident investigation, which was match funded through an external contribution was originally delayed in 2019/20 but permission was given to carry the funding

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forward. The equipment has been received and paid for but there are some ancillaries and training that have been delayed due to the pandemic. As a result, the project team have requested that the remaining £5k be carried into 2022/23 to complete the project

- Following the accelerated recruitment programme to maintain future police officer numbers a scheme was established to provide additional vehicles. There has been approval to spend £50k from the £300k budget on two training vehicles. The balance of £250k has been returned to Constabulary budgets so that options for the fleet may aligned to the new Local Government Reform operating model once this is finalised.

R2) The Commissioner is asked to note the return of budget from the Uplift scheme of £250k.

3. Capital Programme 2021/22 to 2025/26

- 3.1. The table below provides a summary of the capital programme and associated capital financing over the five year period to 2025/26:

Summary of Capital Budget 2021/22 to 2025/26					
	2021/22	2022/23	2023/24	2024/25	2025/26
	£000s	£000s	£000s	£000s	£000s
Capital Expenditure					
ICT Schemes	1,887	5,026	4,892	3,769	2,388
Estates Schemes	1,162	1,410	5,550	7,440	300
Fleet Schemes	2,098	1,859	1,216	775	822
Other Schemes	224	365	618	268	200
	5,371	8,660	12,276	12,252	3,710
Capital Financing					
Capital Receipts	85	0	1,250	407	106
Revenue Contributions	3,140	4,416	4,407	4,465	3,604
Capital Grants	1,013	3,257	1,619	0	0
Reserves	0	620	3,380	0	0
Borrowing	1,133	367	1,620	7,380	0
	5,371	8,660	12,276	12,252	3,710

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

- 3.2. There have been a number of changes to future year's expenditure since the 10 year capital strategy was approved. These are summarised in the table below and the corresponding financing has been moved to match this new profile :

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Changes to the Capital Programme following approval in February 2022					
	Yr0	Yr1	Yr2	Yr3	Yr4-10
	2021/22	2022/23	2023/24	2024/25	Future
	£000's	£000's	£000's	£000's	£000's
Approved Strategy	6,758	7,219	12,276	12,226	36,760
Current Expenditure Predictions	5,371	8,660	12,276	12,252	36,760
Difference	(1,387)	1,441	0	26	0
Effects of slippage from 2021/22 to future years	(1,587)	1,587	0	0	0
Budgets Brought Forward	235	(235)	0	0	0
Budgets returned on completion of scheme	(3)	0	0	0	0
Approved New Schemes & Drawdowns	272	24	0	0	0
New Schemes & Drawdowns (Fleet)	0	91	0	0	0
Budget Returned	(304)	0	0	0	0
Vehicle Life extended	0	(26)	0	26	
Difference	(1,387)	1,441	0	26	0

In regard to the increase in the fleet budget of £91k the following has been approved using the delegated approvals permitted in the financial Rules and regulations to overspend a scheme by the lower of 10% or £100k

Second-hand drugs unit vehicles – increasing prices in the second-hand car market have resulted in the budget being inadequate to cover the age, condition and reliability of the vehicles we require. Where once £5k per car was sufficient it is now £15k/£20k that is required. There are 6 second-hand vehicles due for replacement but whilst different options are considered there is a pressing need to replace one vehicle. An additional £15k has been agreed.

Electric vehicles – to increase the number of electric vehicles within the fleet an additional £7k is required per vehicle. The decision has been taken to replace 4 out of the 12 pool cars needing replacement with electric vehicles - £28k

2 x new vehicles – an immediate need, due to growing workloads, within the MOSOVO unit (Management Of Sexual Offender and Violent Offenders) has been identified through the Tactical and Strategic vehicle groups - £26k. It is hoped that the review into vehicle usage and the workforce alignment following Local Government Reform may result in a reduction of 2 vehicles or a realignment to uplift vehicles in 2022/23.

Write off – As a result of a third-party accident a relatively new Peugeot cell car was written off. It was not due to be replaced until 2026/27 but this has been brought forward to 2022/23. An insurance receipt has been received of £19k to offset some of the £22k cost replacement cost.

R3) The Commissioner is asked to formally approve the changes to the 5-year capital programme including the increases to the vehicle replacement plans - £91k.

NOT PROTECTIVELY MARKED

PAC 2022-06-23 Item 06 - Capital Budget Monitoring Quarter 4 to March 2022 & Provisional Outturn

4. Capital Determinations

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

- ◆ Capital receipts from the disposal of the final police house in 2021/22 amounted to £259k. These have been added to the unapplied capital receipts from previous years, reserved to meet expenditure commitments in future years, these now amount to £2.349m in total. In 2021/22 £91k of capital receipts have been applied to meet capital expenditure under part IV (section 60.2) of the act. This represents £85k from the disposal receipt of old airwave radio equipment that has been used to fund their replacement in capital and £6k from the sale of the police house being used to fund the costs of disposal in revenue.
- ◆ A sum amounting to £629k has been set aside in the revenue account as a minimum revenue provision (MRP) for credit liabilities (section 63.5 of the act) in line with the policy agreed as part of the Treasury Management Strategy Statement in February 2021.

5. Supplementary Information

5.1. Appendices to this report are provided as follows:

- ◆ Appendix A – Capital Budget 2021/22
- ◆ Appendix B – Capital Programme 2021/22 to 2025/26

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PAC 2022-06-23 Item 06 - Capital Budget Monitoring Quarter 4 to March 2022 & Provisional Outturn

Appendix A**Capital Budget 2021/22**

Capital Programme 2021/22	Original Approved Budget £000s	Impact of 2020/21 Outturn £000s	New Schemes Approved £000s	Budget Changes Approved £000s	Approved Adjusted Budget £000s	Draft Capital Outturn £000s	Forecast Variation £000s	Of Which Slippage to Future Years	Budget Changes
ICT Schemes									
ICT End User Hardware Replacement (002x)	862	53	0	(37)	878	551	(327)	(326)	(1)
ICT Software Application Replacement (003x)	0	6	0	0	6	3	(3)	(3)	0
ICT Core Hardware Replacement (004x)	1,884	190	30	(470)	1,634	907	(727)	(727)	0
ICT ESN / Radio Replacement (005x)	280	257	0	(23)	514	215	(299)	(299)	0
ICT Core Infrastructure Replacement	0	0	0	0	0	0	0	0	0
ICT Infrastructure Solution Replacement (Projects)									
- Case & Custody	39	0	0	0	39		(39)	(39)	0
- Control Room Futures	459	193	0	0	652	88	(564)	(564)	0
- Police Works / Silverlite	0	0	0	317	317	0	(317)	(317)	0
- Business Futures	0	0	0	0	0	0	0	0	0
- Unspecified change to National systems (D)	54	0	0	0	54	0	(54)	0	(54)
- National ANPR / ANPR replacements	80	0	25	20	125	45	(80)	(80)	0
- High Tech Crime Programme (I)	0	0	0	0	0	0	0	0	0
- High Tech Crime Storage Growth (I)	0	0	0	0	0	0	0	0	0
- Anti Corruption Software	0	0	40	0	40	21	(19)	(19)	0
- Vetting Software	0	0	30	0	30	30	0	0	0
- Digital Policing Project	34	7	0	(14)	27	27	0	2	(2)
General Slippage	(1,000)	0	0	0	(1,000)	0	1,000	1,000	0
Total ICT Schemes	2,692	706	125	(207)	3,316	1,887	(1,429)	(1,372)	(57)
Fleet Schemes									
2020/2021 Slippage	0	890	0	0	890	740	(150)	(150)	0
2021/2022 Approved Strategy	1,683	0	0	128	1,811	1,358	(453)	(453)	0
Reimbursed Vehicles	85	0	0	0	85	0	(85)	(85)	0
Total Fleet Schemes	1,768	890	0	128	2,786	2,098	(688)	(688)	0
Estates Schemes									
Kendal Police Station - Roof	0	56	0	0	56	0	(56)	(56)	0
HQ Dog section - Roof	0	70	(70)	0	0	0	0	0	0
UPS HQ	0	44	0	(26)	18	18	0	0	0
Eden Deployment Centre	0	0	0	0	0	0	0	0	0
Garage Provision	0	0	0	0	0	0	0	0	0
Carlisle M&E plant	0	0	0	0	0	0	0	0	0
West Cumbria Estate	250	0	0	0	250	0	(250)	(250)	0
Barrow Custody - CCTV Digital rollout	50	0	0	0	50	0	(50)	(50)	0
Gas Suppression	0	0	0	(2)	(2)	(2)	0	0	0
Dog Section Wrey	0	0	1,300	0	1,300	1,133	(167)	(167)	0
EDC adaptations	0	0	44	(31)	13	13	0	0	0
PST training - Occ Health	0	0	30	(30)	0	0	0	0	0
Total Estates Schemes	300	170	1,304	(89)	1,685	1,162	(523)	(523)	0
Other Schemes									
CCTV	150	24	0	0	174	0	(174)	(174)	0
X2 Taser migration	0	234	0	0	234	68	(166)	(166)	0
Glock Pistol Replacement	0	45	0	0	45	0	(45)	(45)	0
Laser Scanning - Accident investigation	0	5	0	0	5	0	(5)	(5)	0
Operation Uplift	300	0	0	126	426	152	(274)	(24)	(250)
Operation Lecturn	0	0	0	4	4	4	0	0	0
Total Other Schemes	450	308	0	130	888	224	(664)	(414)	(250)
Total Capital Expenditure 2021/22	5,210	2,074	1,429	(38)	8,675	5,371	(3,304)	(2,997)	(307)

NOT PROTECTIVELY MARKED

PAC 2022-06-23 Item 06 - Capital Budget Monitoring Quarter 4 to March 2022 & Provisional Outturn

Appendix B

Capital Programme 2021/22 to 2025/26

	Approved Budget	Revised Budget	Previous Years Spend	Projected Outturn 2021/22	Projected Outturn 2022/23	Projected Outturn 2023/24	Projected Outturn 2024/25	Projected Outturn 2025/26	Projected TOTAL Cost	Variance (Under) / Overspend
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
ICT Strategy 2021/22 onwards										
ICT End User Hardware Replacement (002x)	3,228	4,432	632	551	1,184	698	724	644	4,431	(1)
ICT Software Application Replacement (003x)	71	71	29	3	2	37	0	0	71	0
ICT Core Hardware Replacement (004x)	6,152	6,508	331	907	2,060	961	1,204	1,044	6,508	0
ICT ESN / Radio Replacement (005x)	4,015	2,264	761	215	432	69	200	588	2,264	0
ICT Core Infrastructure Replacement	381	381	0	0	96	285	0	0	381	0
									0	
Case & Custody	797	797	758	0	38	0	0	0	797	0
Control Room Futures	6,118	6,118	4,290	88	620	590	530	0	6,118	0
Police Works / Silverlite	350	350	0	0	350	0	0	0	350	0
Business Futures	93	93	93	0	0	0	0	0	93	0
Unspecified change to National systems (D)	224	283	0	0	55	56	58	59	228	(54)
National ANPR System / ANPR replacements	285	384	48	45	131	52	53	54	384	0
High Tech Crime Programme (I)	108	108	108	0	0	0	0	0	108	0
High Tech Crime Storage Growth (I)	0	0	0	0	0	0	0	0	0	0
Anti Corruption Software	0	78	0	21	57	0	0	0	78	0
Vetting Software	0	30	0	30	0	0	0	0	30	0
RMS	0	3,000	0	0	1,000	1,000	1,000	0	3,000	0
Digital Policing Project	2,346	2,333	2,162	26	0	143	0	0	2,331	(2)
ICT Infrastructure Solution Replacement (Projects)	10,320	13,573	7,458	211	2,251	1,842	1,641	113	13,516	(56)
Savings Targets	0	0	0	0	0	0	0	0	0	0
General ICT Slippage	0	0	0	0	(1,000)	1,000	0	0	0	0
Total Proposed ICT Schemes	24,168	27,230	9,211	1,887	5,026	4,892	3,769	2,388	27,173	(57)
Estates Strategy 2021/22 onwards										
<u>Roof Repairs - Various</u>										
Kendal Police Station	56	56	0	0	56	0	0	0	56	0
Roof Repairs - HQ Dog section	320	0	0	0	0	0	0	0	0	0
<u>Other Existing Schemes</u>										
UPS	160	134	56	18	0	0	60	0	134	0
Eden Deployment Centre	5,481	5,481	5,481	0	0	0	0	0	5,481	0
Garage Provision (i)	500	500	0	0	0	500	0	0	500	0
Durranhill - CCTV system & M&E plant	115	115	55	0	60	0	0	0	115	0
West Resilience Flood Management (i)	13,000	13,000	0	0	620	5,000	7,380	0	13,000	0
Durranhill Custody - CCTV Digital rollout	50	50	0	0	0	50	0	0	50	0
Gas suppression cylinder replacements	18	15	18	(2)	0	0	0	0	15	0
Dog Section Wrey	0	1,500	0	1,133	367	0	0	0	1,500	0
EDC adaptations	0	320	0	14	306	0	0	0	320	0
Headquarters HVAC	0	300	0	0	0	0	0	300	300	0
Total Proposed Estates Schemes	19,700	21,472	5,610	1,162	1,410	5,550	7,440	300	21,472	0
Vehicle Strategy 2021/22 onwards										
2018/2020 Slippage	3,482	3,482	2,592	740	151	0	0	0	3,482	0
2021/2022 Approved Strategy	4,851	1,853	0	1,358	495	0	0	0	1,853	0
2022/2023 Approved Strategy	0	3,880	0	0	1,129	1,216	714	822	3,880	0
Rechargeable Vehicles	85	146	0	0	85	0	61	0	146	0
Total Proposed Vehicle Schemes	8,419	9,362	2,592	2,098	1,859	1,216	775	822	9,362	0
Other Schemes Strategy 2021/22 onwards										
CCTV	1,619	1,619	1,095	0	174	350	0	0	1,619	0
X2 Taser migration	302	339	68	68	68	68	68	0	339	0
X26 Taser migration	0	600	0	0	0	200	200	200	600	0
Glock Pistol Replacement	45	45	0	0	45	0	0	0	45	0
Laser Scanning - Accident investigation	58	58	53	1	4	0	0	0	58	0
Operation Uplift	851	478	51	152	25	0	0	0	228	(250)
Operation Lecturn	153	157	153	4	0	0	0	0	157	0
Barrow Custody - CCTV Digital rollout	50	50	0	0	50	0	0	0	50	0
Total Proposed Other Schemes	3,079	3,346	1,421	224	366	618	268	200	3,096	(250)
Total Schemes	55,365	61,409	18,833	5,371	8,660	12,276	12,252	3,710	61,102	(307)



Office of the Police and Crime Commissioner Report

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N°008 / 2022)

TITLE: Capital Budget Monitoring 2021/22 Quarter 4 to March 2022 (Provisional Outturn)

Executive Summary:

The attached report provides details of the provisional outturn on the capital budget for 2021/22. The figures quoted at this stage are provisional as the final accounts are still subject to audit, but it is not envisaged that there will be any significant changes.

Recommendation:

The Commissioner is asked to:

- Note the provisional capital outturn position for 2021/22 as reported.
- Formally approve a change to the 2021/22 programme budget of £307k, being a budget return.
- Formally approve the changes to the 5-year capital strategy arising from re-profiling and detailed planning of approved schemes along with growth within the Fleet replacement programme.

Formally approve the determinations at section 4 (paragraph 4.1), in respect of the financing of the 2021/22 capital expenditure.

Police & Crime Commissioner

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

I hereby approve/do not approve the recommendation above

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

Signature:

Date: 23 June 2022



Constabulary Report to OPCC

TITLE OF REPORT:	Revenue Budget Monitoring 2021/22 Quarter 4 to March 2022 and Provisional Outturn
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DATE OF MEETING:	Public Accountability Conference 23 June 2022
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ORIGINATING OFFICERS:	Michelle Bellis, Deputy Chief Finance Officer
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PART 1 or PART 2 PAPER:	PART 1 (OPEN) and PART 2 (CLOSED)
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<p>Executive Summary:</p> <p>The attached report provides details of the provisional outturn on the Constabulary's revenue budget for 2021/22. The figures quoted at this stage are reported as provisional as the final accounts are still subject to audit but it is not envisaged that there will be any significant changes.</p> <p>The figures show net revenue expenditure on Constabulary controlled and managed budgets amounting to £133.233m which represents an underspend of £373k (0.28%) against the approved adjusted budget of £133.606m.</p> <p>The underspend is made up of an overspend on expenditure budgets of £717k (0.51%) and additional income totalling £1.090m (17.6%).</p> <p>The final underspend of £373k represents an increase of £362k compared to the projected underspend reported at the end of Quarter 3 at 31 December of £11k.</p> <p>The principal changes in the last quarter of the financial year related to increases in expenditure on police officer pay and overtime, offset by increased income and by budgets set aside for innovation initiatives, covid recovery and capital financing not being utilised by the year end.</p>

<p>Recommendation:</p> <p>The Commissioner is asked to note the Constabulary revenue budget provisional outturn for 2021/22.</p>

MAIN SECTION

1. Introduction and Background

- 1.1 The purpose of this report is to provide information on the provisional revenue outturn for 2021/22. Total net expenditure amounts to £133.233m which is £373k below the approved budget. This represents a movement of £362k when compared to the forecast underspend reported at the end of Quarter 3 of £11k
- 1.2 The total budget is based on the funding arrangement between the Commissioner and the Chief Constable. This was approved and signed off by both the Chief Constable and the Police & Crime Commissioner.
- 1.3 The approved funding amounted to £141.434m, which is made up of a net revenue budget of £136.973m plus a plant and equipment capital budget of £4.461m. This report deals solely with the revenue funding. The original approved funding has subsequently been amended by a number of budget adjustments. The revised net revenue budget stands at £133.606m.

2. Revenue Expenditure

- 2.1 The provisional outturn of net revenue expenditure for 2021/22 is £133.233m, which is £373k (0.28%) below the approved adjusted budget of £133.606m, which represents a movement of £362k compared to the underspend forecast as at 31 December 2021 (£11k). The provisional outturn is made up of an overspend on expenditure of £717k (0.51%) and additional income of £1.090m (17.60%).
- 2.2 In a change for 2021/22, the monthly reporting to Chief Officers and quarterly reporting to the Public Accountability Conference is now presented on an objective (by command/department) basis rather than subjectively (by category of spend) as in previous years. The principal variances at the end of the financial year, together with comparatives as reported at December, are outlined in the table below:

Subjective Basis

Command / Directorate	Revised Budget £'000s	Provisional Outturn £'000s	(Under) / Overspend £'000s	(Under) / Overspend %	DEC-21 Variance £'000s	Change in Variance £'000s
Staff Pay						
Core Police Pay	84,218	85,391	1,173	1.39%	899	274
Core PCSO Pay	1,887	1,919	32	1.69%	23	9
CORE						
Chief Officer Group	1,191	879	(312)	-26.19%	(76)	(236)
Crime & Safeguarding Command	10,602	10,957	355	3.35%	59	296
Operations & Neighbourhood Policing Command	7,476	7,618	142	1.91%	(32)	174
Insight & Performance Command	2,048	2,055	7	0.32%	23	(16)
Corporate Support Directorate	8,794	8,013	(781)	-8.88%	(379)	(402)
Digital Data & Tech Command	9,868	9,000	(868)	-8.79%	(509)	(359)
Legal Services Directorate	235	246	11	4.67%	0	11
Marketing & Communications	614	588	(26)	-4.25%	(32)	6
SECONDED	(23)	(17)	6	-26.71%	0	6
EARMARKED	1,144	909	(235)	-20.59%	2	(237)
PROJECT	5,552	5,675	123	2.21%	11	112
Grand Total	133,606	133,233	(373)	-0.28%	(11)	(362)

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

- 2.3 The provisional outturn variance reported for 2021/22 is £362k different to the variance forecast as at the end of December (Qtr. 3). The main reasons for this difference will be explained in the remainder of Section 2 heading by heading.

The quarterly reported variances for 2021/22 together with the comparators for 2020/21 are summarised in the table below:

Constabulary Reported Variance	(Under) / Overspend	
	2020/21	2021/22
	£000s	£000s
Quarter 1 to 30 June	63	N/A
First period Reported in 2021/22 to 31 July	N/A	224
Quarter 2 to 30 September	122	-187
Quarter 3 to 31 December	-46	-11
Quarter 4 to 31 March (Year-end)	-616	-373

2.4 **Core Police Officer Pay and Allowances** came in over budget by £1,173k (£899k as at December).

The primary reason for the increased expenditure on police officer pay relates to restructure, including increase in senior ranks (Chief Supt, Supt etc) together with a forecast increase in actual numbers of police officers above budgeted levels in response to the Government's operation uplift target (£958k), employer's NI on additional overtime (£118k) and additional allowances (£97k).

Appendix B provides more detailed analysis in relation to police officer pay budgets and outturn for 2021/22.

Police Overtime is now reported in the individual commands and departments and is explained in the paragraphs below. In overall terms however, the police officer overtime budget have come under considerable pressure during 2021/22. A detailed analysis of the overtime position by command/department is provided for information at **Appendix C**.

Appendix D provides more detailed analysis in relation to police staff pay budgets and outturn for 2021/22.

2.5 **Core PCSO Pay and Allowances** came in over budget by £32k (£23k as at December). During 2021/22 there were no intakes of PCSO recruits whilst the focus was to deliver new police officers as part of the Government's operation uplift programme. The overspend relates to changes in the profile of PCSO leavers during the latter part of 2020/21 and in 2021/22 which meant that the actual numbers of PCSOs exceeded the budgeted figures for the year.

2.6 **Chief Officer Group** budgets underspent by £312k mainly due to reductions police staff pay (£6k), travel costs (£18k), supplies & services (£5k), payments to third parties (£53k), covid recovery fund – (£250k), balance of innovation fund (£220k) offset by increased NPCC contributions (£10k), increased apprenticeship levy (£224k) and training & conferences (£10k)

2.7 **Crime & Safeguarding** budgets overspent by £355k. In the main as a result of increases in staff pay (£33k), police officer overtime (£476k), staff overtime (£21k), agency staffing (£12k), operational equipment (£79k), collaborations (£174k) plus reduced income from other forces (£90k), increased

transport costs (£73k) and increased forensic costs (£43k). These increases are offset to a degree by savings on training (£64k), investigative expenses (£15k), custody (£58k), confiscated animals (£69k), custody medical (£31k), abnormal loads (£20k), accommodation & subsistence £15k), fees & charges (£36k) and additional POCA income (£336k).

- 2.8 **Operations & Neighbourhood Policing** budgets overspent by £142k. The main reasons for the increase are increased police officer overtime (£323k), staff overtime +£34k (CCR), training & conferences +£25k, custody costs +£20k, office equipment +£61k, consultancy fees +£10k, accommodation & subsistence +£18k, collaboration payments +£33k other expenditure +£8k and reduced income fees and charges and football +£27k. Offset by reduced spend on staff pay -£186k, fuel and other travel costs -£112k, operational equipment -£29k, clothing and uniform -£91k and increases in other income -£34k
- 2.9 **Insight & Performance** budgets overspent by £7k. This is largely due to increased spend on agency staffing (£16k), subscriptions (£32k), police officer overtime (£28k), police staff overtime (£11k), printing (£3k), CHIS expenses (£34k) and reduced firearms licensing income (£61k). Offset by reduced spend on staff pay (£19k), training (£22k), fuel and other transport costs (£14k), comms auto charges (£29k), accommodation & subsistence (£5k) and consultancy fees (£19k) and reduced TITAN collaboration payments (£66k).
- 2.10 **Corporate Support Directorate** budgets underspent by £781k. The main variances are reduced spend on staff pay (£95k), agency costs (£42k), recruitment costs (£51k), welfare costs (£59k), training costs (£40k), fuel and other travel costs (£10k), increased training income (£207k), increased other income (£86k), reduced consultants fees (£45k) (McCloud Pensions), office/operational equipment (£2k), catering charges (£33k), banking costs (£4k), management of change (£177k), police officer pensions (£63k). Partially offset by police officer overtime (£10k), staff overtime (£6k), legal costs (£18k), accommodation & subsistence (£54k), increased uniform (£39k).
- 2.11 **Digital Data and Tech Command** budgets underspent by £868k this was mainly as a result of reduced spend on staff pay due to high levels of vacancies (£293k), computing & communications (£269k), accommodation, subsistence and travel (£36k), reimbursement of costs (£65k), disclosure income (£15k) and the balance of the DDAT contingency (£390k), offset by increases on PNC / PND and national ICT charges (£113k) and an overspend on consultants fees (£80k).

- 2.12 **Legal Services** budgets overspent by £11k. The main reasons being, reduced income on costs awarded to police (£14k), increased court and legal costs (£50k) offset by reduced training, conferences & travel (£3k), reduced printing (£2k), additional reimbursed income (£14k) and reduced spend on staff pay (£34k).
- 2.13 **Marketing and Communications** budgets underspent by £26k. The main reason for this were reductions in training (£5k), accommodation, subsistence and travel (£3k), advertising (non-staff) – (£29k) and reduced spend on website (£14k) which were offset to a degree by increased staff costs (£25k).
- 2.14 **Seconded** budgets overspent by £6k reflecting that some costs of employing secondees not able to be recovered from partner organisation .
- 2.15 **Earmarked** budgets underspent by £235k. this is the main is as a result of underspends due to additional income from Mutual Aid including COP26 (£468k), reduced expenditure on Op Lectern (£194k) and a forecast underspend on Junior Citizen Scheme (£7k). Offset by overspend on Appleby Fair (£211k) due to additional cost of officer overtime and loss of income from Driver Awareness Scheme Safety Camera Partnership (£220k).
- 2.16 **Project** budgets overspent by £123k. This is as a result of the increased cost of implementation of new Constabulary website / On-line home (£21k) due to additional project management costs, front loading of recruitment of Op Uplift officers, offset by reductions in uplift staff costs (£349k), and cyber crime (£11k). Offset by reduced costs of BI Publisher project (£46k), ICT Projects (£130k), plan zero (£30k) and Leadership & Skills Project (£53k).

3. Sponsorship Activity

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

- To determine whether gifts, loans or sponsorship will be accepted
- To ensure there are guidelines in place for staff with regard to gifts, loans and sponsorship and that all staff are aware of and operate within the guidelines.

- To ensure guidelines provide that the Joint CFO is advised of any gifts, loans or sponsorship prior to acceptance to ensure that decision making takes into consideration any financial implications including those pertaining to insurance and taxation.

3.2 During 2021/22 there were no new items of sponsorship which have been notified as accepted. The Constabulary does however continue to utilise a vehicle provided by DSG Ltd Morecambe for use by the community safety team in the south of the county, this vehicle is replaced on a regular basis.

4. Bad and Doubtful Debts

4.1 In accordance with the funding arrangement, this revenue outturn report is required to include details of bad debts written off during the year and any provision for bad and doubtful debts made at 31 March 2022.

During 2021/22 there were six write offs totalling £2,048 of debtor invoices that were approved for write off by the Joint Chief Finance Officer Roger Marshall.

4.2 At 31 March 2022 a provision for bad and doubtful debts has been established for an amount of £10,118. This provision relates to 6 debtor invoices for which uncertainty exists as to whether the debt will be recovered. The provision has reduced slightly from that provided in previous years. As in 2020/21, in response to the coronavirus outbreak, a more detailed analysis of all debt outstanding at 31 March 2022 was undertaken and as a result of this exercise it was deemed prudent to set aside the above amount bad a doubtful debts. The sum of £10,118 provided represents 1.4% of the total outstanding debt at the year end. A schedule of these doubtful debts is provided at **Appendix E (Note Appendix E to be Part 2 Paper for Public Accountability Conference)**.

4.3 At 31 March 2022 the accounts receivable (debtors system) recorded that there were 106 invoices outstanding with a combined total of £730k arising from 70 separate customers. Of this sum, £508k (70%) relates to invoices that a classed as current as they have not yet met their due date. A further analysis of debtors as at 31 March 2022 is provided at **Appendix F. (Note Appendix F to be Part 2 Paper for Public Accountability Conference)**.

5. Supplementary Information

5.1 Appendices to this report are provided as follows:

- Appendix A – Constabulary Revenue Budget monitoring as at the end of 2021/22.
- Appendix B – Police Officer Pay Further Analysis.
- Appendix C – Police Officer Overtime Analysis 2021/22.
- Appendix D – Police Staff Pay Further Analysis.
- Appendix E – Calculation of Provision for Bad & Doubtful Debts at 31 March 2022 (Part 2).
- Appendix F – Analysis of Debts at 31 March 2022 (Part 2).

The Chief Constable for Cumbria Constabulary**Revenue Budget Monitoring Full Year 2021/22 – Objective Analysis (by Command/Department)**

Command / Directorate	Revised Budget £'s	Provisional Outturn £'s	(Under) / Overspend £'s	(Under) / Overspend %	DEC-21 Variance £'s	Change in Variance £'s
Staff Pay						
Core Police Pay	84,217,749	85,390,570	1,172,822	1.39%	898,745	274,077
Core PCSO Pay	1,887,278	1,919,266	31,988	1.69%	23,207	8,781
CORE						
Chief Officer Group	1,190,610	878,848	(311,763)	-26.19%	(76,079)	(235,684)
Crime & Safeguarding Command	10,602,037	10,957,175	355,138	3.35%	59,026	296,112
Operations & Neighbourhood Policing Command	7,475,633	7,618,221	142,588	1.91%	(32,688)	175,276
Insight & Performance Command	2,048,297	2,054,794	6,497	0.32%	23,483	(16,986)
Corporate Support Directorate	8,794,565	8,013,224	(781,341)	-8.88%	(379,072)	(402,269)
Digital Data & Tech Command	9,867,782	9,000,392	(867,389)	-8.79%	(508,959)	(358,430)
Legal Services Directorate	235,057	246,026	10,970	4.67%	(253)	11,222
Marketing & Communications	613,679	587,583	(26,096)	-4.25%	(31,516)	5,420
SECONDED	(23,390)	(17,143)	6,247	-26.71%	(293)	6,540
EARMARKED	1,144,428	908,825	(235,603)	-20.59%	2,050	(237,653)
PROJECT	5,552,374	5,675,169	122,795	2.21%	11,088	111,707
Grand Total	133,606,098	133,232,950	(373,149)	-0.28%	(11,261)	(361,888)

The Chief Constable for Cumbria Constabulary**Revenue Budget Monitoring Full Year 2021/22 – Subjective Analysis (by spend type)**

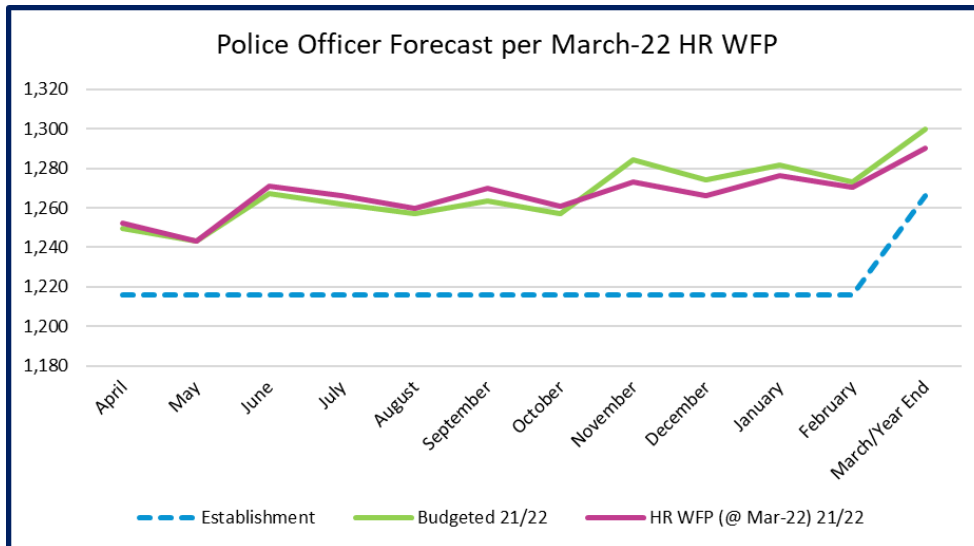
Description	Base Budget	Revised Budget	Provisional Expenditure / (Income)	Provisional (Under)/ Overspend	Provisional (Under)/ Overspend	Forecast (Under) / Overspend @ DEC-21	Change DEC-21 to Mar-22
	2021/22	2021/22	2021/22	2021/22	2021/22	@ DEC-21	DEC-21 to Mar-22
	£	£	£	£	%	£	£
Constabulary Funding							
Police Officers	97,139,153	93,061,003	95,574,579	2,513,577	2.70%	1,893,997	619,579
Police Community Support Officers	1,893,869	1,893,869	1,929,363	35,494	1.87%	28,418	7,076
Police Staff	25,287,149	25,657,519	24,861,355	(796,163)	-3.10%	(849,731)	53,568
Other Employee Budgets	2,211,809	2,887,728	2,721,766	(165,962)	-5.75%	(175,934)	9,972
Transport Related Expenditure	2,365,626	2,359,357	2,267,691	(91,665)	-3.89%	(192,705)	101,040
Supplies & Services	10,937,164	11,293,884	10,134,740	(1,159,145)	-10.26%	(369,331)	(789,814)
Third Party Related Expenses	2,404,892	2,645,138	3,025,322	380,184	14.37%	181,702	198,482
Total Constabulary Funding	142,239,662	139,798,497	140,514,816	716,319	0.51%	516,416	199,903
Income	(5,258,701)	(6,192,399)	(7,281,866)	(1,089,468)	17.59%	(527,677)	(561,791)
Total Constabulary Funding Net of Income	136,980,961	133,606,098	133,232,950	(373,149)	-0.28%	(11,260)	(361,888)

Police Officer Pay

The table below provides a greater level of detail of the final year-end figures.

Description	Base Budget 2021/22 £	Revised Budget 2021/22 £	Provisional Expenditure / (Income) 2021/22 £	Provisional (Under)/ Overspend 2021/22 £
Schedule 1				
Police Officers				
Police Officer Pay	47,489,021	47,825,884	48,024,741	198,858
Police Officer National Insurance	5,028,488	5,568,354	5,681,231	112,876
Police Officer Employers Pension Contributions	13,907,588	13,947,674	14,044,102	96,428
Police Officer Contribution to Pension Fund	26,506,000	21,360,236	21,360,236	(0)
Police Officer Allowances & Other Payments	1,364,141	1,433,701	1,558,647	124,946
Police Officer Overtime	2,125,321	2,332,624	3,705,777	1,073,153
Police Officer Turnover	(544,018)	(970,083)	0	970,083
Police Officer Ill Health & Injury Pensions	1,262,613	1,262,613	1,199,846	(62,767)
	97,139,153	92,761,003	95,574,580	2,513,577

Appendix C provides a more detailed analysis of police officer overtime and public holiday payments.



This chart illustrates the actual WFP compared with the original WFP budget and budgeted establishment. Where the actual WFP (red line) falls below the original WFP budget (green line) an underspend will result, where the workforce plan rises above the original budget line an overspend will result.

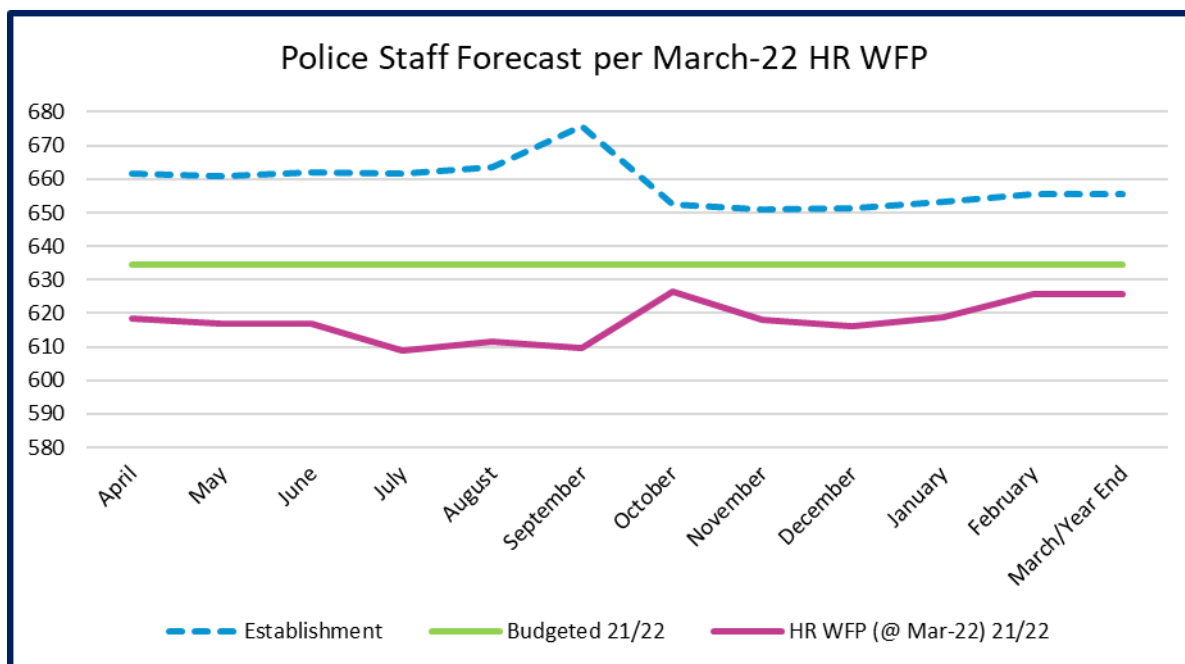
Police Officer Overtime Analysis 2021/22

Command / Directorate	Department	Base Budget 2021/22 £	Revised Budget 2021/22 £	Forecast Outturn 2021/22 £	Forecast (Under)/Overspend 2021/22 £
Chief Officer Group	Chief Officers	0	0	188	188
Chief Officer Group Total		0	0	188	188
Crime & Safeguarding Command	Crime & Safeguarding Command Management	0	0	107,585	107,585
	Investigative Standards	300,946	300,946	500,869	199,923
	PPU & Safeguarding	72,571	72,571	74,063	1,491
	Specialist Capabilities	525,203	525,203	691,210	166,008
	Forensic Services	0	0	843	843
Crime & Safeguarding Command Total		898,721	898,721	1,374,571	475,850
Operations & Neighbourhood Policing Command	Operations & Neighbourhood Policing Management	0	0	4,081	4,081
	Public Contact & Engagement	213,085	166,960	271,680	104,720
	North TPA	266,345	266,345	348,975	82,630
	South TPA	318,024	318,024	376,000	57,975
	West TPA	256,973	256,973	330,799	73,825
Operations & Neighbourhood Policing Command Total		1,054,428	1,008,303	1,331,533	323,231
Insight & Performance Command	Crime Management Support Unit	0	0	2,578	2,578
	Insight & Analysis	72,289	72,289	95,621	23,332
	Performance & Policing Futures	0	0	1,699	1,699
Insight & Performance Command Total		72,289	72,289	99,899	27,610
Corporate Support Directorate	People Department	12,468	12,468	22,458	9,990
Corporate Support Directorate Total		12,468	12,468	22,458	9,990
Digital Data & Tech Command	Information Communications Technology	0	0	936	936
Digital Data & Tech Command Total		0	0	936	936
Seconded	712600-Seconded - NPAS	11,071	399	399	0
	722000-Seconded - Metropolitan Police	0	1,779	1,779	0
Seconded Total		11,071	2,178	2,178	0
Seconded - TITAN	717570-Seconded - North West ROCU (Merseyside)	855	1,601	1,413	(188)
	717540-Seconded - North West ROCT (Merseyside)	0	1,000	939	(61)
Seconded - TITAN Total		855	2,601	2,352	(248)
Earmarked - Crime & Safeguarding	752005-Appleby Fair	73,390	73,390	240,209	166,819
	747005-CT Prevent (GMCA)	0	180	158	(22)
	747020-CT Ports	0	2,350	2,617	267
	747050-CT Prevent (Lancs)	0	885	373	(512)
	862000-One-off Mutual Aid	0	98,889	107,148	8,259
	747060-SE & RR Capability Manager	0	3,300	3,188	(112)
	747070-CT Intelligence (OMIU)	0	384	1,640	1,256
	862030-Mutual Aid - COP26	0	162,785	162,785	0
Earmarked - Crime & Safeguarding Total		73,390	342,163	518,118	175,955
Earmarked - Operations & Neighbourhood	760000-Cumbria Constabulary Nuclear Estates Team	2,100	1,360	1,360	0
	770005-Operation Latitude	0	75,135	75,135	(0)
Earmarked - Operations & Neighbourhood Total		2,100	76,495	76,495	(0)
Earmarked - Op Lectern	637005-Op Lectern (Response to Novel Coronavirus)	0	210,526	144,751	(65,775)
Earmarked - Op Lectern Total		0	210,526	144,751	(65,775)
Projects - ICT	002Q - ICT Hardware Replacement - Pocket Notebook Smart	0	5,836	5,836	0
Projects - ICT Total		0	5,836	5,836	0
Projects - Crime Command	106A - Cyber Crime - Funded	0	1,045	783	(262)
Projects - Crime Command Total		0	1,045	783	(262)
Projects - Op Uplift	102A - Op Uplift	0	0	124,838	124,838
Projects - Op Uplift Total		0	0	124,838	124,838
Earmarked - DBS	780005-Disclosure & Barring Service	0	0	840	840
Earmarked - DBS Total		0	0	840	840
Grand Total		2,125,321	2,632,624	3,705,776	1,073,153

Police Staff Pay

The table below provides a greater level of detail of the final year-end figures.

Description	Base Budget 2021/22 £	Revised Budget 2021/22 £	Provisional Expenditure /(Income) 2021/22 £	Provisional (Under)/ Overspend 2021/22 £
Police Staff				
Police Staff Pay	19,977,748	20,219,401	18,798,766	(1,420,634)
Police Staff National Insurance	1,872,605	1,915,820	1,833,812	(82,008)
Police Staff Pensions	3,629,373	3,686,694	3,478,089	(208,605)
Police Staff Allowances & Other Payments	225,341	230,283	330,846	100,563
Police Staff Overtime	218,198	240,093	377,292	137,198
Police Staff Overtime - Public Holiday	77,311	78,654	42,551	(36,104)
Police Staff Turnover	(713,426)	(713,426)	0	713,426
	25,287,149	25,657,519	24,861,355	(796,163)



The chart above illustrates the actual WFP compared with the original WFP budget and budgeted establishment. Where the actual WFP (red line) falls below the original WFP budget (green line) an underspend will result, where the workforce plan rises above the original budget line an overspend will result.



Cumbria Office of the Police and Crime Commissioner Report

Title: Commissioner's Revenue Budget Monitoring 2021/22 Quarter 4 and Provisional Outturn 2021/22

Date: 23 June 2022

Originating Officer: Michelle Bellis – Deputy Chief Finance Officer

Report of the Joint Chief Finance Officer

1. Purpose of the Report

1.1. The purpose of this report is to provide information on the provisional revenue outturn for 2021/22. The figures quoted at this stage are reported as provisional as the final accounts are still subject to audit but it is not envisaged that there will be any significant changes. Total net expenditure amounts to £113.599m compared to an approved budget of £114.177m. This is a net variance of £578k (0.51%). The variance represents an underspend of £373k in relation to funding provided to the Constabulary and an underspend of £205k on budgets managed by the OPCC. The variation of £477k represents a reduction in the forecast expenditure of £679k compared to the £101k underspend reported as at 31 December 2021.

2. Recommendation

2.1. The Commissioner is asked to note the combined provisional outturn position of an underspend of £578k for the financial year 2021/22.

2.2. The combined provisional outturn position is for an underspend of £578k. After taking account a number of technical adjustments in relation to the movement from an insurance reserve to a provision for insurance liabilities this provides for a core underspend on the revenue budget of £1,010k. The Commissioner is asked to approve that this underspent balance is transferred to a reserve for "Support to the 2022/23 revenue budget and Covid recovery".

3. Revenue Expenditure

- 3.1. The provisional outturn for net expenditure amounts to £113.599m, and is £578k (0.51%) under the approved budget of £114.177m. The forecast underspend position is made up of an underspend of £205k in respect of budgets controlled by the Commissioner and an underspend of £373k in respect of Constabulary budgets.
- 3.2. The principal variances at the end of the financial year are outlined in the table below with comparative figures reported as at December 2021:

Description	Base Budget	Revised Budget	Forecast Expenditure / (Income)	Forecast (Under)/ Overspend	Forecast (Under)/ Overspend	Forecast Expenditure / (Income)	Change in Forecast DEC-
	2021/22 £'000s	2021/22 £'000s	2021/22 £'000s	2021/22 £'000s	2021/22 %	@ DEC-21 £'000s	21 to Mar-22 £'000s
Office of the Police and Crime Commissioner	847	977	937	(40)	-4.09%	(29)	(11)
Other PCC Budgets	(22,113)	(20,406)	(20,571)	(165)	0.81%	(61)	(104)
Total PCC	(21,266)	(19,429)	(19,634)	(205)	1.06%	(90)	(115)
Funding Provided to the Constabulary	136,981	133,606	133,233	(373)	-0.28%	(11)	(362)
Net Expenditure	115,715	114,177	113,599	(578)	-0.51%	(101)	(477)
Movements To / (From) Reserves	(603)	934	1,513	578	61.88%	0	578
External Funding	(115,112)	(115,112)	(115,112)	0	0.00%	0	0
Total	0	(1)	0	0	0.00%	(101)	101

A more detailed analysis of the figures in the above table (not rounded) is provided at **Appendix A**. Commentary on specific variances is provided in the paragraphs below.

- 3.3. The budget for the Office of the Police and Crime Commissioner came in under budget by £40k or 4.09% (previously £29k underspend at December). The underspend is largely as a result of reductions in staffing and other office running costs (£42k), transport cost (£3k) and additional income (£10k) offset by increases in training & conferences (£15k).
- 3.4. The Other PCC Controlled Budgets came in under budget by £165k or 0.81% (previously under budget by £61k at December). The main reasons for the underspend on other PCC budgets are estates premises costs of (£153k), capital financing of (£246k), a reduction in the bad debt provision of (£4k), reduction in the LGPS past service cost (£10k), grants & contributions of (£253k) offset by increased insurances (£52k) and contributions to provisions for insurance & legal liabilities (£447k).

- **Estates** – The underspend on estates arises from reductions in repair & maintenance of (£157k), utilities of (£110k), other premises costs of (£13k), offset by increases in rent & rates (£75k) and cleaning (£51k) largely as a result of enhanced covid-19 cleaning regimes.
- **Capital Financing** – this reduction of £246k reflects the unused balance of budgeted revenue contribution to capital in respect of uplift vehicles/equipment of £300k.
- **Bad Debt Provision** – a reduction in the amount set aside at the year-end for bad & doubtful debts from £14k as at 31/03/21 to £10k as at 31/03/22.
- **LGPS** – This relates to the deficit reduction payment in respect of the Constabulary of £22k which is offset by the refund due to the PCC of £9k which was not included in the base budget.
- **Grants & Contributions** – The underspend represents additional grant income from the Home Office (£197k) made up of Safer Streets £75k (representing a recovery of base budget funded items of expenditure), additional uplift grant £112k, and covid loss of income grant £20k, less a reduction in DBS grant of £10k. In addition, there is an underspend showing in respect of other Government grants in relation to the apprenticeship levy £56k, this reflects the amounts drawdown from the levy to fund training.
- **Insurances** – The overspend on insurances arises from the increases that were applied by insurance companies at renewal on 1 November 2021. The increases have been factored into the 2022/23 base budget. There will also be a full tender exercise in relation to insurances during 2022/23.
- **Provision of Insurance & Legal Liabilities** – This increase represents the increase needed to the balance sheet provision for insurance and legal liabilities as at 31/03/22 following the Director of Legal Services review of legal claims and an independent biennial actuarial review of insurance liabilities.

3.5. The Commissioner provides funding to the Chief Constable to operate the Constabulary under the terms of a funding arrangement. The Chief Constable has reported a provisional outturn position of an underspend against this budget of £373k or 0.28% (£11k at December). The forecast underspend is made up of an overspend on expenditure budgets of £716k (previously an overspend of £516k at December) and an increase in income of £1,089k (previously £528k at December).

The underspend at the year-end is largely as a result of reduced expenditure on police staff pay (£796k) and non-staff budgets such as supplies and services (£1,159k), Other employee costs (£166k), transport costs (£92k) and increased income of £1,089k. Much of this underspend is

attributable both directly and indirectly to the continuing impact of the Covid 19 pandemic on the Constabulary's during 2020/21, which meant that budgets set aside for Covid recovery activities weren't able to be utilised.

These underspends were partially offset by additional expenditure on police pay and overtime £2,514k as a result of the deliberate decision to recruit the Constabulary share of the operation uplift officers ahead of target and increased pressure on overtime budgets, PCSOs £35k and third part related costs of £380k.

The Chief Constable has provided a separate report elsewhere on this agenda which provides a specific update regarding funding provided to the Constabulary.

- 3.6. The combined provisional outturn position is for an underspend of £578k. After taking account a number of technical adjustments in relation to the movement from an insurance reserve to a provision for insurance liabilities this provides for a core underspend on the revenue budget of £1,010k. It is proposed that this underspent balance is transferred to a reserve for "Support to the 2022/23 revenue budget and Covid recovery". This reserve will be used to fund covid recovery activities following the pandemic and pressures arising from the current unprecedented high levels of inflation that cannot be accommodated from the base revenue budget for 2022/23.
- 3.7. The Commissioner maintains the police property act fund. This fund has been accumulated over a period of time as a result of the disposal of property coming into the possession of the police under the Police Property Act 1987 and the Powers of Criminal Courts Act 1973. On a quarterly basis community groups or individuals can submit applications for funding to the Commissioner, the proposals should support priorities within the Commissioner's Police and Crime Plan, have an impact on community safety and crime reduction or contribute to the delivery of the Constabulary youth strategy (e.g. diversionary activities for young people). At 31 March 2022, the fund amounted to £49k. During 2021/22 awards to successful applicants totalling £67k were made. Details of these can be found on the Commissioner's website [Successful Applicants/Grant Agreements - Cumbria Police and Crime Commissioner \(cumbria-pcc.gov.uk\)](https://www.pcc.gov.uk)

Appendix A

Revenue Budget Monitoring 2021/22 – Provisional Outturn

Description	Base Budget	Revised Budget	Provisional Outturn	Provisional (Under)/ Overspend	Provisional (Under)/ Overspend	Forecast Expenditure /(Income) @ DEC-21	Change in Forecast DEC-21 to Mar-22
	2021/22 £	2021/22 £	2021/22 £	2021/22 £	2021/22 %	£	£
Office of the Police and Crime Commissioner	846,580	977,227	937,106	(40,121)	-4.11%	(28,941)	(11,180)
Other PCC Budgets							
Commissioned Services Budget	1,999,128	2,768,325	2,768,516	191	0.01%	0	191
Sexual Assault Support Services	216,654	(2,639)	(2,641)	(2)	0.08%	0	(2)
Estates	4,569,451	4,582,040	4,429,017	(153,022)	-3.34%	(62,813)	(90,209)
Insurances	803,217	812,146	863,953	51,807	6.38%	56,844	(5,037)
LGPS Past Service Cost	22,300	22,300	13,000	(9,300)	-41.70%	(9,300)	0
Provisions for Insurance & Legal Liabilities	105,500	105,500	552,858	447,358	424.04%	0	447,358
Technical Accounting	86,505	82,358	78,327	(4,031)	-4.89%	0	(4,031)
Capital Financing	5,213,416	4,552,954	4,307,079	(245,875)	-5.40%	0	(245,875)
Grants & Contributions	(35,118,495)	(33,318,669)	(33,572,060)	(253,392)	0.76%	(54,000)	(199,392)
Interest/Investment Income	(10,000)	(10,000)	(8,889)	1,111	-11.11%	8,000	(6,889)
	(22,112,324)	(20,405,685)	(20,570,840)	(165,156)	0.81%	(61,269)	(103,887)
Total Police & Crime Commissioner Directly Controlled	(21,265,744)	(19,428,458)	(19,633,734)	(205,277)	1.06%	(90,210)	(115,067)
Constabulary Funding	142,239,662	139,798,497	140,514,816	716,319	0.51%	516,416	199,903
Constabulary Income	(5,258,701)	(6,192,399)	(7,281,866)	(1,089,468)	17.59%	(527,677)	(561,791)
Total Constabulary Funding	136,980,961	133,606,098	133,232,950	(373,149)	-0.28%	(11,261)	(361,888)
Total Approved Budget	115,715,217	114,177,641	113,599,215	(578,425)	-0.51%	(101,471)	(476,954)
Transfers To/(From) Earmarked Revenue Reserves	(353,196)	934,380	1,518,741	584,361	62.54%	(0)	584,361
Transfers To/(From) Capital Reserves	(250,000)	0	0	0	0.00%	0	0
Transfers To/(From) General Revenue Reserves	0	0	(5,934)	(5,934)	0.00%	0	(5,934)
Aggregated External Financing	(115,112,021)	(115,112,021)	(115,112,022)	(1)	0.00%	0	(1)
Net Requirement	0	0	0	(0)		(101,471)	101,471



Peter McCall

Treasury Management Activities 2021/22 Quarter 4 (January to March 2022) and Annual Report 2021/22

Public Accountability Conference 23 June and JAC Meeting 22 June 2022

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 January to March 2022, 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.

JAC 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

The first three months in 2022 saw:

- **A 0.8% month on month rise in GDP in January which more than reversed December's Omicron-induced 0.2% month on month fall.**

The Chancellor announced some support for households in his Spring Fiscal Statement in March, in the form of tax cuts (reducing fuel duty by 5p a litre and increasing the threshold for employees paying National Insurance by £3,000). Despite the downward revision to the Office for Budget Responsibility's (OBR) real GDP growth forecast for this year and for next year the forecasts still improved and gave the Chancellor a windfall of about £20bn. The package will help to offset about half the blow to household finances from higher energy and food bills but the expected 'squeeze' on households' living standards will be the biggest for over 50 years.

- **A further rise in CPI inflation to a new 30-year high of 6.2% in February.** CPI inflation is expected to have peaked at 9% in April and is forecast to stay above 7.0% for most of 2022 and above 3.0% for most of

2023. The scheduled 54% rise in utility prices on 1st April will have added an extra 1.4ppts to CPI inflation in April. The surge in agricultural commodity prices triggered by the war in Ukraine means that food price inflation is expected to soon climb above 6%.

- **Bank Rate rising by 50bps, taking Bank Rate to the pre-virus and post-Global Financial Crisis high of 0.75%.**

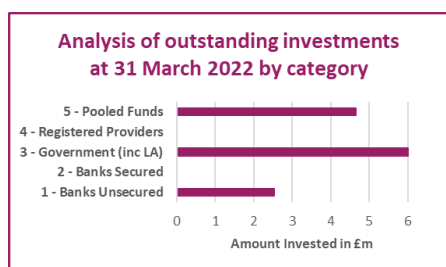
After the Bank of England became the first major western central bank to put interest rates up in this upswing in December, it has quickly followed up its first 0.15% rise by a further two 0.25% rises to 0.75%, in what is very likely to be a series of increases during 2022.

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 31 March 2022 the total value of investments was **£13.173m** and all were within TMSS limits.

The chart below shows the outstanding investments at 31 March by category.



A full list of the investments that make up the balance of £13.173m is provided at **Appendix A**.

Investment Activity: During quarter 4 a total of 7 investments with a combined value of £13.3m were made within TM categories 1-3 (banks unsecured, banks secured and Government). In addition to these there were 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 31 March the Commissioner had no investments meeting this description.

Investment Income: The base budget for investment interest receivable in 2021/22 was set at £10k based on the interest rate predictions at the time. The budget forecast was revised to £2k in quarter 2 and remained at this level for quarter 3. The actual income achieved against this target was £9k as the market rates rose slowly during quarter 4 in response to the 3 base rate rises, resulting in a rate of 0.75% from 17 March 2022.

The average return on investment during quarter 4 was 0.18%. As a measure of investment performance, the rate achieved on maturing investments of over 3 months in duration would normally be compared with the average BOE base rate for the period of the investment.

However, during the fourth quarter of 2021/22 there were no investments maturing that had been placed for a duration of 3 months or longer.

Interest rates were predicted to rise throughout the quarter and therefore investment durations were kept short to allow the flexibility take advantage of the higher returns as rate increases feed into the market

rates. The majority of fixed term investments in quarter 4 were placed with the Debt Management Office (HM Treasury) as the most secure option but this yielded a low return of between 0.09% and 0.5%.

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 January to March are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	91	60,124	408,898
Days Overdrawn	0	0	0

There were a number of occasions where the bank balance exceeded the target balance of £7.5k as the practice of sweeping smaller balances daily into the liquidity select account was halted in August 2021. The time taken to perform and verify the transfers outweighed the lost interest from holding higher balances in the main fund. Both the main fund and liquidity select account are held at the Commissioners main bank (the NatWest) so there was no change to the risk profile.

There were no instances in the fourth quarter where the account was overdrawn.

Loan Activity: For the first time the Commissioners cash balances towards year end were insufficient to meet its immediate obligations.

A combination of long-term investments, larger than predicted payment runs and large lump sum retirement payments at year end meant that the Commissioner had to access the short-term local authority borrowing market. Full details of the

loans for financial year 2021/22 can be found in **Appendix B**. The loans were fully repaid early in April 2022.

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 2021/22 is provided at **Appendix C**. The analysis confirms that the Prudential Indicators set for 2021/22 have all been complied with.

Annual Report on Treasury Management Operations 2021/22

Treasury Strategy: In February 2021 the Commissioner approved the 2021/22 Treasury Management Strategy Statement (TMSS). The TMSS incorporated the investment and borrowing strategies for the 2021/22 financial year. The investment strategy approved for 2021/22 was largely the same as had been adopted for the previous year. The limits for each category of investment were based on the relative security of each class of financial institution and a percentage of the estimated balances, which would be available for investment during the year.

In relation to borrowing, the Commissioner has an underlying need to borrow funds to finance the capital programme, which is measured by the Capital Financing requirement (CFR).

The CFR at the start of 2021/22 amounted to £21.603m (including £4.403m relating to the PFI agreement for West Cumbria TPA HQ in Workington) leaving a £17.200m exposure to external borrowing at some time in the future, which is presently being covered by the use of internal funds (reserves).

The closing CFR for 2021/22 is £22.107m, of which £4.197m relates to the PFI thereby leaving a £17.910m exposure to the requirement to undertake external borrowing at some point.

During 2021/22 the Commissioner has maintained this strategy of using cash balances, arising primarily from reserves, to meet the cash flow commitments and was not therefore compelled to borrow.

Although long term borrowing rates remained relatively low during

2021/22, a conscious decision was made to defer long term financing decisions as the short term cost of carrying debt (i.e. the differential between the borrowing rate estimated at 3.33% for 20 years fixed rate and the rate of 1.93% available as when such funding was invested for 1 year), as this would have had an adverse effect on the revenue budget for the year and the immediate outlook period.

The provision of treasury management advice services is through a contract with Link Asset Services Ltd.

The Commissioner, in consultation with the treasury advisors continues to look for the most opportune time to undertake any longer term borrowing to fund the capital financing requirement.

Key Statistics

Principal:

Number of investments placed during 2021/22 was **123** (247 in 2020/21).

Value of investments placed during 2021/22 was **£133.937m** (£131.852m in 2020/21).

Of these investments made, 75 were to external counterparties and as such will have attracted a £10 transfer fee per transaction. The transfer to the NatWest Liquidity Select account for overnight money is classed as an inter-account transfer' as the NatWest holds the Commissioner's main bank account. This type of transfer is free although we do pay a small fee to access the internet banking site.

The **average** daily investment balance during 2021/22 was **£19.661m** (£18.56m in 2020/21).

The **highest** daily investment balance in 2021/22 was **£34.171m** (£30.08m in 2020/21)

The **lowest** daily investment balance in 2021/22 was **£5.873m** (£4.24m in 2020/21).

A detailed breakdown of the closing balance invested as at 31 March 2022 is provided at **Appendix A**.

The level of cash reserves available to invest has followed the same pattern as seen in previous years. Following the introduction of the Home Office Police Pensions Grant in 2007/08, there has been an annual spike in investments in July, when the majority of the grant is received, followed by a gradual decline in balances as pension payments are made throughout the remainder of the year.

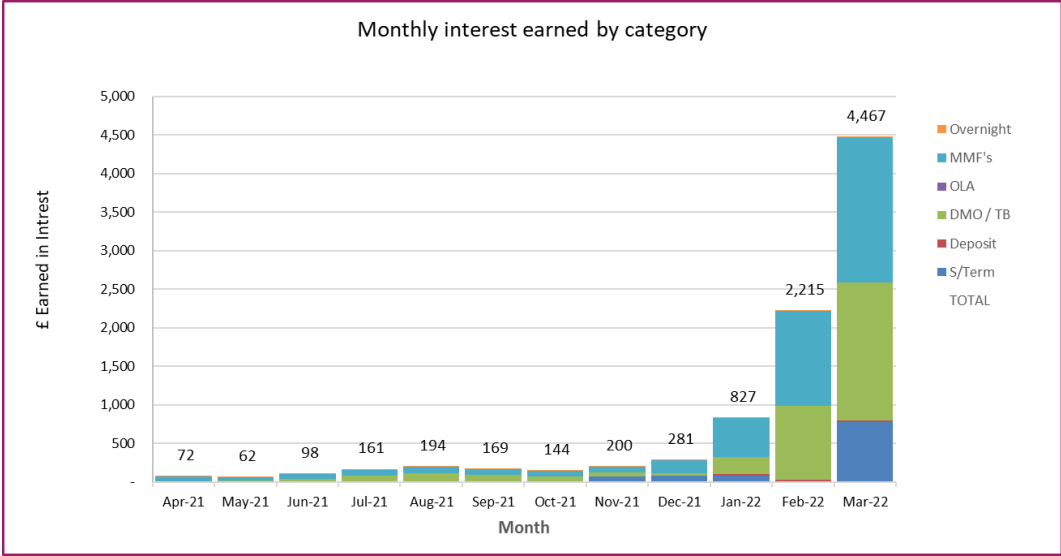


This chart illustrates the monthly average amounts invested during 2021/22 (with monthly comparatives for 2020/21).

Key Statistics

Interest:

A total of £9k was earned in 2021/22 (£15k in 2020/21) from the Commissioner’s treasury management activities and can be broken down as follows:



This chart illustrates the monthly interest receipts during 2021/22 – by category of investment

The average return on investments for 2021/22 was 0.05% (0.08% in 2020/21). The base rate started the year at 0.1% and was increased 3 times towards the end of the financial year as follows:

Base Rate Changes		
Date	INC/(DEC)	Rate
17/03/2022	0.25%	0.75%
03/02/2022	0.25%	0.50%
16/12/2021	0.15%	0.25%
01/04/2021		0.10%

The table above shows the outturn on investment interest as £9k for 2021/22 which is £1k below the base budget of £10k. The base budget was set during the global pandemic when interest rates were at their lowest (even negative in some cases) and fluctuating on a daily basis. Up to and including the quarter 3 report it was expected that interest receipts would be around £2k and only in the last quarter after the base rate increases filtered into market rates did the interest received rise above the estimate.

Whilst trying to find secure investments for the Commissioners surplus’s there were unfortunately two occasions when investments with the Debt Management Office received no interest and one occasion where the rate was negative -0.01%, costing the Commissioner £42.

The interest rates are predicted to rise again so despite the rate increases in quarter 4 the investments have been kept to shorter durations to allow us to take advantage.

Treasury Operations - Investments:

As discussed above the aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner’s funds.

From August 2021 the process of transferring smaller balances to/from the NatWest Liquidity Select account each day was suspended and instead those balances were retained in the Commissioners main fund also at NatWest. The administration behind those smaller transfers outweighed the interest that was being earned. As both accounts are held with NatWest there is no change to security of the funds. The general pattern of the weekly cashflow is that the balance in the bank account builds slightly throughout the week before reducing on a Friday when the supplier payment run leaves the bank meaning that minimal funds are left in the account over the weekend. When analysing the cash flow balances for 1 August to 31 March 22 there potentially could have made an extra £3 in interest earned by not changing practices,

but we have saved approximately £540 in staff time (assuming a conservative 15 mins per day).

Although in cashable terms this is small the non-cashable benefits to the finance team are much greater.

Actual un-invested balances for 2021/22 for the Commissioner’s main bank account are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
2021/22			
Days In Credit	365	35,057	408,898
Days Overdrawn	0	0	0

The largest credit balance occurred during quarter 4, occurring during the week commencing 17th January 2022. This was as a result of a number of receipts but mainly the VAT return receipt of £235k and a large payment of £90k from another Police Commissioner in respect of invoices owed.

The new process of leaving higher balances in the main fund means that the Commissioner’s account was never overdrawn during 2021/22. The faster cheque clearing regime that made it difficult to predict if cheques would clear on the same day or they will

clear in one day or two is no longer a problem as we have the funds available.

Treasury Operations – Borrowing:

During quarter 4 the Commissioner utilised the existing arrangements of Local Authority to Local Authority borrowing to meet a short term cashflow shortfall.

As demonstrated in the graph on page 5 it is normal to see the cash balances fall towards the financial year. The remaining cash was invested in fixed duration deposits and liquid money market funds. The weekly creditor payment processes towards the end of the financial year were larger than the weekly average coupled with a few police pension retirement lump sums failing due which led to the short term cashflow deficit. Full details of the loans can be found in **Appendix B.**

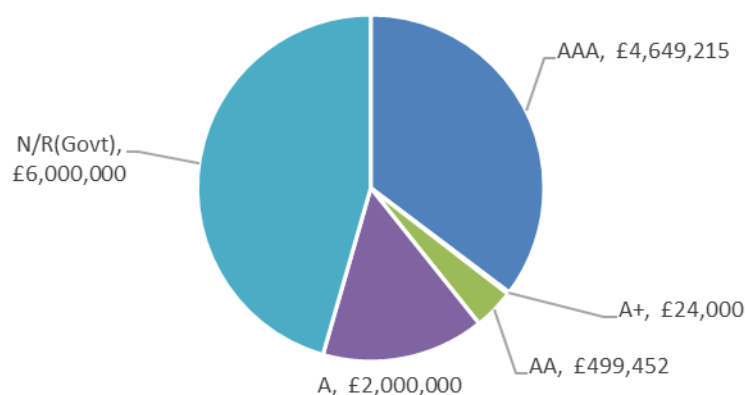
Compliance with Prudential Indicators

All treasury related Prudential Indicators for 2021/22, which were set in February 2021 as part of the annual Statement of Treasury Management Strategy, have been complied with. Further details can be found at **Appendix C.**

Appendix A Investment Balance at 31 March 2022

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Svenska (Deposit Acc)	AA	Various	On Demand	N/A	0.05%	499,452	499,452
Nationwide	A	07/03/2022	31/05/2022	O/N	0.59%	2,000,000	2,000,000
NatWest (Liquidity Select Acc)	A+	31/03/2022	01/04/2022	O/N	0.01%	24,000	24,000
						2,523,452	2,523,452
Category 2 - Banks Secured (Includes Banks & Building Societies)							
						0	0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
Debt Management Office	Gov	10/01/2022	22/04/2022	22	0.110%	2,000,000	2,000,000
Debt Management Office	Gov	25/02/2022	29/04/2022	29	0.440%	2,000,000	2,000,000
Debt Management Office	Gov	07/03/2022	20/05/2022	50	0.540%	2,000,000	2,000,000
						6,000,000	6,000,000
Category 4 - Registered Providers (Includes Providers of Social Housing)							
None						0	0
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)							
Invesco	AAA	Various	On demand	O/N	0.355%	280,000	280,000
BlackRock	AAA	Various	On demand	O/N	0.158%	0	0
Fidelity	AAA	Various	On demand	O/N	0.397%	1,749,215	1,749,215
Goldman Sachs	AAA	Various	On demand	O/N	0.443%	1,620,000	1,620,000
Aberdeen Standard	AAA	Various	On demand	O/N	0.381%	1,000,000	1,000,000
						4,649,215	4,649,215
Total						13,172,667	13,172,667

Analysis of Outstanding Investments by Credit Rating of Counterparty at 31 March 2022



Note – The credit ratings in the table & chart relate to the standing as at 31 March 2022, these ratings are constantly subject to change.

Appendix B

Loans Outstanding at 31 March 2022

Loan Institution	Broker	Borrowing Date	Repayment Date	Days to Repayment	Rate (%)	Interest Amount (£)	Broker Fee (£)	Counterparty Total (£)
Category 3 - Government (Includes HM Treasury and Other Local Authorities)								
Blaenau Gwent County Borough	King and Shaxson	29/03/2022	14/04/2022	14	0.62%	815	53	3,000,000
South Somerset District Council	Arlingclose - iDealTrade	30/03/2022	11/04/2022	11	0.61%	602	30	3,000,000
Total						1,417	82	6,000,000

Appendix C

Prudential Indicators 2021/22

Treasury Management Indicators		Result	RAG	Prudential indicators		Result	RAG
<p>The Authorised Limit 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 statutory limit under section 3(1) of the local government Act 2003.</p>	<p>TEST - Is current external borrowing within the approved limit</p>	YES		<p>Ratio of Financing Costs to Net Revenue Stream 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</p>	<p>TEST - Is the ratio of capital expenditure funded by revenue within planned limits</p>	YES	
<p>The Operational Boundary The operational boundary represents and estimate of the most likely but not worst case scenario it is only a guide and may be breached temporarily due to variations in cash flow.</p>	<p>TEST - Is current external borrowing within the approved limit</p>	YES		<p>Net Borrowing and the Capital Financing Requirement 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.</p>	<p>TEST - Is net debt less than the capital financing requirement</p>	YES	
<p>Actual External Debt 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.</p>	<p>TEST - Is the external debt within the Authorised limit and operational boundary</p>	YES		<p>Capital Expenditure and Capital financing The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2021/22</p>	<p>TEST - Is the current capital outturn within planned limits</p>	YES	
<p>Gross and Net Debt The purpose of this indicator is to highlight a situation where the Commissioner is planning to borrow in advance of need.</p>	<p>TEST - Is the PCC planning to borrow in advance of need</p>	NO		<p>Capital Financing Requirement 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.</p>	<p>TEST - Is the capital financing requirement within planned limits</p>	YES	
<p>Maturity Structure of Borrowing 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.</p>	<p>TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time</p>	NO					
<p>Upper Limit for total principal sums invested for over 365 Days 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.</p>	<p>TEST - Is the value of long term investments within the approved limit</p>	YES					



Peter McCall

Office of the Police and Crime Commissioner Report

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N°010 / 2022)

TITLE: Internal Audit Annual Report 2021/22

Executive Summary:

The attached report provides a summary of the outcomes of the work of internal audit for 2021/22 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner and the Chief Constable's arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).

Recommendation:

The Commissioner is asked to note:

- The progress in delivering the 2021/22 audit plan.
- The Head of Internal Audit's opinion and assurance statement on the PCC and the Chief Constable's overall systems of governance, risk management and internal control for the year ended 31st March 2022 and the basis for that opinion.
- The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.
- The results of the Quality Assurance and Improvement programme
- The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.

Police & Crime Commissioner

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

I hereby approve/do not approve the recommendation above

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

Signature:

Date: 23 June 2022

CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT COMMITTEE

Meeting date: 22 June 2022

From: Group Audit Manager (Cumbria Shared Internal Audit Service)

INTERNAL AUDIT: ANNUAL REPORT 2021/22

1.0 EXECUTIVE SUMMARY

1.1 This report provides a summary of the outcomes of the work of internal audit for 2021/22 as at 8 June 2022 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner, and the Chief Constable's, arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).

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

- The annual opinion of the Head of Internal Audit: based on work undertaken by Internal Audit during the year, the Group Audit Manager is able to provide Reasonable assurance over the effectiveness of the Police and Crime Commissioner, and the Chief Constable's, arrangements for governance, risk management and internal control.
- Overall, 93% of audits have resulted in Reasonable or Substantial assurance.
- The work of Internal Audit is considered to have provided an appropriate level of coverage to provide the opinions, and there have been no threats to Internal Audit's independence in the year to which this opinion relates.
- This is the final annual report and Head of Internal Audit opinions from Cumbria Shared Internal Audit service as the contract for the OPCC and Constabulary has now ended. We are pleased to report that the 2021/22 audit plan has been delivered, during challenging times, and to have

received a lot of positive feedback in how the work has been delivered and the continued professionalism of the audit team during our final year.

- 1.3 All finalised audits have received a positive response from management with agreed action plans in place to address all recommendations.
- 1.4 Summaries of the outcomes of all completed audits during the year are included at Appendix 1. The text shaded in grey has been reported to Joint Audit Committee through regular progress reports during the year.
- 1.5 Appendix 2 shows progress against the 2021/22 Internal Audit plan.

2.0 OVERVIEW

- 2.1 Internal Audit's assessment of internal control forms part of the annual assessment of the systems of governance, risk management and internal control, which is now a mandatory requirement.
- 2.2 The Audit Plan aims to match internal audit coverage with the PCC and the Chief Constable's corporate risk assessment.
- 2.3 Internal Audit must conform to the Public Sector Internal Audit Standards which require the preparation by the Head of Internal Audit of an annual opinion on the overall systems of governance, risk management and control. Regular reporting to Joint Audit Committee enables emerging issues to be identified during the year.

3.0 RECOMMENDATION

- 3.1 Joint Audit Committee members are asked to note:
 - The delivery of the 2021/22 audit plan.
 - The Head of Internal Audit's opinion and assurance statement on the PCC, and the Chief Constable's, overall systems of governance, risk management and internal control for the year ended 31st March 2022.
 - The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.
 - The results of the Quality Assurance and Improvement Programme.
 - The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.

4.0 BACKGROUND

- 4.1 The PCC and Chief Constable must make proper provision for Internal Audit in line with the 1972 Local Government Act. The Accounts and Audit Regulations 2015 require that the PCC and Chief Constable must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Audit Standards or guidance.
- 4.2 Internal audit is responsible for providing independent assurance to the PCC and Chief Constable and to the Joint Audit Committee (JAC) on the systems of governance, risk management and internal control.
- 4.3 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls are operating effectively.
- 4.4 The internal audit plan for 2021/22 was prepared using a risk-based approach, and following consultation with senior management, to ensure that internal audit coverage was focused on the areas of highest risk to both organisations. The audit plan was prepared to allow the production of the annual internal audit opinions as required by the PSIAS.

Annual opinions of the Head of Internal Audit on the PCC and Chief Constable's arrangements for Governance, Risk Management and Internal Control

- 4.5 The purpose of this report is to give my opinions as the Head of Internal Audit for the PCC, and the Chief Constable, on the adequacy and effectiveness of both organisations' systems of risk management, governance and internal control from the work undertaken by internal audit for the year ended 31st March 2022. The annual opinion from the Head of the Internal Audit is a requirement of the Public Sector Internal Audit Standards.
- 4.6 This report is a key contributor to the PCC and the Chief Constable's Annual Governance Statements.
- 4.7 In giving this opinion, it should be noted that assurance can never be absolute, and it is not possible to give complete assurance that there are no major control weaknesses. My opinion is based on the work undertaken by internal audit during the year, including the outcomes of follow up work.

Risk Management

PCC (OPCC)

- 4.8 Internal Audit's review of the PCC's risk management arrangements concluded that they are effective.
- 4.9 The OPCC's risk management strategy 2020-23 was updated in February 2020, approved by Executive Team on 2 April 2020 and has been used from April 2020 onwards. The strategy comprehensively sets out the approach, objectives, framework, methodology and responsibilities in respect of risk management. The OPCC reviews its strategic and operational risks on a quarterly basis and meets with Officers within the Constabulary to review their strategic risks, and any potential impact on the OPCC, as part of the PCC's responsibility to hold the Chief Constable to account. The strategic risk register was presented to the Joint Audit Committee for review and scrutiny at the 17 November 2021 and 16 March 2022 meetings.
- 4.10 Audit work undertaken during the year confirms that operational risks are being managed on a regular basis and have been captured in accordance with the risk management strategy.

Chief Constable (Constabulary)

- 4.11 Our work undertaken on the Chief Constable's risk management arrangements concluded that they are operating effectively.
- 4.12 The Constabulary's risk management policy in place in 2021/22 was approved in May 2019. The policy in place during 2021/22 communicates the Constabulary's overall approach to risk management and sets out what is in place to embed a risk aware culture. The risk appetite for the Constabulary is defined within the policy alongside risk tolerance, risk categories, methodology, roles and responsibilities and accountability and governance arrangements.
- 4.13 The Constabulary's strategic risk register has been presented and discussed at Joint Audit Committee meetings on 17 November 2021 and 16 March 2022.
- 4.14 Various audits, undertaken during the year, have identified that key operational risks are being managed on a regular basis and have been captured in accordance with the risk management policy, thereby demonstrating application of the policy in practice.

Governance

- 4.15 Both organisations have a suite of documents setting out the governance arrangements in place. Cyclical reviews of the documents are timetabled to ensure the documents are kept under review and are current. These are subject to independent scrutiny by the Joint Audit Committee.

- 4.16 The corporate governance arrangements within the OPCC and Constabulary are based on the core principles of good governance set out by CIPFA / SOLACE and in line with the Nolan Principles.
- 4.17 Both organisations have Codes of Conduct setting expectations required of staff / officers.
- 4.18 Both organisations have an anti-fraud and corruption strategy in place. These documents were updated during 2021/22 and were presented to JAC in November 2021.
- 4.19 Formal mechanisms are in place to engage with stakeholders (examples being Public Accountability Conferences, Collaborative Board meetings, events held / attended by the PCC, etc.).

Internal Control

- 4.20 Work undertaken in 2021/22, where all but one review received either substantial or reasonable assurance, supports our view that there are no significant control issues. One Constabulary review, the audit of 'benefits delivery process' received partial assurance. We are informed that management have allocated additional support to the Change Manager to enact the required changes, and manage any barriers to progress, and that a clear action plan is in place to deliver the required improvements. It should be noted that no audit reviews in 2021/22 received our lowest assurance level of 'Limited' assurance.

Internal Audit Opinions 2021/22

- 4.21 I am satisfied that sufficient internal audit work has been undertaken to allow me to give a conclusion on the adequacy and effectiveness of risk management, governance and internal control for the PCC and the Chief Constable. I can also report that there has been no threat to the independence of internal audit that would impact on the provision of my annual opinion statement.
- 4.22 In my opinion, the PCC, and the Chief Constable's, frameworks of governance, risk management and internal control are reasonable and audit testing has confirmed that controls are generally working effectively in practice. Where internal audit work has identified scope for improvements, the management response has been positive, with agreed action plans in place to address all recommendations.
- 4.23 The Shared Service Group Audit Manager has undertaken reviews of internal audit work contributing to the annual opinion statement and is able to confirm that all work has been undertaken in accordance with the Public Sector Internal Audit Standards and with the Quality Assurance and Improvement Programme. All audit work has been reviewed at key stages by the Audit Manager and is supported by appropriate evidence.

Basis of the Opinions

- 4.24 The opinions are based on the work undertaken by Internal Audit during the year, which was based on the 2021/22 audit plan approved by Collaborative Board in February 2021 and presented to the Joint Audit Committee on 17 March 2021.
- 4.25 In overall terms, my opinions are based on 14 completed reviews. This represents 100% of reviews that would receive an assurance opinion in the 2021/22 agreed audit plan.
- 4.26 I am satisfied that there has been sufficient coverage across both organisations to allow me to provide an opinion without any limitation of scope.

Internal audit coverage and outputs

- 4.27 The annual opinion is based on the outcomes of 14 completed reviews. This represents 100% of the planned work for the year (all audits that would have had a scored assessment).
- 4.28 All audits relating specifically to the OPCC have received an assurance level of substantial. Eight Constabulary reviews were assessed as providing substantial or reasonable assurance with the three reviews covering both organisations receiving reasonable assurance.
- 4.29 One Constabulary audit, the audit of benefits delivery process, received partial assurance. We are informed that management have allocated additional support to the Change Manager to enact the required changes, and manage any barriers to progress, and that a clear action plan is in place to deliver the required improvements.
- 4.30 Management responses to Internal Audit reports and recommendations have been positive. Progress in implementing Internal Audit recommendations is monitored by the Joint Audit Committee at each meeting.
- 4.31 The following table summarises the total number of audit evaluations made during 2021/22 for the Constabulary, the OPCC and systems operated jointly for both organisations for finalised reports.

Assurance level	Constabulary	OPCC	Joint	Total	%
Substantial	1	2	0	3	21%
Reasonable	7	0	3	10	72%
Partial	1	0	0	1	7%
Limited	0	0	0	0	0%
Total	9	2	3	14	100%

- 4.32 In addition to the assurance work set out above we have also undertaken the work on risk management for both organisations. The outcome is set out in paragraphs 4.8 - 4.14 of this report and has been reflected within the annual opinions.
- 4.33 Comparison of the level of coverage in previous years reports used for the annual opinion of the Head of Internal Audit is shown in the table below. This shows that the level of coverage is consistent with that used in 2019/20 and 2020/21.

Year	Constabulary	OPCC	Joint	Total
2021/22	9	2	3	14
2020/21 *	8	1	4	13
2019/20	8	2	4	14
2018/19	11	3	3	17
2017/18	12	2	2	16

* 2020/21 - reassessed plan

- 4.34 I have given both organisations 'reasonable' assurance in my Head of Internal Audit's opinions for 2021/22.
- 4.35 Appendix 1 provides the detail of audit work undertaken from the 2021/22 internal audit plan. Text that is shaded in grey has been reported to Joint Audit Committee during the year and is included here for completeness.
- 4.36 This is the final annual report and Head of Internal Audit opinions from Cumbria Shared Internal Audit service as the arrangement has now ended. We are pleased to have delivered the 2021/22 audit plan. Whilst it has been challenging delivering the reviews this year, due to a continuation of COVID and availability of key contacts to progress the reviews, the frequent meetings we implemented with the Joint Chief Finance Officer has helped significantly to advance the work so that the full plan has been delivered. It is also very pleasing to report that we have received a lot of positive feedback, both verbally and through feedback forms, on how the work has been delivered in our final year, including the professionalism of the team.

Statement of Conformance with Public Sector Internal Audit Standards

- 4.37 The risk based approach has been designed to ensure internal audit work is conducted in accordance with the Public Sector Internal Audit Standards. All audit work has been conducted in line with the agreed audit methodology and has been subject to quality assurance checks by Internal Audit management.

Internal audit performance

- 4.38 A suite of performance measures was used to monitor Internal Audit's performance during 2021/22. The results are shown at Appendix 3.

Results of the Quality Assurance and Improvement Programme

- 4.39 The Public Sector Internal Audit Standards require that the 'Chief Audit Executive' must develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity'. For the Shared Internal Audit Service the Chief Audit Executive is the Group Audit Manager.
- 4.40 The QAIP is designed to provide assurance that the work of internal audit is undertaken in conformance with the Public Sector Internal Audit Standards.
- 4.41 The Quality Assurance and Improvement Programme (QAIP) would normally be brought to the Joint Audit Committee with the annual plan for the next year. As the Shared Service will not deliver the 2022/23 internal audit plan, the QAIP is included as Appendix 4 to this report for completeness. We can confirm that the QAIP was followed in 2021/22.

Final Comments

- 4.42 As we have said, this is the final annual report and Head of Internal Audit opinions from Cumbria Shared Internal Audit service as the arrangement has now ended. We would like to take this opportunity to wish the Police and Crime Commissioner and Chief Constable, and their staff, all the best for the future.

Richard McGahon
Group Audit Manager
June 2022

APPENDICES

Appendix 1: Final reports issued to 8th June 2022
Appendix 2: Progress on all risk based audits from the 2021/22 plan
Appendix 3: Internal audit performance measures to 8th June 2022
Appendix 4: Quality Assurance and Improvement Plan (QAIP)

Report Author: Emma Toyne, emma.toyne@cumbria.gov.uk

Appendix 1 – Final reports issued to 8th June 2022

Assignments	Status	Assessment
Agile workforce (OPCC)	Report circulated to members of the Joint Audit Committee and included in 17 th November Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Substantial
Agile workforce (Constabulary)	Report presented to Joint Audit Committee at 17 th November 2021 meeting. Report included in Committee papers and available on the Commissioner's website.	Reasonable
Complaint Review Process (OPCC)	Report circulated to members of the Joint Audit Committee and included in 16 th March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Substantial
Financial systems – Payroll	Report circulated to members of the Joint Audit Committee and included in 16 th March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Benefits delivery process	Report circulated to members of the Joint Audit Committee and included in 16 th March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Partial
Digital Leadership Process	Report circulated to members of the Joint Audit Committee and included in 16 th March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
COVID-19 response	Report circulated to members of the Joint Audit Committee and included in 16 th March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Substantial
Preparedness for McCloud Remedy	Report circulated to members of the Joint Audit Committee and included in 16 th March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable

Appendix 1 – Final reports issued to 8th June 2022

Assignments	Status	Assessment
Financial systems - Inventory	Report circulated to members of the Joint Audit Committee and included in 16 th March 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Resource allocation / workforce planning	Report circulated to members of the Joint Audit Committee and included in 22 nd June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Financial sustainability	Report circulated to members of the Joint Audit Committee and included in 22 nd June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Business Transformation Project – Finance (Phase 2)	Report circulated to members of the Joint Audit Committee and included in 22 nd June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Business Transformation Project (BTP) Duties Management	Report circulated to members of the Joint Audit Committee and included in 22 nd June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable
Establishment processes (Recruitment)	Report circulated to members of the Joint Audit Committee and included in 22 nd June 2022 Committee papers for discussion at the meeting if required. Report available on the Commissioner's website.	Reasonable

OPCC / Constabulary Review		Audit	Stage	Feedback form returned
Constabulary / OPCC	Financial sustainability	Completed	Completed	N/A – Not yet due. Form issued 01/06/22
Constabulary / OPCC	Benefits delivery process	Completed	Completed	Yes
Constabulary	Establishment processes (Recruitment)	Completed	Completed	N/A – Not yet due. Form issued 31/05/22
Constabulary	New Business Transformation Project (BTP) finance (Phase 2)	Completed	Completed	N/A – Not yet due. Form issued 31/05/22
Constabulary	New Business Transformation Project (BTP) Duties Management	Completed	Completed	Yes
Constabulary	Digital leadership Programme	Completed	Completed	No - Form issued 24/02/22 Reminders sent on 12/04/22 and 01/06/22
Constabulary	Agile workforce	Completed	Completed	No - Form issued 11/10/21 Reminders sent 27/10/21, 24/02/22, 12/04/22 and 01/06/22
OPCC	Agile workforce	Completed	Completed	Yes
Constabulary	Resource allocation / workforce planning	Completed	Completed	Yes
Constabulary	COVID-19 and the organisation's response to	Completed	Completed	Yes

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
	COVID-19		
OPCC	Complaint review process	Completed	Yes
Constabulary	Preparedness for the McCloud remedy	Completed	Yes
Constabulary	Financial systems – Payroll	Completed	Yes
Constabulary	Financial systems - Inventory	Completed	Yes
Constabulary	Use of Estate moving forward (advisory / consultancy)	Removed from the plan as agreed by Collaborative Board.	N/A
Constabulary / OPCC	Risk management and governance	Complete - Work has contributed to the Head of Internal Audit's Annual Opinions	N/A
	Attendance at Police Audit Training & Development event	Virtual event attended on 4 th and 5 th November 2021.	
	Internal audit management		

Key: Complete Work in progress Not yet started

Appendix 3 – Internal Audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Completion of audit plan	% of audits completed to final report	95% (annual target)	100%	Of the work in the 2021/22 audit plan, 14 were planned to result in a written report with an assurance rating. The 100% completion figure represents all 14 finalised reports. The other piece of planned work was work on risk management and governance (completed with an outcome of 'reasonable assurance' and incorporated into the annual opinion)
Days delivered	Number of planned days delivered was 281 per shared service agreement plus 10 days carried forward for BTP Finance - Phase 2 less 25 days for Use of estate moving forward which has been removed from the plan.	266	266	
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%	

Measure	Description	Target	Actual	Explanations for variances / remedial action required
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%	
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%	82%	Fourteen forms were issued for audits finalised in 2021/22. Eleven were due by this date, nine have been returned, three are not yet due and a reminder has been sent requesting return of the two outstanding forms.

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	89%	Based on the nine forms returned.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	71%	

Appendix 4 – Quality Assurance and Improvement Plan (QAIP)

INTERNAL ASSESSMENTS (PSIAS ref: 1311)

On-going reviews conducted through	Elements
Supervision of engagements	<ul style="list-style-type: none"> • Work is allocated from the annual risk based plan by the internal audit management team across the shared service • Staff are involved in developing audit scope in conjunction with audit clients prior to commencement • Work is supervised to ensure that it complies with the approved methodology for carrying out an audit • Audit Manager attends close out meetings to support the auditor and ensure that key messages are relayed appropriately • Internal Audit reports signed off by Audit Manager • Audit reports with less than Reasonable Assurance subject to final review by Group Audit Manager
Regular, documented review of working papers during engagements	<p>Audit Manager reviews each audit file to ensure:</p> <ul style="list-style-type: none"> • The scope and objectives of the audit have been agreed with clients and adequately documented and communicated • Key risks have been identified • The audit testing strategy has been designed to meet the objectives of the audit and testing undertaken to the extent necessary to provide an audit opinion for each piece of work • Audit has been completed in a thorough, accurate and timely manner • The standard of working papers and evidence collected during the audit are in accordance with audit processes and procedures • The draft audit report fully reflects all findings from the audit and these are properly explained and practical recommendations made • The assurance rating is fully supported by the working papers and can be justified by the auditor • The audit has been completed within the time allocation

On-going reviews conducted through	Elements
	<ul style="list-style-type: none"> • The audit report has been produced to a good standard in an accurate and timely manner • Training and development needs are identified through the review process. • Periodic reviews by the Group Audit Manager to ensure that the quality assurance process is being applied consistently.
Audit manual containing all key policies and procedures to be used for each engagement to ensure compliance with applicable planning, fieldwork and reporting standards	<ul style="list-style-type: none"> • The audit manual contains the risk based audit methodology and key working papers, the code of ethics and performance measures for the shared internal audit service. • The audit manual is updated on an on-going basis as required.
Feedback from customer survey on individual assignments	<ul style="list-style-type: none"> • Customer feedback form is linked to performance measures for internal audit. • Feedback form issued for all risk based internal audit assignments • Feedback from client satisfaction forms passed on to individual auditors. Any areas identified for learning and development are taken forward • Any common issues are identified and action taken where necessary
Analysis of performance measures established to improve internal audit effectiveness and efficiency	<ul style="list-style-type: none"> • Monthly monitoring of performance measures by the audit management team • Feedback to individuals / teams as appropriate • Reporting to Joint Audit Committee on a quarterly basis.

On-going reviews conducted through	Elements
All final reports and recommendations are reviewed and approved by the Audit Manager	<ul style="list-style-type: none"> • Formal sign off and issue of all final reports and recommendations by Audit Manager. • Audit report template includes comments from Director or equivalent.
Annual risk assessments for the purposes of annual audit planning	<ul style="list-style-type: none"> • Annual risk assessment of each organisation's audit universe as part of the planning process
Annual assessment of Internal Audit's conformance with its Charter, PSIAS with an improvement plan produced to address any areas of non-conformance identified	<ul style="list-style-type: none"> • Review of Charter for conformance • Annual completion of CIPFA checklist for assessing conformance with the PSIAS • Improvement plan produced to address areas of non-conformance. • Service development plan identifying actions for service improvement.
Benchmarking with other Internal Audit service providers	<ul style="list-style-type: none"> • Benchmarking through regional and national level networks including Police Audit Group (national internal auditor group specific to policing)
Quarterly reports to audit committees on progress with delivery of the audit plan	<ul style="list-style-type: none"> • Preparation of progress report for each Joint Audit Committee and attendance at JAC by Group Audit Manager and / or Audit Manager.
Annual sign up to Code of Ethics by all internal audit staff	<ul style="list-style-type: none"> • Signed declaration from all internal audit staff

On-going reviews conducted through	Elements
Annual completion of declaration of business interests from by all internal audit staff	<ul style="list-style-type: none">• Signed declaration from all internal audit staff

EXTERNAL ASSESSMENTS (PSIAS ref: 1312)

External Assessments will be carried out in accordance with the requirements of the PSIAS and reported to Joint Audit Committee as appropriate.

The first External Quality Assessment was carried out in November 2017, in line with the requirement of the PSIAS to have an external assessment at least every five years.

REPORTING ON THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (PSIAS ref: 1320)

The results of the quality assurance programme and progress against any improvement plans must be reported in the annual report.

Internal Assessments – outcomes of internal assessments will be reported to the Joint Audit Committee on an annual basis;

External Assessments – results of external assessments are reported to the Joint Audit Committee and S151 officer at the earliest opportunity following receipt of the external assessors report. The external assessment report was accompanied by a written plan in response to findings and recommendations contained in the report and was reported to Joint Audit Committee in March 2018.

Follow up – All audits receiving less than reasonable assurance will be followed up.

EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
Nature of internal auditing (Standard 2100 Nature of internal audit work)			
<p><u>Finding 1</u> Risk based internal audit is most effective when the organisation has a clear definition of its strategic risks with detailed identification of the controls and monitoring arrangements designed to mitigate the risks to an acceptable level. From this it is then possible to match who is best placed to provide assurance mitigation is working (an assurance map based on the 3 lines of defence) to prevent gaps or duplication in assurance. The annual internal audit plan can then be derived from the assurance map and include review of those other forms of assurance.</p> <p>Our recommendations below are designed to achieve this objective and will further facilitate general conformance to professional internal auditing standards. However, we would ask the Joint Audit & Standards Committee to consider its overall aim for risk based auditing and how a risk based culture will be reinforced.</p>	<p><u>Action 1</u> – OPCC and Constabulary action</p> <p>Both the OPCC and Constabulary consider their approach to risk management is robust and meets the needs of the organisations.</p> <p>The OPCC and Constabulary consider that the current Internal Audit approach to planning gives a broader base than focusing solely on strategic risks.</p>	<p>No action required.</p>	<p>Complete as reported in March 2019</p>

Finding	Action	What we have done	Status
Coordination and reliance (Standard 2010 Planning – non-conformance)			
<p><u>Finding 2</u> We acknowledge the work to date to develop strategic risk management processes. As part of this progress management should begin to map who is best placed to provide assurance that the risk mitigation for strategic risks is reliable and working. Active participation by the Group Audit Manager to achieve a coordinated approach will help to maximise assurance resources and achieve conformance to the standard.</p>	<p><u>Action 2</u> – OPCC, Constabulary and Internal Audit action</p> <p>Internal Audit set time aside in the 2018/19 audit plan to support the OPCC and Constabulary in undertaking an assurance mapping exercise.</p>	<p>We provided information on assurance mapping to the Constabulary and OPCC. The Constabulary produced a document setting out the ‘Assurance Landscape for Policing’ which was appended to the updated risk management policy approved in May 2019.</p>	Complete
Responsibilities regarding governance and risk management (Standard 2110 Governance and Standard 2120 Risk management – partial conformances)			
<p><u>Finding 3</u> The aim of the internal audit plan is to provide a broad range of assurance to enable the board to deliver an annual statement of control. In support of this aim we suggest that the Group Audit Manager gives an annual opinion upon:</p> <p>a) The development of an effective risk culture and risk maturity through specific governance audits and risk management</p>	<p><u>Action 3</u> – Internal Audit action</p> <p>Provision has been included within the 2018/19 audit plan for additional liaison with Risk Management colleagues to fulfil this requirement. In addition, regular audits will continue to include an assessment of risk management arrangements where appropriate. Future audit plans will also include provision for reporting an opinion on risk management.</p>	<p>The annual opinion for 2018/19 included specific commentary on the areas suggested. Work is underway to deliver the 2020/21 opinions.</p> <p>Time has been included in the 2021/22 internal audit plan to report an opinion on risk management.</p>	Complete

<p>audits.</p> <p>b) The application of corporate risk management arrangements, including implementation of processes, management of emerging risks, and the effectiveness of training.</p> <p>c) The development of operational risk management based upon specific assessment of risk processes in individual audits.</p> <p>d) Progress towards assurance mapping and the coordination of assurance arising from specific assurance audits.</p>			
<p>Direct interaction with the Joint Audit & Standards Committee (Standard 1111 – partial conformance)</p>			
<p><u>Finding 4</u> The recommendations above regarding coordination and planning will be challenging and we feel further interaction with the Joint Audit & Standards Committee, along with senior management consultation, is needed to explore how they will be delivered and monitored, particularly with regard to annual priorities.</p>	<p><u>Action 4</u> – Internal Audit action</p> <p>This action plan together with a longer term plan for the Internal Audit service will be reported to Joint Audit & Standards Committee on a regular basis to give clear oversight of the actions planned to further develop the service.</p>	<p>As part of the production of the 2021/22 Internal Audit Plan we continued to have more discussion at Collaborative Board level. This update provides Joint Audit Committee with progress on delivery of improvement actions identified through the EQA and the continuous improvement of the Shared Internal Audit Service</p>	<p>Complete</p>

Finding	Action	What we have done	Status
Overall planning of audit assignments (Standard 2200 Engagement planning, Standard 2201 Planning considerations, Standard 2210 Engagement objectives, Standard 2220 Engagement scope – partial conformances)			
<p><u>Finding 5</u> Individual audits need closer alignment to specific risks (identified during the development of the audit plan) to reaffirm their specific purpose and include definition of the key risks and controls associated with that subject as opposed to reference to wider more generic risks. In some cases, this may prompt sessions with management so auditors can assess the adequacy of controls and monitoring as opposed to the current practice of internal audit documenting 'expected controls' in advance of the audit. We note the most successful audits involve consultation with senior managers as sponsors to fine tune and tighten the objectives and scope to specific risks and we encourage this practice. Realistic timetables need to be set for interviews, testing and reporting in advance with the sponsor to help the achievement of such targets. We also recommend the introduction of shorter 3 – 5 day specific reviews that focus on key controls within systems and procedures where risks</p>	<p><u>Action 5</u> – Internal Audit action</p> <p>A project will be established to take this recommendation forward. Some audits within the 2018/19 audit plan have been included with the intention of focusing in on key controls (eg main financial systems).</p> <p>All audits have a scoping meeting with a Chief Officer to agree the scope. This will continue to be an important part of our audit process.</p> <p>The audit plan for 2018/19 includes a number of shorter audits than in previous years. We will continue to develop our approach during 2018/19 with the aim of reducing these further if possible in 2019/20.</p>	<p>We have continued to hold scoping meeting with relevant Senior Officers. This continues to be an important part of our audit process which allows us to focus on specific risks. Key controls testing takes place on main financial systems.</p>	<p>Complete</p>

and controls are known and established.			
Use of resources (Standard 2030 Resource management – partial conformance)			
<p><u>Finding 6</u> The current audit methodology was developed when the team included staff with little or no experience of risk based internal auditing. This has resulted in several supervision points in the process with extensive documentation requirements. As a result many audits often overrun and audit managers do not have time available to undertake audit work. There is now the opportunity to review the audit methodology to streamline the process. For example, revisiting the documentation standards and supervision stages to reduce time spent on these activities.</p> <p>In doing so a target should be set to increase the number of days available to the plan, which may involve assigning more audits to the most senior audit managers thus ensuring the allocation of challenging audits to the most experienced people.</p>	<p><u>Action 6</u> – Internal Audit action</p> <p>The risk based approach was a significant change in audit approach and a detailed methodology was appropriate at the time. Joint Audit & Standards Committee were briefed at the time about the changes and the challenges the new approach presented.</p> <p>Over runs are not considered to be an issue in delivery of our work for the Constabulary and OPCC. Our approach to overruns has been addressed though the Shared Service host authority’s EQA report and action plan.</p> <p>We will review our audit approach during 2018/19 to identify efficiencies in the process, including where appropriate the management and supervision stages.</p> <p>Audits are assigned according to skills, experience, development needs and availability of team members.</p>	<p>Supervision points are in line with the PSIAS and are defined within the QAIP.</p> <p>We continually seek to identify efficiencies in the process whilst ensuring a quality product through management and supervision.</p> <p>We have adapted the audit methodology to respond to changes required to operate the Internal Audit service during COVID-19.</p>	<p>Complete</p>

Finding	Action	What we have done	Status
Tracking audit recommendations (Standard 2500 Monitoring progress – partial conformance)			
<p><u>Finding 7</u> At present follow up of audit actions is limited and therefore may undermine the overall benefit of internal audit work. Once audit follow-up of partial or limited assurance assignments has been undertaken the responsibility for further progress reporting is handed over to management and there is a risk that some important issues may remain outstanding. We understand that senior managers in some areas have recognised this and have been initiating monitoring and reporting. We recommend that management in all areas are asked to undertake such monitoring and that the Joint Audit & Standards Committee receive regular updates.</p>	<p><u>Action 7</u> Internal Audit considers that this is already in place at the OPCC / Constabulary. All audit recommendations are reported to and monitored by JAC at each meeting until they are implemented.</p>	<p>No action required.</p>	<p>Complete</p>



Peter McCall

Office of the Police and Crime Commissioner Report

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N°011 / 2022)

TITLE: Effectiveness of the Arrangements for Audit 2021/22

Executive Summary:

The attached reports provide details of the effectiveness of the arrangements for audit (Item 11a) and the effectiveness of the Joint Audit Committee (Item 11b). Both reports are provided for the Commissioner as part of a review of the overall contribution these functions make towards the arrangements for governance.

Recommendation:

The Commissioner is asked to:

Effectiveness of Arrangements for Audit:

- The Commissioner is asked to consider this report and:
- Determine whether he is satisfied with the effectiveness of Internal Audit for the year to 31 March 2022 and to the date of this meeting, taking into account the views of the Joint Audit Committee, and
- Consider any areas where the Commissioner might wish to see improvements or changes in 2022/23.

Review of Effectiveness of the Joint Audit Committee:

- The Commissioner is asked to consider this report and:
- Determine whether he is satisfied with the effectiveness of the Joint Audit Committee for the year to 31 March 2022 and to the date of this meeting, and
- Consider any areas where the Commissioner might wish to see improvements or changes in 2022/23.

Police & Crime Commissioner

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

I hereby approve/do not approve the recommendation above

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

Signature:

Date: 24 June 2022



Cumbria Office of the Police and Crime Commissioner

Public Accountability Conference 23 June 2022: Agenda Item 11a
Joint Audit Committee 22 June 2022: Agenda Item 15

Review of effectiveness of the arrangements for Audit 2021/22

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

1. Introduction and Background

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

1.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines the system of Internal Audit as the entirety of the arrangements for audit put in place by the entity, including the activities of any oversight committee. This report sets out an overall judgment, based on that review. The review comprises the arrangements for internal audit, detailed within this report and the arrangements for the Joint Audit Committee, detailed in the Committee's Review of Effectiveness. The review of effectiveness in relation to the Joint Audit Committee is now conducted over a biennial cycle as follows:

- Even Years – A report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance is produced.

- Odd Years - A 360' review of committee effectiveness which is private meeting between members, DCC, JCFO, CE & DCFO.

1.3. The review process seeks to provide assurance that the arrangements are adequate and effective. This is based on a judgment made following an assessment of compliance with relevant codes and standards. For internal audit the review is undertaken against the Public Sector Internal Audit Standard (PSIAS). The review of the effectiveness of the arrangements for the Joint Audit Committee is undertaken in line with the CIPFA 2018 guidance¹ that provides an evaluation self-assessment framework and a checklist of good practice.

2. Effectiveness of the Internal Audit Function

2.1. Internal Audit Services for the 2021/22 financial year were provided by Cumbria County Council Shared Internal Audit Service. From 2022/23 a new arrangement is in place with TIAA Ltd.

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

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

2.4. The QAIP is included within the Head of Internal Audit's annual report and opinions for 2021/22 and will be presented to members of the Joint Audit Committee at the 22 June 2022 for review. The QAIP report set out what was in place during 2021/22. The QAIP sets out for members how

¹ audit committees\Practical Guidance for Local Authorities and Police

audit engagements are supervised, how work including final reports are reviewed, arrangements for the audit manual and performance measures. The QAIP also includes the annual assessment of Internal Audit's conformance with its Charter and annual completion of the CIPFA checklist for assessing conformance with the PSIAS. The Internal Audit Charter in place during 2021/22 was presented at the 17 March 2021 Joint Audit Committee. The Internal Audit Charter sets out the purpose, authority, responsibility and objectives of Internal Audit, providing clarity on how Audit works, its scope, lines of reporting and requirements in respect of objectivity and independence. The Charter, alongside the QAIP, supports the organisation and its auditors in ensuring the delivery of arrangements for Internal Audit that are effective. During the year members of the Joint Audit Committee have also received monitoring reports on actual performance against Internal Audit's performance framework at their quarterly meetings.

- 2.5. The summary of the outcomes of the completed self-assessment is attached to this report at Appendix A and is further supported by an evaluation of the role of the Group Audit Manager (Head of Internal Audit) against the CIPFA standard at Appendix B. The full 48 page checklist is retained on file for review by the External Auditors. The Annual Report of the Group Audit Manager (Head of Internal Audit), provided within this agenda, confirms that the Standards within the PSIAS have been complied with.
- 2.6. In November 2017, the first external quality assessment (EQA) of the internal audit function was carried out in line with the requirement of PSIAS to have an external assessment at least every five years. The outcome of this process was reported to members of the Joint Audit and Standards Committee at its meeting on 21 March 2018. The overall assessment was that the shared internal audit service "generally conforms" to the standards and this represents the highest of three possible outcomes. An action plan was developed to address the seven recommendations contained within the EQA report.
- 2.7. The review of internal audit against the PSIAS provides the primary source of assurance. Further assurance of the effectiveness of internal audit was previously taken from the opinion provided by the external auditors. In 2020, the external auditor (Grant Thornton) advised that they no longer use the work of internal audit to assist with their own work and as such have not provided an opinion on the work of internal audit.

3. Effectiveness of arrangements for an Audit Committee

3.1. The effectiveness of the arrangements for an audit committee is assessed by reviewing the arrangements for the Joint Audit Committee against the assessment criteria and checklist provided by CIPFA in its 2018 updated publication “audit committees, Practical Guidance for Local Authorities and Police”. The guidance document provides a detailed regulatory framework against which the work and activity of the committee, in addition to the overall arrangements, can be assessed and consideration given to areas for improvement and development. In a change from previous years, from 2020/21 the effectiveness of the committee is to be assessed on a biennial cycle as outlined in paragraph 1.2 above.

3.2. The key messages arising from the review carried out in 2022 are that:

- The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- Members are recruited appropriately, and the range of skills has been strengthened through recent appointments.
- The Committee’s remit complies with best practice.
- The Committee is supported by key members of the OPCC and Chief Constable’s management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- Audit Committee members have carried out their duties diligently, achieving 100% attendance, have made a valued contribution to governance arrangements and have taken action on specific issues. During 2021/22 as a result of the covid-19 pandemic, all meetings were again held online using MS Teams.
- Members have continued to increase their formal and informal training and development activities.
- The first 360’ review of the committee was undertaken in June 2021.

3.3. The overall conclusion and assessment from the review is that the Joint Audit Committee is effective in its operation. The review has demonstrated that within the areas of the self-

assessment carried out in 2022, the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. Against the self-assessment checklist the committee achieves a consistent grade of the maximum score of 5 across all areas. The full report of the review of effectiveness is included on the agenda to this meeting.

4. Conclusions

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

- i. The review of the internal audit shared service against the PSIAS, and supported by the review of the role of the Head of Internal Audit, demonstrates that the service is effective.
- ii. The annual review of the arrangements for an audit committee in accordance with the guidance, assessment criteria and checklists defined by CIPFA, demonstrates that the Joint Audit Committee is effective in its operation

4.2. When taken together, there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2022, or to the date of this meeting.

5. Recommendations

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

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2022 and to the date of this meeting, and
- ii. Consider any areas where they might wish to make recommendations to the Commissioner and Chief Constable for improvements in 2022/23.

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

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2022 and to the date of this meeting, taking into account the views of the Joint Audit Committee, and
- ii. Consider any areas where they might wish to see improvements or changes in 2022/23.

Gill Shearer
Commissioner's Chief Executive

Roger Marshall
Joint Chief Finance Officer
14 June 2022

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications:

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

Contact points for additional information

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Review of Internal Audit Effectiveness

1. Definition of Internal Auditing

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

2. Code of Ethics

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

3. Purpose, Authority and Responsibility

- 3.1. An internal audit charter is in place which defines the purpose, authority and responsibility of internal audit as well as its rights of access to all information, premises and personnel for the purpose of completing internal audit reviews.
- 3.2. The charter sets out the functional reporting line of the Group Audit Manager / Audit Manager to the Joint Audit Committee to ensure internal audit independence.
- 3.3. The Audit Manager attends all meetings of the Joint Audit Committee.
- 3.4. The Audit Manager has direct access to the Chief Officer Group, the Chief Executive, the Commissioner and the Joint Audit Committee Chair.
- 3.5. The reporting lines for the Audit Manager ensure that internal audit independence is maintained and in line with the Standards, the Audit Manager reports directly to the Joint Chief Finance Officer (S151 Officer) who is a member of the Public Accountability Conference.
- 3.6. There have been no identified threats to internal audit independence or objectivity during the year.
- 3.7. The Standards refer to the arrangements for the Audit Manager's appraisal. Input and feedback should be obtained from the Chief Executive or equivalent and Chair of the Joint Audit Committee. This is a requirement of the employing organisation designed to protect the independence of the Audit Manager in relation to those audits that may be subject to undue influence, being within the area of the appraiser's responsibility. Whilst this is not a requirement for either the Commissioner or the Chief Constable, the Joint Chief Finance Officer, on behalf of both entities, will provide feedback on the performance of the Audit Manger as part of the arrangements for management of the shared audit service.

4. Proficiency and Due Professional Care

- 4.1. The Audit Manager is professionally qualified and experienced to deliver an effective internal audit service.
- 4.2. Job descriptions and person specifications reflect the duties required to deliver the risk-based approach to internal auditing and the skills needed to undertake the roles.

- 4.3. The team has a wide range of skills and experience brought about in part by the creation of the Shared Internal Audit Service which brought together a number of existing internal audit teams into a single service.
- 4.4. All audit work is undertaken with due professional care and reviewed by an Audit Manager to ensure that the work undertaken supports conclusions reached.
- 4.5. A Quality Assurance and Improvement Programme (QAIP) has been in place during 2021/22. The programme has been formally documented and is included as an appendix, within the Head of Internal Audit's annual report and opinions for 2021/22, which is included within this agenda. This includes the adoption of a comprehensive performance framework that is incorporated within the audit charter. The Joint Audit Committee have received quarterly reports monitoring actual performance against the framework.

5. Performance Standards

- 5.1. Internal audit work is undertaken to support the purpose of internal audit as defined within the audit charter. Management arrangements are in place to ensure that all work is delivered in accordance with the charter and to deliver relevant assurance to management, the Joint Audit Committee, the Commissioner and Chief Constable.
- 5.2. Risk based audit plans have been developed across the shared internal audit service. The plans have been developed to enable an overall annual opinion to be provided on the arrangements for governance, risk management and internal control.
- 5.3. In developing the plans, account has been taken of the organisation's risk management frameworks, the expectations of senior management and emerging national and local issues.
- 5.4. Audit plans have been developed based on a documented risk assessment. Arrangements are in place to report required amendments to audit plans to the Joint Audit Committee should this become necessary.
- 5.5. The plans identify the audit resources required to deliver them and arrangements are in place to allocate the workload across the audit team in advance to ensure all plans can be delivered.
- 5.6. Arrangements are in place to ensure the audit manual is continually updated as working practices continue to be reviewed.

5.7. Internal audit contributes to improving the Commissioner and Chief Constable's operations through delivery of approved audit plans. Internal audit recommendations are aimed at strengthening performance and risk management, governance and ethical policies and values and internal controls.

6. Engagement Planning

6.1. All internal audit reviews are scoped and a brief prepared setting out the scope and objectives of the audit work together. This process ensures that management input to the scope of each audit. A standard client notification document has been designed and has been used for all audit reviews. Audit scopes include consideration of systems, records, personnel and premises.

6.2. The audit planning process includes a preliminary assessment of risk for each audit included in the plan. Auditors then undertake research as part of planning individual audit reviews to identify specific risks within the area under review. Within the risk based approach, once the scope of an audit is agreed, a full risk identification exercise is undertaken as part of the audit fieldwork. This ensures that risk is considered throughout the audit process.

6.3. The Internal Audit management review process ensures that work plans are prepared for each audit that document how the audit objectives will be met and that sufficient audit work is undertaken to support conclusions reached.

6.4. There is a document retention policy in place to manage audit records.

6.5. All internal audit work is subject to management review, and there is a consistent approach in place to documenting and retaining evidence of this review.

6.6. All internal audit reports are issued in draft for management comments and agreement of the factual accuracy and completion of the action plan. Clients have the opportunity to discuss the draft reports with the auditor.

6.7. Audit final reports issued in relation to 2021/22 audit plans were accurate, comprehensive and complete. All contained an assurance statement and agreed action plan.

6.8. The Audit Manager produces an annual report to the Joint Audit Committee and the Public Accountability Conference, which includes the overall opinion on the arrangements for

governance, risk management and internal control. The report includes a summary of the work undertaken in support of the opinion.

7. Monitoring Progress

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

8. Communication of the Acceptance of Risks

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

CIPFA Statement on the Role of the Head of Internal Audit 2019

1. Introduction

1.1 In 2019, CIPFA published an updated Statement on the Role of the HoIA in Public Sector Organisations in recognition of the critical position occupied by the Head of Internal Audit (HoIA) within any organisation in helping it to achieve its objectives by giving assurance on its internal control and risk management arrangements and playing a key role in promoting good corporate governance. Conformance with the Statement is cited as an example of good governance within the Delivering Good Governance Framework 2016

2. The Five Principles

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

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

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

3.3 To perform this role, the Head of Audit:

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

3.4 A completed self-assessment template is attached below for appropriate sign off.

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
Principle 1: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments					
1.1	Set out the HIA's role in good governance and how this fits with the role of others.	HoIA Role Profile sets out the contribution of the annual report of the HoIA to the Annual Governance Statement.	✓		
1.2	Ensure that the importance of good governance is stressed to all in the organisation, through policies, procedures and training	Code of Corporate Governance sets out the frameworks that are in place to support the overall arrangements. There are individual codes for the Cumbria OPCC and Cumbria Constabulary.	✓		
1.3	Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.	Internal audit plan incorporates some capacity to respond to emerging issues and projects.	✓		
Principle 2: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control					
2.1	Set out the responsibilities of the HIA, which should not include the management of operational areas.	Responsibilities of the HoIA are set out in the Role Profile and do not include any operational responsibilities.	✓		
2.2	Ensure that internal audit is independent of external audit.	Internal audit is independent of external audit. IA plans will be shared with external audit, but will not be in any way directed by external audit.	✓		
2.3	Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the IA strategy for these and associated plans and reports and ensure the work is independently managed.	Not applicable.			

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
2.4	Establish clear lines of responsibility for those with an interest in governance (e.g. Chief Executive, Chief Legal Officer, Chief Financial Officer, Audit Committee, non-executive directors/elected representatives). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies.	Clear lines of responsibility are set out in job roles, the scheme of delegation and key supporting governance documents e.g. financial regulations, procurement regulations, grant regulations. The Joint Audit Committee has a clear Terms of Reference consistent with the CIFA guidance.	✓		
2.5	Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns	Reporting lines are defined within the Internal Audit Charter which has been agreed by the Board.	✓		
2.6	Agree the terms of reference for internal audit with the HIA and the Audit Committee as well as with the Leadership Team	Internal audit charter sets out internal audit's terms of reference. Charter has been approved by Board and presented to Joint Audit Committee.	✓		
2.7	Set out the basis on which the HIA can give assurances to other organisations and the basis on which the HIA can place reliance on assurances from others.	The basis of assurances provided to other organisations is set out within the Shared Services agreement. Various sources of assurance have been taken into consideration in preparing the audit plan to ensure optimum audit coverage.	✓		
2.8	Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g. risk management, corporate planning, anti-fraud and corruption and whistleblowing.	Key governance documents include the Code of Corporate Governance, scheme of delegation, Anti-fraud and corruption strategy, policy and procedure. Risk management arrangements are in place and the corporate risk register for each organisation is reported to Joint Audit Committee.	✓		
2.9	Ensure that the annual internal audit opinion and report are issued in the name of the HIA.	Annual report of the Head of Internal Audit contains the internal audit opinion for the Police & Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary. This report is presented to Joint Audit Committee by the Head of Internal Audit.	✓		

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
2.10	Include awareness of governance in the competencies required by members of the Leadership Team.	Role profiles for the Chief Executive, Joint CFO and deputy monitoring officer are based on the relevant professional standards and include governance responsibilities. Constabulary Chief Officers are trained on governance matters as part of their professional qualification.	✓		
2.11	Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it. The HIA should not be responsible for preparing the report.	The framework of assurance that supports the annual governance statement is documented within the Statement itself. HIA is not responsible for preparing the AGS.	✓		
2.12	Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.	Public Sector Internal Audit Standards (PSIAS) refer to the requirement for internal audit plans to include a statement of how internal audit service will be delivered. This is included within the audit plan.	✓		
Principle 3: The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.					
3.1	Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement.	The Group Audit Manager is the designated HoIA for the PCC / Chief Constable.	✓		

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
3.2	Ensure that where the HIA is an employee that they are sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.	Not applicable.			
3.3	Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier.	Not applicable.			
3.4	Establish an Audit Committee in line with guidance and good practice.	There is a Joint OPCC / Constabulary Audit Committee which is the recommended approach in the Financial Management Code of Practice for the Police Forces of England and Wales. The Joint Audit Committee undertakes on a biennial basis a self-assessment against the CIPFA practical guidance checklist and has assessed itself as performing appropriately, in the intervening years, the committee and officers carry out a 360' review of the work of the committee, the first such review has been scheduled for 23/06/21.	✓		
3.5	Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA.	The relationship is set out in the Internal Audit Charter.	✓		

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
3.6	Ensure that the organisation's governance arrangements allow the HIA: – to bring influence to bear on material decisions reflecting governance; – direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit; and – to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate.	There are appropriate arrangements in place to allow the HIA to perform these functions appropriately.	✓		
3.7	Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.	This is defined within the Internal Audit Charter	✓		
3.8	Set out the HIA's responsibilities relating to partners including joint ventures and outsourced and shared services.	The HoIA responsibilities are defined within the Audit Charter in relation to the Shared Internal Audit Service.	✓		
Principle 4: The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.					
4.1	Provide the HIA with the resources, expertise and systems necessary to perform their role effectively.	Internal audit is resourced appropriately to deliver the level of service currently required.	✓		
4.2	Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate.	Internal audit is resourced appropriately to deliver the level of service currently required.	✓		

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

Ref	Governance Requirement	County Council arrangement and any required actions	Assessment of conformance		
			Y	N	P
4.3	Ensure that there is a regular external review of internal audit quality	Mandatory EQA was undertaken in October 2017 and the outcome was reported to Audit & Assurance Committee on 20 March 2018 with a further update on progress at the Joint Audit Committee held on 20 March 2019, 18 March 2020, 17 March 2021 and 22 June 2022.	✓		
4.4	Ensure that where the HIA is from another organisation that they do not also provide the external audit service	Cumbria Shared Internal Audit Service does not provide the external audit service to the Police & Crime Commissioner for Cumbria or the Chief Constable for Cumbria Constabulary.	✓		
Principle 5: The HIA in a public service organisation must be professionally qualified and suitably experienced					
5.1	Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation.	HoIA is CIPFA qualified (since 1993). HoIA responsibilities are defined within the role profile for the post and make appropriate reference to the requirements of the 2019 CIPFA Statement.	✓		
5.2	Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role.	HoIA has over 32 years' audit experience within Local Government and undertakes CPD to keep his skills up to date. HoIA has regular contact with audit colleagues throughout the North West via the North West Chief Audit Executives Group and the Local Authority Chief Auditors Network (for Counties, Mets and Unitaries).	✓		



Peter McCall



Joint Audit Committee
Review of Effectiveness 2021/22

Executive Summary

The purpose of an audit committee is to provide those charged with governance¹ independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

Best practice dictates that governance, risk management and strong financial controls be embedded in the daily and regular business of an organisation. The existence of an audit committee does not remove responsibility from senior managers or leaders, but provides an opportunity and resource to focus on these issues.

Audit committees are a key component of the governance framework.

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

CIPFA's guidance document, Audit Committee's Practical Guidance for Local Authorities and Police (2018 edition), recommends that audit committees review their effectiveness annually. In 2020, the decision was taken that the formal written review would move to a biennial report (even years) and in the alternate years (odd years) a 360' review would be undertaken. The first 360' review was undertaken in June 2021. The Annual Report of the Committee sets out the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

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

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

- The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- Members were appointed based on their skills and experience, are politically neutral.
- The Committee's remit complies with best practice and members are clear about their role and focus of attention.
- The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- Joint Audit Committee members have carried out their duties diligently, achieving 100% attendance at meetings, have made a valued contribution to governance arrangements and have taken action on specific issues.
- Members have maintained formal and informal training and development activities to enhance their understanding of the Constabulary and OPCC.

¹ The Commissioner and the Chief Constable
Corporate Support / Financial Services / MB

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

The Committee continues to strive for improvements across all areas of its activities. The Committee has identified XX priority areas within its wider programme where in 2022/23 it will seek to have impact. These priorities are included in an action plan and comprise efforts to:

- These will be added following discussions at the meeting on 22/06/22.

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

In carrying out the review Committee members have been able to evidence numerous examples of their impact. This has included: (to be discussed/updated following meeting on 22/06/22).

- Attendance at Police and Crime Panel meetings as an observer to understand the PCP's key areas of attention.
- Sharing the Cumbria approach to audit committees with other policing bodies thereby developing and sharing areas of best practice.
- Reviewing the effectiveness of Internal Audit's approach to consultancy work to help ensure it adds value.

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

The Committee's review of Effectiveness provides information on the assessment process and CIPFA standards, this together with the Committee's Terms and Reference and detailed work programme can be found on the Commissioner's website at [Joint Audit Committee - Cumbria Police and Crime Commissioner \(cumbria-pcc.gov.uk\)](https://www.cumbria-pcc.gov.uk). The Joint Audit Committee holds public meetings, Committee papers and audit reports are all available on the Commissioner's website using the above link.

Introduction

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

The Influential Audit Committee

The audit committee has the potential to be a valuable resource to the whole organisation. Where it operates effectively, an audit committee can add value to its organisation by supporting improvement across a range of objectives. To achieve wide-ranging influence, an audit committee will need commitment and energy from membership together with support and openness from the organisation.



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

Review of Effectiveness

The review has been undertaken against the framework of the CIPFA document. It reviews the activities and impact of the Committee against the guidance in relation to the purpose and functions for Audit Committees and a checklist for effectiveness. The full range of activities undertaken by the Committee during 2021/22 is also set out in Appendix A as a consolidated summary of the work of the Committee in fulfilling its functions. For each of the areas in the CIPFA guidance, an assessment is made to award a grade in accordance with the CIPFA standard, based on the conclusions of the review. The grades are set out in table one below. In addition to consideration of Committee activity the review of effectiveness is also supported by consideration of the issues of Committee independence and objectivity and the skills and experience of members. Audit Committee members have further agreed a self-assessment checklist for good practice, included with the CIPFA document to support the annual review.

Table One: CIPFA Effectiveness Evaluation Assessment Key

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

Overall Conclusions and Assessment

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

The review has demonstrated that within the areas of the self-assessment the Committee can evidence the effective use of substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. The committee achieves a consistent grade of 5 in all 10 areas of the assessment against the Core Functions and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability score a grade 5 and Membership and Effectiveness also score a grade 5. The key messages arising from the review are that:

- Committee members have carried out their duties diligently, meetings are well attended and members have made an effective contribution to governance arrangements
- Members have kept up to date with training and developments. During 2021/22 these arrangements have continued to include a corporate briefing as part of Committee meetings and for 2021/22 a specific development session covering treasury management with the Commissioner's external advisors was held. A development session on the budget and MTFE was also held
- In 2016/17 Members were provided with an "Induction Pack and Handbook" which provides a number of useful documents in one handbook and includes details of structures, key individuals and governance arrangements within the OPCC and Constabulary, these handbooks are updated on a periodic basis to include latest information.

As part of the overall assessment process the Commissioner and Chief Constable were asked to comment on the effectiveness of the Committee, their comments were as follows:

The Police and Crime Commissioner for Cumbria Comment

One of my key responsibilities on behalf of the public is to ensure the effective and efficient use and accounting for public money allocated to Policing the county. This is a highly complex and constantly changing financial landscape and it is therefore essential that we have effective and challenging scrutiny of our financial processes. I believe we are blessed in the OPCC and Constabulary in having highly professional and dedicated finance staff who do an excellent job, this is complimented by a rigorous, expert panel in the Joint Audit Committee who in turn conduct Independent audit of a range of Constabulary functions and most especially our accounts. As Commissioner this gives me additional assurance which I am able to pass onto the public that our administration and financial processes are effective, efficient and their probity is assured. There are of course always things we can improve and I am grateful to the Chair and members of JAC for their robust scrutiny and guidance when they find matters which need to be addressed and improved.

Chief Constable for Cumbria Constabulary Comment

The work of the Joint Audit Committee is invaluable in providing assurance that governance within the Constabulary is effective and supports the delivery of an outstanding policing service for the people of Cumbria. The professional independence, complimentary skills and conscientious approach of the committee to their role facilitates robust scrutiny and challenge which contributes to the Constabulary achieving its objectives of being an efficient and effective policing service.

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

- **Section One:** Core Committee Functions and the Effectiveness Checklist page 8-24
- **Section Two:** Possible Wider Functions of an Audit Committee page 25-26
- **Section Three:** Independence and Accountability page 27-28
- **Section Four:** Membership and Effectiveness page 29-31
- **Appendix A:** Committee Activities 2021/22 page 32-34
- **Appendix B:** Committee Terms of Reference Assurance Framework page 35-41
- **Appendix C:** Governance Documents Review Schedule page 42
- **Appendix D:** Committee Attendance page 43
- **Appendix E:** Committee Chair and Member Role Profiles page 44-47
- **Appendix F:** CIPFA Good Practice Checklist page 48-50

Section One: Core Committee Functions and the Effectiveness Checklist

Good Governance and the Annual Governance Statement

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

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

There should be a local code of governance setting out how the principles of the CIPFA SOLACE good governance framework are applied, that should be reviewed by the Committee. Police Audit Committees should review the Annual Governance statement (AGS) of both the Commissioner and the Chief Constable prior to approval. The CIPFA guidance provides that to meaningfully review the AGS, the Committee should be in a position to draw on their knowledge of the governance arrangements as they are established and on assurances of their operation in practice. It should also ensure that the AGS is underpinned by a framework of assurance.

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

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme includes an independent cyclical review of the Commissioner and Chief Constable's governance framework and all material governance arrangements. During 2021/22 the work of the Committee has included:

- Reviewing and advising on revisions to the scheme of delegation/consent, the joint procurement regulations, arrangements for anti-fraud, corruption for both the OPCC and Constabulary and the OPCC treasury management strategies and practices. The review of treasury management included a briefing by external treasury management advisors (Link Asset Services) in respect of changes to the wider economic environment and associated implications for the operation of the treasury management function within the OPCC, following which members were able to robustly challenge changes in the approach to investment strategy.

- A review of the role of the Joint Chief Finance Officer against the CIPFA guidance for police and consideration of the Joint Chief Finance Officer's review of the effectiveness of arrangements for governance, including internal audit and a review of the role of the Head of Internal Audit against CIPFA guidance.
- In line with CIPFA recommendations, the Committee reviewed the Chief Constable and Commissioner's AGS in June, prior to the publication of the unaudited statement and again in November prior to publication alongside the audited accounts. Alongside the AGS, members reviewed the Commissioner and Chief Constables Code of Corporate Governance. In addition, members review progress against the respective AGS action plans mid-way through the financial year.
- The Committee receive all audit internal reports in full, at the point at which they were finalised, with members requesting that reports with significant issues are tabled at Committee meetings. Members have given specific focus to audit reports covering agile workforce, complaints review, payroll, benefits delivery, digital leadership, covid-19 response, preparedness for McCloud pensions remedy, inventory, resource allocation/workforce planning, financial sustainability, business transformation project -finance (phase 2), business transformation project (duties management) and establishment process recruitment.
- The scope of the internal audit plan has been significantly developed since 2014/15 to ensure it provides wider governance assurance in addition to that provided on core financial systems and financial governance. The audit areas covered in 2021/21 are highlighted in the bullet above. During 2022/23 the approved audit plan will focus on risk management, personal safety training, security of seized cash & assets, domestic violence protection orders, management of overtime, resource planning, estates building health & safety, cyber security maturity assessment, debtors, firearms licencing, treasury management & banking, insight and performance assurance, financial sustainability and the HMICFRS action plan.
- At their meeting in June 2021 internal audit provided members with a draft annual audit opinion providing assurance from the group Audit Manager (Head of Internal Audit). Members also receive further assurance at each meeting through reports from the external auditors. This included the Audit Findings Report presented to members in November 2021 setting out the external auditor's un-qualified opinion on the financial statements. In line with revised timescales, an un-qualified value for money conclusion was presented to the March 2022 meeting.

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

Conclusion and Overall Assessment: Assessment Grade 5.

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

Internal Audit

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

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

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

The Audit Charter sets out the functional reporting arrangements between Internal Audit, Collaborative Board² and the Joint Audit Committee. CIPFA guidance sets out a number of roles for the committee as part of the support and review arrangements. These are to oversee Internal Audit's independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote

the effective use of internal audit within the assurance framework.

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme, in line with the CIPFA guidance, includes a review of the Internal Audit Charter and a review of a risk based internal audit plan including the audit budget and number of audit days within the plan. The report that incorporates the Plan and Charter was received by members in March 2021 in respect of the 2021/22 financial year. From 2022/23 the provision of internal audit services has changed from Cumbria County Council Shared Internal Audit Services to TIAA Ltd. Members of the committee were involved in the selection process for the new internal audit provider. In February 2022 members were consulted in relation to the draft internal audit plan for 2022/23 and received a copy of the final plan at the meeting in June 2022. The plan sets out the process undertaken to assess risks and develop a programme of audit in accordance with the risk based approach of the PSIAS.

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

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

² The Collaborative Board comprising the Deputy Chief Constable, Assistant Chief Constable, the Commissioner's Chief Executive, the Commissioner's Chief Finance Officer, the Director of Corporate Improvement and the Director of Corporate Support
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Committee receive an annual statement on conformance with the PSIAS and LGAN. In reviewing the Audit Charter Committee members are able to assess and challenge the robustness of these arrangements.

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

The Committee receives all internal and external audit reports in full supporting assurance on the overall control environment. The reporting format of internal audit reports was improved in 2014/15 to provide a stronger link between audit recommendations and control objectives. The reports also aim to focus attention on internal control strengths and recommendations. During 2021/22 Members have considered reports across a diverse range of Constabulary and OPCC business including covering agile workforce, complaints review, payroll, benefits delivery, digital leadership, covid-19 response, preparedness for McCloud pensions remedy, inventory, resource allocation/workforce planning, financial sustainability, business transformation project -finance (phase 2), business transformation project (duties management) and establishment process recruitment.

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

Monitoring against performance measures and benchmarks for the Internal Audit service was introduced in 2014/15 and has continued throughout 2021/22. Proposed performance measures are reviewed at the start of the financial year and have been included within the Internal Audit Charter on the recommendation of the Committee. Members have received a quarterly monitoring report assessing actual performance against the benchmark.

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

Conclusion and Overall Assessment: Assessment Grade 5.

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

Risk Management

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

It also notes the assurance that risk management provides in respect of the AGS and when reviewing the risk based internal audit plan. The guidance describes governance of risk as the arrangements for leadership, integration of risk management arrangements, ownership and accountability. The role of the audit committee in relation to risk management covers three major areas:

- Assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks.
- Keeping up to date with the risk profile and the effectiveness of risk management actions.
- Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.

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

Self-evaluation, examples, areas of strength and weakness

In accordance with the CIPFA guidance, specific actions undertaken by the Committee during 2021/22 included:

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

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

significant risks facing the Commissioner and Constabulary and the mitigations in accordance with the methodology within the strategy. This ensures the Committee has an effective understanding of the significant risks facing both organisations and can hold risk managers to account.

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

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

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

Assurance Frameworks and Assurance Planning

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

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

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

Self-evaluation, examples, areas of strength and weakness

The Joint Audit Committee operates with an assurance-based work programme aligned to its terms of reference and that, in line with the guidance, forms an appropriate balance between cost and risk. The assurance framework that was in place for 2021/22 is set out at appendix B and includes assurances from management, Chief Officers, internal and external audit and external inspectorates. During 2021/22 and in recognition of CIPFA's guidance for Audit Committees, members have:

- Improved the arrangements for assurance in relation to a number of areas within the work programme. This included receipt at the June meeting of monitoring reports covering the areas of risk management anti-fraud and corruption monitoring. At their March meeting the Committee received a report covering the Chief Constable's arrangements for providing value for money (the PCC no longer falls under the inspection regime of HMICFRS).
- The improved efficiency and focus of assurance gathering continued at formal meetings of the Committee by the continuance of the early review of all internal audit reports which enabled members to select which internal audit reports to include on the agenda for specific discussion.
- Received an assurance report from the Joint Chief Finance Officer in respect of the sources of assurance members can place reliance on in respect of their review of the statement of accounts.
- As a result of the change in statutory reporting deadlines as a result of the Covid-19 pandemic the number of meetings for 2021/22 was reduced from 5 to 4. Once the statutory timescales revert, the number of committee meetings will again return to 5 per year to ensure that members can give appropriate time and consideration to agenda items in the context of the widening of the assurance framework.

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

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

Value for Money and Best Value

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

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

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

Self-evaluation, examples, areas of strength and weakness

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2020/21 (received in March 2022) was positive.

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

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

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

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2020/21, received by the Committee in March 2022, in the External Auditor's December 2021 Annual Audit Report was positive.

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

Following a review by the Committee during 2013/14 that identified limited 'other' sources of assurance with regard to value for money and securing best value, the Committee now routinely receives a number of reports from the OPCC and Constabulary with a specific focus on value for money. This has included an analysis of HMICFRS value for money profiles for the Constabulary (the OPCC no longer falls under the remit of HMICFRS), and the outcome of the HMICFRS PEEL review of efficiency, effectiveness and legitimacy. As part of the review of the arrangements for value for money, members also sought assurances regarding the approach to the management of reserves, the reserves strategy was included as part of the member development session on the budget, medium term financial strategy and change programme provided in March 2022.

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

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

Countering Fraud and Corruption

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

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

The Commissioner and Chief Constable have responsibilities for the effective stewardship of public money and for safeguarding against losses due to fraud and corruption.

Self-evaluation, examples, areas of strength and weakness

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

During 2021/22 members reviewed and provided constructive feedback on the overall arrangements for anti-fraud and corruption. As a result of feedback provided by members changes and improvements have been made to support the clarity of key documents. As part of the cyclical review of governance arrangements for anti-fraud are reviewed on a biennial basis.

In June 2021 members received a report from the Chief Executive monitoring the anti-fraud and corruption arrangements within the OPCC. The report sets out the activity that takes place during the year in line with the strategy and policy and to ensure anti-fraud arrangements are well embedded. The report covered the 2020/21 financial year and members will receive in June 2022 a report covering the 2021/22 financial year.

In November 2021, as part of the arrangements for the financial statements, members received copies of the Commissioner and Chief Constable's letter of management assurance. These are prepared by the Joint Chief Finance Officer and include a full fraud risk assessment. Within the assessment members are briefed on any actual or suspect fraud that has taken place during the year and any changes to the control environment as a consequence of that fraud.

Members further support their understanding of the control environment through receipt of audit reports. During 2021/22 members received a variety of audit reports with judgements of substantial (1), reasonable (12)

and partial (1) assurance. The audit reports in relation to major financial systems in respect of payroll and inventory provided reasonable assurance. Members receive the full report on all audits supporting a wider understanding of internal controls that can be gained from summary reports.

During 2021/22 the Committee has operated as a Standards Committee for the Commissioner. This has included monitoring the effectiveness of the Commissioner's Code of Conduct and PCC/Officer Protocol, supporting the approach to ethical standards. In 2015/16 the Commissioner and Constabulary established an independent Ethics and Integrity Panel to facilitate a more in-depth scrutiny of arrangements for ethics and integrity including Constabulary conduct matters and the handling of complaints. The seventh annual report of the Ethics and Integrity Panel was provided to members of the Joint Audit Committee in June 2021.

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

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

External Audit & Inspection

CIPFA guidance states that the Audit Committees have a role to play in relation to the appointment of external auditors.

In England organisations have the option to appoint auditors themselves via means of an auditor panel or through Public Sector Audit Appointments (PSAA) which has been established by the Local Government Association and specified as an “appointing person”. The Commissioner and Chief Constable have appointed the external auditor via the PSAA route. The audit committee’s role is in providing assurance that the external audit team maintains independence and objectivity. The audit committee has a vital role to play in guarding against threats to independence.

CIPFA guidance states that Audit Committees have a role to play in receiving and considering the work of the external auditor.

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

Self-evaluation, examples, areas of strength and weakness

The Joint Audit Committee receive all reports of the External Auditors and conduct an annual private meeting with the External Auditors. During 2021/22 the External Auditors have attended all of the 4 Committee meetings. The Committee’s terms of reference are fully compliant with the CIPFA guidance and provide for an annual private meeting with the External Auditors. The Committee receives inspection reports from other agencies where these are relevant to the Committee’s functions. Recommendations arising from audit and inspection are monitored for implementation by the Committee.

Membership of the Joint Audit Committee includes the skills and experience of a former district auditor and former S151 officers, and also a qualified lawyer. All members have significant experience of committees fulfilling audit and governance functions. This ensures that the Committee have the skills and experience to assess the work of the external auditors and will have clear expectations regarding the requirements in respect of seniority, quality and experience of audit staff. During 2021/22 members have:

- Undertaken robust scrutiny of the external audit plan, including questioning the robustness of work that will be carried out in respect of the value for money conclusion and the assurance it can provide.
- Received the External Auditors Annual Fee letter.
- Received the External Auditors Audit Findings report covering the financial statements, matters of governance and the value for money conclusion in respect of the 2020/21 financial year.
- Scrutinised published HMICFRS reports covering value for money (HMICFRS annual profiles). Members have also received as part of the corporate update from the Deputy Chief Constable updates covering the full HMICFRS inspection programme for the Constabulary and issues that need to be brought the attention of members.
- In 2014/15 Members agreed a change to their terms of reference to incorporate responsibility as an audit panel, to oversee the appointment of external auditors for the Commissioner, at the time the relevant provisions of the 2014 Local Audit and Accountability Act come into effect. During 2021/22 members were involved in the decision making process around the use of PSAA for the appointment of external auditors from 2023/24 onwards.

Conclusion³ : Assessment Grade 5

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

³ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Financial Reporting

For policing bodies the draft financial statements must be signed off by 31 July, as the 30 working day period for the exercise of public rights must include the first 10 days in August.

The latest date for publication of the audited statements is 30 November.

The guidance from CIFPA recommends that it is good practice for the accounts and the AGS to be reviewed by the audit committee prior to the commencement of the external audit.

Audit committees may undertake a review of the statements and satisfy themselves that appropriate steps have been taken to meet statutory and recommended professional practices. This is recommended to include reviewing the narrative report to ensure consistency with the statements and the financial challenges and risks facing the organisation in the future. The guidance also notes that the Committee should give consideration to the accessibility, readability and understandability of the statements to the lay person e.g. use of plain English and key messages. The Committee should review the financial statements prior to approval, although best practice is to review the accounts prior to the commencement of the audit.

Self-evaluation, examples, areas of strength and weakness

The statement of accounts is presented to the Joint Audit Committee prior to formal approval and at a joint meeting of the Committee and the Public Accountability Conference. This facilitates members in undertaking their review of financial statements and providing assurances to the Commissioner and Chief Constable.

The financial statements are supported by a report from the Joint Chief Finance Officer that consolidates for members all key areas of assurance on which they can place reliance in respect of the statements and details significant areas of risk and the basis of material judgments. This dialogue assists in explaining a number of complex transactions within the 2020/21 statements arising from changes in legislation that have impacted on how the Chief Constables financial position is presented. During 2021/22 the draft unaudited accounts for 2020/21 were again, for the third time, reported to the Committee in June 2021, prior to publication on the website, in order to provide members with an early opportunity to review and scrutinise the accounts. The subsequent audited accounts were presented in November alongside the External Auditors Audit Findings report.

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

As a result of the Covid-19 pandemic the statutory timelines in relation to the publication of draft and audit accounts were changed. The deadline for the publication of the draft (subject to audit) accounts was changed from 31 May to 31 July. The deadline for the publication of the audited accounts was changed from 30 September to 30 November. These amended deadlines are also in place for the 2021/22 and 2022/23 statements.

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

The Committee is now fully compliant with the CIPFA guidance and best practice standards in relation to its contribution to financial reporting. This is as a result of the change, introduced in 2017/18 for the 2016/17 financial statements, and repeated annually since then whereby the committee received the draft Statement of Accounts at the May/June meeting, prior to audit and publication on the website.

Partnership Governance and Collaboration Agreements

Organisations commonly have a wide range of partnership and collaborative arrangements including strategic relationships with other public sector organisations, shared service arrangements, commercial relationships and a range of service delivery arrangements. CIFPA guidance recognises that ensuring the adequacy of governance and risk management over such arrangements can be complicated, but it is important as accountability for performance and stewardship of public funds remains with the organisation.

The audit committee's role should be to consider the assurance available on whether the partnership or collaboration arrangements are satisfactorily established and are operating effectively. The committee should satisfy itself that the principles of good governance underpin the partnership arrangements. For example, the audit committee should seek assurance that the organisation has appropriate arrangements to identify and manage risks, ensure good governance and obtain assurance on compliance. The committee may also want to know what arrangements have been put in place to maintain accountability to stakeholders and ensure transparency of decision making and standards or probity are maintained.

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

The arrangements in respect of governance for partnerships are set out in the appropriate governance documents that are presented to the Committee for cyclical review as part of their review of governance. During 2021/22 members reviewed and contributed to the further development of the Role of the Joint CFO, the Joint Procurement Regulations, the OPCC scheme of delegation/consent and arrangements for anti-fraud and corruption.

The overall arrangements for partnerships are set out within the Commissioner and Chief Constable's Code of Corporate Governance which was received by members in June 2021 alongside the AGS, setting out how those arrangements have been complied with.

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

In respect of partnership governance the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

Governance and Ethical Values

Public sector entities are accountable not only for how much they spend but also the ways they use resources with which they are entrusted.

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

With its core role of supporting good governance, support for the ethical framework of the organisation is also important for the audit committee. In addition, public sector organisations have an overarching mission to serve the public interest in adhering to the requirements of legislation and government policies. This makes it essential that the entire entity can demonstrate the integrity of all its actions and has mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels. As part of its review of governance arrangements, the audit committee should be satisfied that there are adequate arrangements to achieve this. All organisations should have regard to the Seven Principles of Public Life, known as the Nolan Principles. Within policing, this is further enforced by the College of Policing's Code of Ethics.

As part of the annual governance review, the audit committee should consider how effectively the seven principles and code of ethics are supported.

The arrangements for ethics and integrity are covered within the AGS. In addition, the audit committee review on a cyclical basis the arrangements for anti-fraud and corruption which include sections in relation to abuse of authority for sexual gain and arrangements in place for whistle-blowing.

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

In respect of governance and ethical values the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

Section Two: Possible Wider Functions of an Audit Committee

Ethical Values and Treasury Management

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

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

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

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

Self-evaluation, examples, areas of strength and weakness

Evaluation of the role of the Committee in respect of ethical values is covered in the section on good governance & countering fraud and corruption. In respect of treasury management the Committee received and reviewed at its March 2021 meeting the treasury management strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices that would apply to the 2021/22 financial year.

During 2021/22 members have also received and reviewed the arrangements for Treasury Management proposed for 2022/23. This included a robust scrutiny of the strategy, where members have been keen to ensure an appropriate balance between risk and return in respect of the range of permissible investment counterparties and increased risk in the more traditional banking investments.

To ensure members sufficiently understand treasury matters, training has been provided by the Commissioner's treasury management advisors and treasury management activities reports are presented to the Committee at every regular meeting. This understanding is further supported by the skills and experience profile of members of the Committee.

Conclusion⁴ : Assessment Grade 5

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

⁴ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.
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Section Three: Independence and Accountability

CIPFA guidance sets out a position statement that covers the key features that should be evidenced within all Audit Committees.

Outside of this statement arrangements should reflect local circumstances and focus on factors promoting effectiveness. The Committee is fully compliant with the requirements within the CIPFA guidance to ensure independence and accountability. Specifically:

- The Committee acts as the principal non-executive advisory function supporting those charged with governance⁵ and is independent of executive and operational responsibilities. The Committee has access to and is accountable to the Commissioner, the Chief Constable and the respective Chief Officers of both entities, meets at least 4 times a year and operates with a set of Committee standing orders to regulate business including matters received in public and those to be considered in private.
- The Committee meets privately and independently with both the external auditors and the internal auditors (separately) as part of its annual agenda.
- The Chief Officers⁶ or appropriate senior substitutes of the Commissioner and Chief Constable attend all meetings of the Committee. Internal audit and external audit are in attendance in addition to other officers as appropriate to the agenda. The Committee is able to call on other officers as required. The Committee is well attended, attendance for 2021/22 is set out at Appendix C.
- This report constitutes the biennial Report on the assessment of the Committee's performance and is reported to the Public Accountability Conference and the Police and Crime Panel.
- The arrangements for the Committee comply with the guidance set out within the Home Office Financial Management Code of Practice. The Code states that the Commissioner and Chief Constable should establish an independent Audit Committee. It is recommended that this is a joint committee and that the Commissioner and Chief Constable should have regard to the CIPFA Guidance on Audit Committees.
- The Committee maintains its independence by ensuring a focus through the work programme on oversight of governance, risk, control and the audit process. It has no delegated decision making or approval powers from the Commissioner or Chief Constable.

⁵ The Commissioner and the Chief Constable

⁶ Joint Chief Finance Officer, Chief Executive, Deputy Chief Constable
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- Agenda items are planned up to 12 months in advance through the development of an annual work programme agreed by the Committee in March and developed from the assurances needed to fulfil the Committee’s terms of reference.
- The relationship between the Committee and the Joint Chief Finance Officer is one of reciprocal support and constructive challenge.
- The Committee receives full audit reports at the point in which they are agreed, determining those that should be considered as part of the formal Committee agenda on the grounds of the materiality and significance of audit findings.
- All meetings of the Committee are held in public and members have actively challenged the reasons for any issues being discussed in private. Agendas and papers are published on the Commissioner’s website supporting accountability and transparency.
- The work program of the Committee ensures it can be effective in holding to account those officers who are responsible for implementing recommendations and actions arising from review. This is achieved through monitoring reports presented at each Committee meeting.
- The assurance format of the Committee’s work programme and this Annual Report ensure that the Committee itself is effectively held to account for its own performance.

Conclusion⁷ : Assessment Grade 5

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

⁷ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the

effectiveness checklist but has been graded on a similar basis.

Section Four: Membership and

Effectiveness

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

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

These are defined as:

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

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

Self-evaluation, examples, areas of strength and weakness

Membership, composition and operation of the Joint Audit Committee comply with the CIPFA guidance. The Committee comprises of up to six independent members, appointed through public advert and for a tenure of 5 years, with a potential to extend to a maximum of 10 years in compliance with the practices recommended by Standards for England. Independence and objectivity, including political independence is secured through restrictions on membership. Specifically membership excludes:

- Serving elected members/officers of a Council/Local Authority represented on the Cumbria Police and Crime Panel and/or similar Cumbria public sector bodies
- Former elected members/officers of the above Council/bodies (time restricted to 3 years)

- Serving Police Officers and Police staff and former Police Officers/staff (time restricted to 3 years)
- Individuals active in local or national politics
- Individuals who have significant business or personal dealings with the Constabulary/OPCC
- Individuals who have close relationships with any of the above including immediate family members

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

The requisite skills and experience of members are secured through the recruitment process based on a role profile. The profiles distinguish between the experience and skills expected of the Committee Chair and those expected of Committee members. The role profile is supported by a person specification that sets out essential and desirable skills, experience and ability across a range of governance, risk, finance and audit requirements. The person specification requirements are set out below. The role profiles for committee members, which were updated in November 2021 are set out at appendix E.

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

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

Members are recruited independently of the Commissioner and Chief Constable but are subject to their approval. During 2021/22 a new member was appointed to the committee (June 2021) the former chair of the committee resigned and a new chair was appointed (November 2021).

The work programme for members has again for 2021/22 included formalised development seminars prior to Committee meetings, these sessions support members with a more in-depth understanding of areas within the remit of the Committee's terms of reference. During 2021/22 a development session on treasury management with the Commissioner's external advisors was held. A further development session by way of introduction to the new internal auditors TIAA and their approach to audit planning was held and the annual session on the budget and MTF was held in March. Throughout 2021/22, the meeting agenda has continued to include a corporate update from both the Constabulary and the OPCC, this update is usually provided by the Deputy Chief Constable/Joint Chief Finance Officer and Chief Executive and provides a flavour of the key issues facing the Constabulary/OPCC at the time.

Conclusion⁸ : Assessment Grade 5

The Committee is compliant with the CIPFA guidance in respect of effective membership. This is based on the arrangements for the composition, recruitment and operation of the Committee that ensures independence and a specialist mix of skills and experience that make the Committee members effective in their roles. Effectiveness of members scrutiny function has been enhanced during 2021/22 through the continuation of a more structured approach to member development and the regular inclusion of a corporate update on the agenda for all meetings. In addition, updates on all HMICFRS inspection reports are now routinely provided to members and the opportunity to discuss these reports and receive an update regarding report recommendations is included on the agenda for meetings.

⁸ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Joint Audit Committee 2021/22 Activities

Wednesday 23 June 2021	Wednesday 28 July 2021	Wednesday 22 September 2021	Wednesday 17 November 2021	Wednesday 16 March 2022
PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors. (IA) PRIVATE MEETING - JAC Review of Effectiveness (360' Review) - odd years only	PRIVATE DEVELOPMENT SESSION: 1) To be confirmed.	PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors. (GT)	PRIVATE DEVELOPMENT SESSION: 1) Treasury Advisor, to provide an update on Treasury Management developments (DCFO).	PRIVATE DEVELOPMENT SESSION: Medium Term Financial Forecast, capital strategy, capital programme, change programme & value for money (Joint CFO)
Regular Reports				
CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CFO & CE)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CFO & CE)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CFO & CE)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CFO & CE)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CFO & CE)
TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report (DCFO)	N/A	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 1 (DCFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 2 (DCFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 3 (DCFO)
N/A	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)
INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)
N/A	STRATEGIC RISK REGISTER: To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC)	N/A	STRATEGIC RISK REGISTER: To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC)	STRATEGIC RISK REGISTER: To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC)
N/A	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. (CFO)	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. (CFO)	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. (CFO)	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. (CFO)

Joint Audit Committee 2021/22 Activities

Wednesday 23 June 2021	Wednesday 28 July 2021	Wednesday 22 September 2021	Wednesday 17 November 2021	Wednesday 16 March 2022
Cyclical/Annual Reports				
EXTERNAL AUDIT FEES: To receive a verbal update around the proposed PSAA scale charge for external audit fees. (GT/Finance)		AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. (GT)	ANNUAL AUDIT REPORT: To receive from the External Auditors the Annual Audit Report (GT). N.B. This could potentially move to September.	CAPITAL STRATEGY and TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES: To review the annual Capital Strategy and Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices. (DCFO)
VALUE FOR MONEY: To receive an annual report on Value for Money within the Constabulary. (JCFO) Deffered from March 2021 meeting.			ANNUAL REVIEW OF GOVERNANCE: To review the OPCC and Constabulary arrangements for governance; cyclical review over a three years. Some documents reported in November, some in March (see Appendix C). (Relevant Chief Officers).	ANNUAL REVIEW OF GOVERNANCE: To review the OPCC and Constabulary arrangements for governance; cyclical review over a three years. Some documents reported in November, some in March (see Appendix C). (Relevant Chief Officers).
RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management. (CE or GM)		ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS: To receive a report from the Joint CFO in respect of the PCC's and CC's framework of assurance. (CFO)	ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE: To receive an update on progress against the development and improvement plan within the annual governance statement (CFO)	RISK MANAGEMENT STRATEGY: To provide the tri-ennial review of the COPCC (CE/GM) and Constabulary (DCC) Risk Management Strategies. (next due 2023)
ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. (CE/GM)		ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (DCFO)	PROCUREMENT ANNUAL REPORT: To receive an annual Procurement Report and Dashboard (HoC)	ANNUAL WORK PROGRAMME: ASSURANCE FORMAT: To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference. (DCFO)
ETHICS AND INTEGRITY GOVERNANCE: To receive an annual report from the chair of the Ethics and Integrity Panel.	PCC ANNUAL REPORT To receive a copy of the PCCs annual report. (CE)			EXTERNAL AUDIT PLAN: To receive from the external auditors the Joint Annual External Audit Plan. (GT)
INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion.(IA)				EXTERNAL AUDIT UPDATE REPORT: To receive from the external auditors an update report in respect of progress on the external audit plan. (GT)
EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the Joint Chief Finance Officer in respect of the effectiveness of internal audit. (DCFO)				PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions. To receive a copy of the internal audit charter from the Internal Auditors.(IA)

Joint Audit Committee 2021/22 Activities

Wednesday 23 June 2021	Wednesday 28 July 2021	Wednesday 22 September 2021	Wednesday 17 November 2021	Wednesday 16 March 2022
Cyclical/Annual Reports (continued)				
JOINT AUDIT COMMITTEE - REVIEW OF EFFECTIVENESS (bi-ennial Activity) : To receive a report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance. (DCFO) -Even Years : To conduct a 360' review of committee effectiveness (private meeting between members, DCC, JCFO, CE & DCFO) - Odd Years				QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement. (IA)
ANNUAL GOVERNANCE STATEMENT <ul style="list-style-type: none"> ▪ Effectiveness of Governance Arrangements: To receive a report from the Joint CFO on the effectiveness of the PCC's and CC's arrangements for Governance. ▪ Code of Corporate Governance: To consider the PCC/CC Code of Corporate Governance ▪ Annual Governance Statement: To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting 				VALUE FOR MONEY: To receive an annual report on Value for Money within the Constabulary. (DCI)
ANNUAL STATEMENT OF ACCOUNTS: To receive the un-audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (DCFO)				INTERNAL AUDIT: External Quality Assessment (5 yearly, next one due 2023)
Ad Hoc Reports				
ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Governance, Risk and Control		
2.1) Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance. Note - Underlined governance documents are scheduled for review in 2021.	May (Ethics and Integrity Annual Report)	ETHICS AND INTEGRITY GOVERNANCE: To receive an annual report from the Chair of the Ethics and Integrity Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for ethics and integrity.
	November: (All governance reviews excluding ethics and integrity) March: Risk Management Strategies, Scheme of Delegation/Consent	<p>ANNUAL REVIEW OF GOVERNANCE: To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years covering:</p> <ul style="list-style-type: none"> ▪ <u>Role of the Chief Finance Officer: annual review (2021)</u> ▪ Financial Regulations & Financial Rules: bi-ennial review (2022) ▪ Grant Regulations: tri-annual review (2023) ▪ <u>Scheme of Delegation/Consent: annual review (2021) - March meeting</u> ▪ <u>Joint Procurement Regulations: bi-ennial review (2021)</u> ▪ Risk Management Strategy: tri-ennial review (2023) - March meeting ▪ <u>Joint Audit Committee Terms of Reference & Role Profiles: tri-ennial review (2021)</u> ▪ <u>Arrangements for Anti-Fraud and Corruption /whistleblowing: bi-ennial review (2021)</u>
2.2) Review the Annual Governance Statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement	May	ANNUAL GOVERNANCE STATEMENT
	September (updated governance statement prior to approval and publication). Note this would normally be July but has been moved to September for 2 years)	<ul style="list-style-type: none"> ▪ Effectiveness of Governance Arrangements: To receive a report from the Joint CFO on the effectiveness of the PCC's and Chief Constable's arrangements for Governance. ▪ Codes of Corporate Governance: To consider the PCC/CC Codes of Corporate Governance ▪ Annual Governance Statements: To consider the PCC/CC Annual Governance Statements for the financial year and to the date of this meeting
	November	ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE: To receive an update on progress against the development and improvement plan within the annual governance statement.

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Governance, Risk and Control		
2.3) Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements	Every meeting excluding May	INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (<i>NB audit work in compliance with PSIAS will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes'. Specific audit recommendations will be categorised within audit reports under this heading.</i>)
	March	To receive an annual report on Value for Money within both the Office of the Police and Crime Commissioner and the Constabulary.
	September (<i>NB moved from July for 2 years</i>)	AUDIT FINDINGS REPORT: To receive from the external auditors the Annual Audit Findings Report incorporating the External Auditor's Value for Money Conclusion.
2.4) Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Constabulary	March	ANNUAL WORK PROGRAMME: ASSURANCE FORMAT: To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference.
	September (<i>NB moved from July for 2 years</i>)	FRAMEWORK OF ASSURANCE: STATEMENT OF ACCOUNTS: To receive a report from the Joint CFO in respect of the PCC's and CC's framework of assurance.
2.5) Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them	March	RISK MANAGEMENT STRATEGY: To provide the cyclical (3yr) review of the OPCC and Constabulary Risk Management Strategies. (NB. Next due in March 2023)
	May	RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management.
	July, November & March meetings	STRATEGIC RISK REGISTER: To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy.
2.6) Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	Every meeting excluding May	INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
		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.

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Governance, Risk and Control (Continued)		
2.7) Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources	November – cyclically when updated	ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION: To receive the OPCC and Constabulary strategy, policy and fraud response plan.
	May	ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption.
2.8) To review the governance and assurance arrangements for significant partnerships or collaborations.	Ad-hoc	To receive reports on proposed governance arrangements when significant new partnerships or collaborations are entered into.
Terms of Reference: Internal Audit		
3.1) Annually review the internal audit charter and resources	March	INTERNAL AUDIT CHARTER: To receive a copy of the internal audit charter from the Internal Auditors.
3.2) Review the internal audit plan and any proposed revisions to the internal audit plan	March/Ad-hoc	PROPOSED INTERNAL AUDIT PLAN: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions.
3.3) Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence	March	QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement.
	May	EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the Joint Chief Finance Officer in respect of the effectiveness of internal audit.
	Quarterly	INTERNAL AUDIT PERFORMANCE: To receive from the Internal Auditors quarterly reports on the performance of the service against a framework of performance indicators <i>(provided within the internal audit progress reports and annual report.)</i>
	May	PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors
3.4) Consider the Head of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements	May	INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN.
	Every meeting excluding May	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Internal Audit (Continued)		
3.5) To consider the Head of Internal Audit's statement of the level of conformance with the Public Sector Audit Standards (PSIAS) and Local Government Application Note (LGAN) and the result of the Quality Assurance and Improvement Programme (QAIP) that support that statement - these will indicate the reliability of the conclusions of internal audit.	March	QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement.
	May	INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN.
3.6) Consider summaries of internal audit reports and such detailed reports as the Committee may request from the Police and Crime Commissioner and the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions	Every meeting	INTERNAL AUDIT REPORTS: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
3.7) Consider a report on the effectiveness of internal audit to support the Annual Governance Statement	May	EFFECTIVENESS OF INTERNAL AUDIT: To consider a report of the Joint Chief Finance Officer reviewing the effectiveness of Internal Audit.
3.8) To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To make recommendations on safeguards to limit such impairments and periodically review their operation.	May	INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including relevant disclosures regarding impairments to independence or objectivity arising from additional roles or responsibilities outside internal auditing of the Head of Internal Audit.

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: External Audit/External Inspection		
4.1) Support the independence of external audit through consideration of the external auditor's annual assessment of it's independence and review of any issues raised either by Public Sector Audit Appointments (PSAA) or the auditor panel as appropriate.	September (NB moved from July for 2 years)	AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. This also includes a statement with regard to Independence.
4.2) Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money	March	EXTERNAL AUDIT PLAN: To receive from the external auditors the Annual External Audit Plan
	May	EXTERNAL AUDIT FEES: To receive a verbal update around the proposed PSAA scale charge for external audit fees.
4.3) Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance	November/Ad-hoc	ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter and reports
	March	EXTERNAL AUDIT PLAN UPDATE: To receive from the external auditors an update report in respect of progress on the external audit plan
4.4) Consider specific reports as agreed with the external auditors/specific inspection reports e.g. HMICFRS, relevant to the Committee's terms of reference	Every meeting excluding May	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, HMICFRS/INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference
4.5) Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies and relevant bodies	September (NB moved from July for 2 years)	PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Financial Reporting		
5.1) Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable	September (NB moved from July for 2 years)	ASSURANCE FRAMEWORK: STATEMENT OF ACCOUNTS: To receive a report from the joint CFO in respect of the PCC's framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.
	September (NB moved from July for 2 years)	ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts
5.2) Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements	September and November (final report) (NB moved from July and September for 2 years)	AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion.
Terms of Reference: Accountability Arrangements		
6.1) On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
6.2) Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Accountability Arrangements		
6.3) Review its performance against its terms of reference, objectives and compliance with CIPFA best practice on the role of the Audit Committee. Report the results of this review to the Commissioner and the Chief Constable by means of an Annual Report including where appropriate an action plan detailing future planned improvements.	May	JAC Review of Effectiveness (biennial activity cycle): - To receive a report reviewing the effectiveness of the committee against the CIPFA framework as a contribution to the overall effectiveness of arrangements for governance (Even years) - To conduct a 360' review of committee effectiveness (private meeting between members, DCC, JCFO, CE & DCFO) (Odd Years)
	July	JAC Annual Report: To receive the annual report of the committee (following the review of effectiveness undertaken in May).
6.4) Publish an annual report on the work of the committee.	July	JAC Annual Report: To publish the annual report of the committee (following approval at the July meeting.).
Terms of Reference: Treasury Management		
7.1) Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory	March	TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES: To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices.
7.3) Review the Treasury risk profile and adequacy of treasury risk management processes		
7.2) Receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity	Every meeting excluding July	TREASURY MANAGEMENT ANNUAL REPORT/ACTIVITIES: To receive for information the treasury management annual report and an update on Treasury Management Activity.
	November	TREASURY MANAGEMENT ADVISORS: To receive briefings/training from the Commissioner's Treasury Management advisors.
7.4) Review assurances on Treasury Management (for example, an internal audit report, external or other reports).	Every meeting excluding May (where applicable)	INTERNAL AUDIT REPORTS: To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee

Governance Documents Review Schedule

Documents	Review Cycle	Lead Officer	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
OPCC Risk Management Strategy	tri-ennial (from 2017 onwards)	Governance Manager Joanne Head	✗	✓	✗	✗	✓	✗
Constabulary Risk Management Strategy	tri-ennial (from 2017 onwards)	Joint Chief Finance Officer Roger Marshall	✗	✓	✗	✗	✓	✗
OPCC Scheme of Delegation/Consent	annual	Chief Executive/Communications & Engagement Executive, Gillian Shearer and/or Governance Manager, Joanne Head	✓	✓	✓	✓	✓	✓
Constabulary Scheme of Delegation	annual	Director of Legal Services - Andrew Dobson	added to programme from Nov'19	✓	✓	✓	✓	✓
			November 2019	November 2020	November 2021	November 2022	November 2023	November 2024
Role of the Joint Chief Finance Officer	annual	Deputy CFO Michelle Bellis	✓	✓	✓	✓	✓	✓
Joint Procurement Regulations	bi-ennial	Head of Commercial Solutions Barry Leighton	✓	✗	✓	✗	✓	✗
OPCC Arrangements for Anti-fraud & Corruption/Whistleblowing	bi-ennial	Chief Executive/Communications & Engagement Executive, Gillian Shearer and/or Governance Manager, Joanne Head	✓	✗	✓	✗	✓	✗
Constabulary Arrangements for Anti-fraud & Corruption/Whistleblowing	bi-ennial	Head of People, Supt. Lisa Hogan and/or Head of Professional Standards	✓	✗	✓	✗	✓	✗
Financial Regulations & Financial Rules	bi-ennial	Deputy CFO Michelle Bellis	✗	✓	✗	✓	✗	✓
Joint Audit Committee Terms of Reference and Role Profiles	tri-ennial	Deputy CFO Michelle Bellis	✗	✗	✓	✗	✗	✓
OPCC Grant Regulations & Procedures	tri-ennial	Chief Executive/Head of Partnerships and Commissioning, Vivian Stafford	✗	✓	✗	✗	✓	✗

Attendance Listing for Joint Audit Committee Meetings 2021/22

	26 May 2021 Cancelled	23/06/2021 (Repl 26/05/21)	28 July 2021 Cancelled	04/11/2021 (repl 28/07/21)	17 November 2021	16 March 2022	Totals
Independent Members							
Mrs Fiona Moore (New Chair)		✓		✓	✓	✓	4
Mr Jack Jones		✓		✓	✓	✓	4
Mr Malcolm Iredale		✓		✓	✓	✓	4
Wing Commander (Retired) Tim Mann		✓		✓	✓	✓	4
Mrs Fiona Daley (Chair)		✓		✓	FD retired from 04/11/21		2
Commissioner's Officers							
Police & Crime Commissioner for Cumbria (Peter McCall)				✓			1
Chief Executive (Vivian Stafford)				✓	✓	✓	3
Chief Executive (Gillian Shearer)		✓					1
Constabulary Officers							
Chief Constable (Michelle Skeer)				✓			1
Deputy Chief Constable (Mark Webster)					✓		1
Deputy Chief Constable (Rob Carden)						✓	1
Joint Chief Finance Officer (Roger Marshall)		✓		✓	✓	✓	4
Deputy Chief Finance Officer (Michelle Bellis)		✓		✓	✓	✓	4
Financial Services Manager (Lorraine Holme)		✓		✓		✓	3
Detective Chief Inspector (Craig Smith)					✓		1
Performance Consultant (Claire Griggs)					✓	✓	2
Head of Commercial (Barry Leighton)					✓		1
Financial Services Trainee (Inge Redpath)						✓	1
Financial Service Assistant (Monika Demczuk)		✓					1
Corporate Directorates PA (Olivia Muir)					✓		1
Internal Audit							
Head of Internal Audit, Shared Internal Audit Services, Cumbria County Council (Richard McGahon)		✓			✓	✓	3
Audit Manager, Management Audit Unit, Cumbria County Council (Emma Toyne)		✓			✓	✓	3
Audit Manager, TIAA (Andrew McCulloch)							
Audit Manager, TIAA (Peter Harrison)							
External Audit							
Senior Manager, Grant Thornton LLP (Michael Green)		✓		✓	✓	✓	4
Auditor Manager, Grant Thornton LLP (Gareth Winstanley)		✓		✓		✓	3
Associate, Grant Thornton LLP (Ben Hall)				✓			1
Total		14		14	15	15	58

Joint Audit Committee - Role Profile

Job Title: Committee Chair

1. Job purpose / key responsibilities - Chair

- 1.1. The Chair of the committee is responsible for providing leadership to the committee in effectively discharging its duties and responsibilities as set out in the committee terms of reference.
- 1.2. Ensuring that the committee achieves its purpose of providing an independent assurance function for the governance, internal control, risk and financial and non-financial performance of the Constabulary and OPCC.
- 1.3. The Chair must create and manage effective working relationships among the committee, the Commissioner, the Chief Constable, Section 151 officer (Joint Chief Finance Officer) and both internal and external auditors.
- 1.4. Meet separately with the Section 151 officer and External Auditor to discuss risk compliance and governance issues arising as a result of external or internal audit activity.
- 1.5. Act as the committee's spokesperson using their best efforts to see that the committee receives all material to be discussed at the meeting at least one week before the meeting to ensure sufficient time to review information.

2. Conduct of Committee Meetings

- 2.1. Act as the chair of each committee meeting ensuring the appropriate conduct of business in accordance with the committee terms of reference.
- 2.2. Conduct the business of each committee meeting in a manner which will result in all matters on the agenda being dealt with effectively and appropriately.
- 2.3. Propose the termination of discussion on any matter when they are of the opinion that the matter has been thoroughly canvassed and discussed and that no new points of view or information are being presented.

- 2.4. Attempt to achieve resolution of all issues discussed at the meeting in respect of which a decision is required and members express conflicting positions, views, or advice, but such attempt should in no way inhibit a member from maintaining a different position, view, or advice.
- 2.5. Ensure that all members who wish to address a matter at a meeting are afforded a reasonable opportunity to do so.
- 2.6. In any case where a member of the committee has an interest or potential conflict in respect of a matter to be discussed at a meeting, arrange for that member to excuse themselves from all or a portion of the committee discussion.

3. Committee Culture

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

4. Miscellaneous Matters

- 4.1. Assist the committee and management to understand and respect the responsibilities of each.
- 4.2. Whenever necessary or desirable, to facilitate the effective performance of the committee's duties, attend other meetings and committees including those to facilitate governance of the internal audit shared service.

Joint Audit Committee - Role Profile

Job Title: Committee Members

1. Job purpose / key responsibilities – Committee Member

- 1.1. To contribute to the effective discharge of the duties and responsibilities of the committee as set out in the committee terms of reference.
- 1.2. To maintain effective working relationships with committee members, the Police and Crime Commissioner, the Chief Constable, Section 151 officer (Joint Chief Finance Officer) and both internal and external auditors.
- 1.3. To be diligent in preparing for committee meetings and making an effective contribution to those meetings to provide independent assurance of the governance, internal control and finance, risk and performance management arrangements of the OPCC and Constabulary.

2. Conduct of Committee Meetings

- 2.1. Contribute to the business of each committee meeting in a manner which supports all matters on the agenda being dealt with effectively and appropriately.
- 2.2. Address the committee on all matters where an opinion or decision is required and in such a manner that does not inhibit other members of the committee wishing to express a different opinion.
- 2.3. Advise the committee Chair where an interest or potential conflict of interest may exist in respect of a matter to be discussed at a meeting and act on the advice of the Chair.

3. Committee Culture

- 3.1. As a member of the committee, contribute to a culture that supports:
 - i) Each member to use their best efforts in carrying out their duties as a member of the Committee;
 - ii) The highest level of integrity accountability and honesty in the actions of the committee and of the Commissioner, Chief Constable and the other officers of the OPCC/Constabulary;
 - iii) Respect and dignity among the members, officers and the external and internal auditor;

iv) The candid and timely sharing of information among the members of the committee, management and the external auditor;

v) Acceptance by all members of the committee of the right of every member to hold and express a dissenting opinion; and

vi) A commitment to best governance practices.

4. [Miscellaneous Matters](#)

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

CIPFA Self-assessment of Good Practice

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

value for money or best value	✓		
counter-fraud and corruption	✓		
Supporting the ethical framework	✓		
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓		
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓		
Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		
Membership and support			
Has an effective audit committee structure and composition of the committee been selected? This should include:	✓		
separation from the executive	✓		
an appropriate mix of knowledge and skills among the membership	✓		
a size of committee this is not unwieldy	✓		
where independent members are used, that they have been appointed using an appropriate process	✓		
Does the chair of the committee have appropriate knowledge and skills?	✓		
Are arrangements in place to support the committee with briefings and training?	✓		
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓		

Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief finance officer?	✓		
Is adequate secretariat and administrative support to the committee provided?	✓		
Effectiveness of the committee			
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓		
Are meetings effective with a good level of discussion and engagement from all the members?	✓		
Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓		
Does the committee make recommendations for the improvement of governance, risk and control and are those acted on?	✓		
Has the committee evaluated whether and how it is adding value to the organisation?	✓		
Does the committee have an action plan to improve any areas of weakness?	✓		
Does the committee publish an annual report to account for its performance and explain its work?	✓		



Office of the Police and Crime Commissioner Report

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N°012/ 2022)

TITLE: Effectiveness of Governance Arrangements for OPCC 2021/22

Executive Summary: (Précis not more than 100 words)

The Commissioner to receive a report from the Chief Executive and Chief Finance Officer regarding the arrangements for governance and accompanied by the Commissioner's Annual Governance Statement for 2021/22. The report will be subject to subsequent review by the Joint Audit Committee and any recommendations reported back to the Commissioner prior to agreement of the statement for release.

Recommendation:

The Commissioner is asked to note the report and governance documents.

Following review by the Joint Audit Committee in June, the Commissioner will subsequently be asked :

- i. Where applicable, consider the recommendations of the Joint Audit Committee, determining any actions and/or amendments to the Code of Corporate Governance 2022/23 and Annual Governance Statement 2021/22.
- ii. Approve for signature, where applicable with amendments, the Annual Governance Statement for 2021/22 and to the date of this meeting, which will then accompany the Statement of Accounts for 2021/22.

Police & Crime Commissioner

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

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

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

Signature:

Date: 24 June 2022

PART 1 – NON CONFIDENTIAL FACTS AND ADVICE TO THE PCC

1. Introduction & Background

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

2. Issues for Consideration

The Commissioner is the body charged with governance and must satisfy himself that the arrangements for governance are robust and properly reflected within the Annual Governance Statement. The entirety of those arrangements include the arrangements for Internal Audit. A separate report reviewing the effectiveness of the arrangements for Audit is presented as a separate agenda item. The report will be supported by an assessment of the effectiveness of the internal audit function and biennial cyclical review of the effectiveness of the Joint Audit Committee. That report is expected to conclude that the arrangements for audit are effective. The annual governance statement and the arrangements for compiling the statement are subject to annual audit.

3. Implications

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

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

4.

Backgrounds / supporting papers

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

Report on the Effectiveness of Governance Arrangements 2021/22 (Item 12a)

Annual Governance Statement 2021/22 (Item 12b)

Code of Corporate Governance 2022/23 (Item 12c)

<p>Public Access to Information Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would not compromise the implementation of the decision being approved.</p>
<p>Is the publication of this form to be deferred? NO</p> <p>If yes, for what reason:</p> <p>Until what date (if known):</p>
<p>Is there a Part 2 form - NO</p> <p>(If Yes, please ensure Part 2 form is completed prior to submission)</p>

ORIGINATING OFFICER DECLARATION:

<p>I confirm that this report has been considered by the Chief Officer Group and that relevant financial, legal and equalities advice has been taken into account in the preparation of this report.</p> <p>Signed: Date:</p>

OFFICER APPROVAL

<p>Chief Executive / Deputy Chief Executive (delete as appropriate)</p> <p>I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner / Chief Executive (delete as appropriate).</p> <p>Signature: Date: 24 June 2022</p>

Media Strategy

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

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

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

Is the media strategy attached? YES / NO

What is the proposed date of the press release:

Joint Audit Committee 22 June 2022 item 17a

Public Accountability Conference 23 June 2022 item 12a

Cumbria Office of the Police and Crime Commissioner and The Chief Constable for Cumbria Constabulary

Effectiveness of Governance Arrangements 2021/22

Report of the Chief Executive and Joint Chief Finance Officer

1. Introduction and background

- 1.1 This report has been prepared as a joint report to cover both entities with details appropriate to each organisation as required.
- 1.2 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2015 Accounts and Audit Regulations place a requirement on those bodies to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS). The Commissioner and Chief Constable are required to consider the findings of that review, approve the respective AGS and publish (which must include publication on the Commissioner's and Constabulary's respective websites) the Statements alongside the Statement of Accounts. The AGS are prepared in accordance with the CIPFA/SOLACE Good Governance framework that defines 'proper practices' for discharging accountability for the proper conduct of public business through the publication of an Annual Governance Statement that makes those practices open and explicit.
- 1.3 The Police and Crime Commissioner approves a Code of Corporate Governance, 'The Code', setting out his corporate governance framework. The Code is subject to review and updated annually alongside the process to review the arrangements for governance and prepare an Annual Governance Statement. The 2021/22 Code was subject to review by the Joint Audit Committee prior to approval by the Commissioner. It is the compliance with this Code by the Commissioner, together with an assessment of its effectiveness, which is reflected in the 2021/22 Annual Governance Statement.

1.4 The Chief Constable approves a Code of Corporate Governance, 'The Code', setting out her corporate governance framework. The Code is subject to review and updated annually alongside the process to review the arrangements for governance and prepare an Annual Governance Statement. The 2021/22 Code was subject to review by the Joint Audit Committee prior to approval by the Chief Constable. It is the compliance with this Code by the Chief Constable, together with an assessment of its effectiveness, which is reflected in the 2021/22 Annual Governance Statement.

2. Governance Framework & Effectiveness

- 2.1 The annual review of the arrangements for governance and their effectiveness support the production of the respective Annual Governance Statements for both the Police and Crime Commissioner and the Chief Constable. The review provides assurance on governance arrangements and the controls in place to achieve the organisational objectives. The review has been prepared by the Commissioner's Chief Executive, the Joint Chief Finance Officer and Constabulary Senior Officers in accordance with the CIPFA delivering good governance in local government guidance note for Police 2016. The guidance supports the application of the CIPFA/SOLACE Good Governance Framework to Policing, recognising the specific structure and governance responsibilities arising from the 2011 Police Reform and Social Responsibility Act.
- 2.2 Within the OPCC, the approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles as a benchmark of good practice as a when designing and monitoring governance. Those core principles and the arrangements that support them are set out in the 2021/22 Code of Corporate Governance approved by the Commissioner following review by the Joint Audit Committee in June 2021. The development of the Annual Government Statement is an integral part of the review, setting out how the Code has been complied with over the course of the year. Where the review has identified areas where developments are planned or improvements can be made, the AGS sets out an action plan to deliver those changes. The statement also highlights areas where further assurance is gained, such as the work of internal audit and the reports of the external auditors. The Commissioner's Annual Governance Statement setting out the review of governance arrangements for 2021/22 and to the date of this meeting, is presented to the Joint Audit Committee for review, prior to being received by the Commissioner for final endorsement and publication alongside the Statement of Accounts.
- 2.3 Within the Constabulary, the approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles. These have been used as a review checklist. The first stage of the process has been to ensure that the Chief Constable's Code of Corporate Governance adequately reflects all the requirements of the framework. The second stage of the process has been to ensure that the Governance Statement has evidence of the arrangements and practices

in place to comply with the framework. Where the review has identified areas where developments are planned or it is identified that improvements can be made, the intended actions are outlined in the 'Areas for Further Development and Improvement' for each core principle. The statement also highlights areas where further assurance is gained, such as the work of internal audit, the reports of the external auditors and the results of inspections carried out by Her Majesty's Inspector of Constabularies, Fire and Rescue Services (HMICFRS). The Chief Constable's Governance Statement setting out the review of governance arrangements for 2021/22 and to the date of this meeting is presented to the Joint Audit Committee for review, prior to being received by the Chief Officer Group for final endorsement and publication alongside the Statement of Accounts.

2.4 Whilst the review of arrangements described above has been specific to the production of the Annual Governance Statements, this process is supported by wider reviews of the arrangements for governance that take place during the financial year. This includes cyclical review and updates to core elements of the governance framework. During 2021/22 this has included a review and update of the Joint Procurement Regulations, the arrangements for anti-fraud and corruption and the Scheme of Delegation in both organisations. In addition, the Public Sector Internal Audit Standards and guidance from CIPFA in respect of Audit Committees forms the basis of further reviews of the overall arrangements for audit, with action plans being put in place where potential for improvement and development have been identified. This is supplemented by specific assessments on compliance by the Joint Chief Finance Officer and Head of Internal Audit with the requirements of the CIPFA statement for these roles. The governance review is also supported by an annually developed comprehensive audit plan from internal and external audit and an opinion from the Head of Internal Audit on the arrangements for internal control and risk. Management assurances are obtained for all financial systems on an annual basis. These requirements, whilst challenging, have enabled an approach that has sought to ensure all arrangements take account of best practice, codes and guidance.

3. The Effectiveness of Internal Audit

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

4. The Code of Corporate Governance 2022/23

4.1 On an annual basis the respective Codes of Corporate Governance are reviewed and updated, setting out the framework for governance within the OPCC and Constabulary. The 2022/23 Codes of Corporate

Governance applies the standards set out in the Delivering Good Governance in Local Government Framework published by CIPFA in 2016, with particular reference to the guidance notes for policing bodies, which recognise the governance implications of the structural differences between policing and other areas of local government. The CIPFA good governance framework is the best practice standard for Public Sector governance. The 2016 governance framework is based on seven principles, as set out in the respective codes and has a much broader focus on delivering value for money, including outcomes and demonstrating effective performance, often working in partnership to achieve this in comparison with the previous code.

5. Recommendations

5.1 Members of the Joint Audit Committee are asked to:

- (i) Review the respective Codes of Corporate Governance 2022/23
- (ii) Review the respective Annual Governance Statements 2021/22
- (iii) Make any recommendations with regard to the respective Codes, Statements and arrangements for governance for consideration by the Commissioner and Chief Constable prior to publication alongside the financial statements

5.2 The Commissioner and Chief Constable are asked to:

- (i) Where applicable, consider the recommendations of the Joint Audit Committee, determining any actions and/or amendments to the respective Codes of Corporate Governance 2022/23 and Annual Governance Statements 2021/22.
- (ii) Approve for signature, where applicable with amendments, the respective Annual Governance Statements for 2021/22 and to the date of this meeting, which will then accompany the respective Statements of Account for 2021/22.

Gillian Shearer

Roger Marshall

Chief Executive

Joint Chief Finance Officer

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

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

Contact points for additional information:

Roger Marshall – Joint Chief Finance Officer

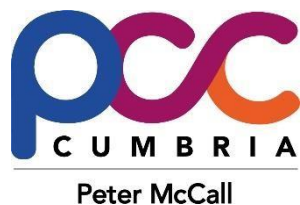
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Gill Shearer – Chief Executive

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Police and Crime Commissioner for Cumbria Annual Governance Statement 2021/22

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

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

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

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

This Annual Governance Statement (AGS) describes how the Commissioner has followed The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit Regulations 2015. The regulations say that we must prepare and publish an Annual Governance Statement (AGS) to accompany the Commissioner's statement of accounts.

REVIEW OF EFFECTIVENESS

The key systems and processes that comprise the Commissioner's governance arrangements for 2021/22 have been guided by the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework applicable to the 2021/22 financial year. This is the standard against which all local government bodies, including police, should assess themselves.

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

responsibility for the development and maintenance of the governance environment. The review process comprises:

- A cyclical detailed review of the key documents within the Commissioner's governance framework.
- A review of the governance arrangements in place to support each core principle, culminating in an updated Code of Corporate governance.
- A review of what has happened during the past year to evidence how the governance framework has been complied with.
- A review of the effectiveness of the arrangements for Internal Audit. The review is supported by consideration of the opinion of the Chief Internal Auditor, as set out in his annual report.
- A review of the effectiveness of the Joint Audit Committee against CIPFA guidance on Audit Committees for Police.

The following Annual Governance Statement demonstrates how the Commissioner has complied with the governance framework set out within the Code, to

meet of each of the seven governance principles. The Annual Governance Statement is published alongside the Statement of Accounts and also incorporates an action plan of planned future improvements for governance arrangements.

Principle A: Behaving with integrity, Demonstrating strong commitment to ethical values, and respecting the rule of law

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Ethics and Integrity

The Commissioner has in place arrangements for antifraud and corruption, which are reviewed on a 3-year cyclical basis, the last time being in November 2021 by the Governance Manager. The conclusions of this review were reported to the Joint Audit Committee in November 2021. The review concluded that arrangements are effective. Whilst fraud risk remains low within the OPCC

office, matters of integrity are re-enforced including enhanced arrangements in respect of recording gifts and hospitality and/or supplier contact. The anti-fraud and corruption arrangements also highlight mechanisms for confidential reporting and whistleblowing.

The process of commissioning services and awarding of grants present a potentially high risk with regards to integrity. Grant Regulations are in place to ensure that grant awards are made in a fair, transparent and consistent manner and that appropriate conditions are attached to safeguard public money. The grant regulations were reviewed in 2020 and the conclusions were reported to the Joint Audit Committee in November 2020.

A fraud risk assessment undertaken by the Joint Chief Finance Officer in compliance with International Financial Reporting Standards did not reveal serious concerns.

In respect of the arrangements for standards, ethics and integrity, three complaints have been received against the Commissioner with two against members of his office, but none were in relation to matters of integrity.

Despite the lockdown and restrictions of the COVID-19 pandemic, during 2021/22 the Ethics and Integrity Panel have carried out dip sample processes and thematic inspections for a number of different areas of business including, adherence with the Code of Ethics and Code of Conduct, public complaints, police misconduct and staff misconduct cases, all of which were found to support high standards of ethics and integrity. This enabled the Police and Crime Commissioner to fulfil his statutory duty to have oversight of the Constabulary's complaints and misconduct processes.

The scope of the Panel's work has developed during 2021/22 through the completion of thematic inspections, in relation to Mental Health Detention, the use of Stop and Stop/Search, the use of Body Worn Video, the issuing of Fixed Penalty Notices during the COVID-19 pandemic and lockdown and tiered restrictions; and the Data Ethics Consultation Group. The findings of the Panel's work, including recommendations, have been reported to the Commissioner's Public Accountability Conference to improve transparency and support public scrutiny and published on the OPCC's website.

The Joint Audit Committee received the 2021 annual report of the Ethics & Integrity Panel at their meeting on AGS Page 3 of 24

23 June 2021 to support assurances in respect of arrangements for standards and ethical governance.

From 1 February 2020 the OPCC has been responsible for reviews of public complaints. It appointed an independent reviewing officer to carry out the reviews assessing the complaint handling and whether the outcome provided was reasonable and proportionate, thereby providing an openness and transparency to the process. During 2021 the OPCC received 52 requests for a review this being a 62% increase on the previous year.

Respecting the rule of law

Officers within the OPCC receive updates on changes in legislation through their professional bodies, APACCE, PACTS, the APCC and from the government. The Commissioner provides funding to the Constabulary's Legal Services Department, who deliver support to the OPCC on legal matters.

During the year formal reviews have been undertaken of the role of the Commissioner's Chief Finance Officer and the Head of Internal Audit (HIA) and the Joint Audit

Committee against the respective CIPFA statements, which concluded there was full compliance.

Principle B: Ensuring openness and Comprehensive stakeholder engagement

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Openness

Openness is a key element of the role of the Commissioner and is not just about publishing information but listening and influencing as well. The Commissioner operates in accordance with the Elected Local Policing Bodies (Specified Information) Orders of 2011, 2012, 2013 and the guidance provided by the Information Commissioner. This is demonstrated, documented, and communicated through an information publication scheme that ensures the openness of all key information to the public. Examples of information that is published includes agendas and reports of public

meetings, guidance on the Commissioner's funds, freedom of information requests, financial information, and details of key decisions.

The Commissioner is highly committed to be the voice of the people of Cumbria. This is demonstrated through a wide range of engagement opportunities for the public to make contact, so their views are heard and responded to.

Despite Covid-19, a range of engagement opportunities have continued to be made available to the public. Examples include online focus groups with community groups, charities, and partners, online public surgeries and Facebook live, covering general and themed issues.

To promote openness and transparency, all Public Accountability Conferences have continued to be advertised to allow members of the press and public to attend, and all minutes arising from these meetings are published subsequently. An Annual Report, outlining the work of the Commissioner, is published.

In general terms, the engagement over the last five years has been comprehensive and had been flexible to develop to meet the changing needs of how people like to communicate and especially the impact of social media.

A three-year communication and engagement strategy covering 2021 -2024 has been developed and is now a live working document.

Engaging Comprehensively with Institutional Stakeholders

The Commissioner is actively engaged with a wide range of bodies to encourage a multi-agency approach to matters within his remit. For example, he chairs the Safer Cumbria Partnership Delivery Board, which is both the county-wide Community Safety Partnership and Criminal Justice Board for Cumbria, and he also chairs the Blue Light Executive Board.

During 2021/22 the Commissioner has continued to lead a range of partnership working initiatives to deliver his Commissioning Strategy and ensure arrangements are in place for victims support services. In the last year he has secured £1.4m of additional funding mainly for Victims Services and Safer Streets.

Engaging Stakeholders Effectively including Citizens and Service Users

The Policing Protocol Order highlights the accountability of the Police and Crime Commissioner to local people. This responsibility is delivered through the OPCC to ensure a wide range of engagement approaches so that the Commissioner actively listens, considers, and effectively uses the view of the people of Cumbria to influence decisions.

The Commissioner is directly involved in all the engagement activities and encourages the Commissioner's ethos of 'we, not they' to emphasise that communities, stakeholders and partners need to all work together to help deliver the Police and Crime Plan, to make Cumbria even safer. As a result of the pandemic, some engagement events have adapted, as they proved more effective online and others have returned to face-to-face meetings.

During 2021/22, engagement included:

- Public surgeries for members of the public to submit questions or speak to the PCC.
- website and social media (including the OPCC's website, Facebook page and Zoom meetings)
- face-to-face meetings – public health regulations permitting (including opportunities to 'Meet your PCC' at different venues and attendance at local events)
- 'You said, we did' feedback and media (including interviews, 'question and answer sessions' on local radio and live streams on Facebook)
- formal publications (including the PCC's Annual Report and Police and Crime Plan)
- the ICV Scheme and volunteering roles - Police Cadets and Special Constabulary
- interactive surveys (such as online questionnaires on perceptions of violence and public consultation on setting the council tax precept)
- co-ordinated campaigns focussing on anti-social driving, rural crime, cyber-crime, drugs and victims

- Promotion of Safer Streets funding, including a county-wide campaign on consent.
- general correspondence (letters, emails, freedom of information)
- Consultation for the business case to transfer the governance of Cumbria Fire and Rescue service to the OPCC.

The Commissioner launched public consultation on the proposal to increase the policing part of the council tax precept for 2021/22 by 65p a month for a Band B property. 60% of the respondents (822) agreed with raising council tax.

The OPCC logs all quality-of-service issues that are raised with the Commissioner, which are tracked and escalated with the Chief Constable where appropriate. This feedback is also used by the Constabulary to assess what lessons can be learned from examples of poor or unsatisfactory service, to make improvements.

In summary, the engagement with all stakeholders allows the Commissioner to develop a vision for policing services,

which in turn influences decisions and is incorporated within the Police and Crime Plan.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Defining Outcomes

The Police Reform and Social Responsibility Act (PR&SRA) requires the Commissioner to produce a Police and Crime Plan setting the vision and strategic direction for policing, crime reduction and community safety. Following his re-election in May 2021, the Commissioner developed a new Police and Crime Plan, drawing on the results of a public consultation and a strategic analysis of crime and community safety trends, emerging issues and partner agency feedback. This Plan was launched in early

December 2021. It contains the police and crime objectives which all contribute toward achieving the Commissioner's overall aim of 'Keeping Cumbria safe'.

The priorities within the plan are:

1. A Focus on Crime and the Causes of Crime
2. A Visible and Effective Police Presence
3. A Focus on Victims
4. Preventing Offending and Reducing Reoffending
5. Be the Voice of the Public on Policing Matters
6. Ensuring the Police are at the Forefront of the Response
7. Integrating Blue Light Services

During 2021/22, the Police and Crime Panel has continued to facilitate effective scrutiny of delivery of the plan's objectives through quarterly meetings. Thematic reports are presented to the Panel and follow terms of reference agreed in advance with the Panel Chair.

The Chief Constable is held to account for delivery of policing objectives through the Commissioner's Public Accountability Conferences (PACs). These meetings are divided into two key areas of business: performance and finance. A reporting schedule for these meetings is agreed annually with the Constabulary and ensures the

Commissioner monitors performance against a number of areas of policing identified in the Police and Crime Plan. During 2021/22 thematic reports provided assurance on the Constabulary's response to antisocial behaviour, drug misuse and violence against women and girls. In addition, reports were also received covering financial monitoring and crime data.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspections further support the Commissioner in identifying areas which are working well and which would benefit from improvement, which supports him in holding the Chief Constable to account for performance of the force.

The Police and Crime Act 2017 conferred a duty on Commissioners to collaborate on the delivery of emergency services. In 2020/21 the Commissioner continued to chair the Blue Light Executive Board which manages shared areas of collaboration between the Police, Fire and Ambulance.

The Commissioning Strategy sets out the processes by which the Commissioner will identify and fund services to support his priorities. For each service commissioned, whether through the giving of a grant or a contractual

relationship, specific outcomes and measurable indicators are included which define how the impact can be assessed.

Sustainable economic, social and environmental benefits

The Head of Partnerships and Commissioning ensures that the services commissioned are consistent with the PCC's objectives as set out in the Police and Crime Plan. During 2021/22 the Commissioner has committed funding to projects and initiatives aimed at reducing offending and re-offending and supporting victims of crime. A significant proportion of that funding has been committed to supporting victims of domestic abuse and sexual violence during the pandemic.

To support procurement and commissioning activity, the OPCC & Constabulary have in place Joint Procurement Regulations and a Social Value Policy, incorporating a modern slavery statement.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Planning and Determining Interventions

During the course of 2021/22 the Commissioner continued to hold the Chief Constable to account through his Public Accountability Conferences, held virtually. However, as we have moved into the post pandemic phase, subsequently they may be held in person. Through this forum, the Commissioner received Constabulary assurance covering a range of areas of performance including Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) performance improvement recommendations. Crime data and police performance have also been regularly monitored. The Commissioner also scrutinised the Constabulary's response to the pandemic, including policing issues raised by the Government's emergency measures such as social distancing, travel and exercise.

The Cumbria 'Out of Court (OoCDs) Disposal Scrutiny Panel' is chaired by the OPCC Chief Executive. The OoCDs allow the police to deal quickly and proportionately with low level, often first time, offending, which can be appropriately resolved without a prosecution at court. The Panel seeks to increase the public's understanding and confidence in how the Constabulary uses OoCDs. During 2021/22, meetings have been held virtually.

During the last year, the Commissioner has continued to build on partnership working to address priorities in the Police and Crime. Projects have included:

- Working with Cumbria Constabulary and district councils to deliver the Safer Streets Fund Round 2 Project in St Michael's ward, Workington with a primary focus on residential burglary. This project has delivered crime prevention measures, home security equipment, street lighting, CCTV around the local infant school, lighting and CCTV in the public park. The funding also provided 1300 home security packs including property marking kits to residents

- Working with Cumbria Constabulary, Copeland Borough Council and Cumbria County Council to deliver the Safer Streets Fund Round 3 Project in Whitehaven with a primary focus on the safety of women in public spaces. This project has provided lighting and CCTV in the public park, active bystander training for local schools and colleges, CCTV in areas identified as being of concern to women and girls and a local and countywide media campaign to raise awareness and encourage reporting of offences. Nearly 1,400 young people have received this training with outcomes such as increased awareness and heightened personal security.
- Working with Cumbria Constabulary, Carlisle City Council, University of Cumbria and Crimestoppers to deliver the Safety of Women at Night (SWAN) Project in Carlisle with a primary focus on the safety of women in the night-time economy. This project has provided a team of Safer Streets Volunteers and Safer Streets Officers to work on Saturday nights offering assistance to women or anyone in need of help. The project has developed the Cumbria Night Safety Charter which will be rolled out to businesses that operate in the night-time economy. The project has

allowed the University of Cumbria to create a production for secondary schools to be used as an up-to-date resource within the PSHE curriculum as a direct response to the June 2021 Ofsted Inspection Report into schools' culture and funded a Crimestoppers campaign to raise awareness and encourage reporting.

- In partnership with the Constabulary have helped to reduce reoffending via the Adult Out of Courts Cumbria Disposal Framework. The Offender Management programme is known as 'The Pathways Programme', which is delivered by commissioned provider Remedi. In the first year of delivery, Pathways has received 314 referrals with equal spread of referrals across the county.
- Working with Get Safe Online to raise public knowledge of how to protect themselves against fraud and other crimes committed via the internet. The OPCC communications team sent 100 social media posts to our 5,000 followers.
- Working with the Constabulary and through Safer Cumbria, developed a better understanding of modern slavery and human trafficking across all

partner agencies in Cumbria. This included delivering Victim Liaison Officer Training (VLO's) and continual refresher training within the last 6 months. To date there are 18 VLO's throughout Cumbria.

- Conducted research in partnership with the Northwest Regional Organised Crime Unit aimed at developing an in-depth understanding of modern slavery and human trafficking in Cumbria and to understand the level of victimisation and exploitation impacting on local communities. The recommendations from the final Report 'Hidden from View' have been acknowledged and incorporated into the Safer Cumbria Partnership Action Plans, ensuring a multi-agency response to tackling Modern Slavery and Human Trafficking in Cumbria.
- Working with partners to deliver a Safer Driving Campaign, in response to what local residents said is one of their main local concerns. The campaign focuses on raising awareness of the Fatal Four (no seatbelts; speeding; distracted driving and drug/drink driving). In addition, delivery of a rural crime campaign, which has been influenced by current issues raised by the Constabulary and

National Farmers Union (NFU), with all partners working together to promote rural safety and prevent rural crime.

- Developed a co-commissioning agreement with the National Probation Service to pilot a Women's Outreach Service to enable women in rurally isolated communities to access support services. This holistic approach has been developed to provide information, support, training, education in a safe trusted space across the county in North, South and West of the county.
- Working in partnership with Probation to deliver a hate crime project bringing together specialist groups, charities and organisations to understand the nature and impact of hate crime in the county. A series of workshops supported the design and commissioning of an intervention for young people who have or appear to be at risk of committing hate crimes.
- Alongside this, the Commissioner secured funding to carry out research with victims, witnesses and community groups to develop a greater understanding of the types and level of hate-based

prejudice and hate crimes impacting on local communities. The recommendations from the final report 'More than Just Words' has been included in the Safer Cumbria Community Safety Action Plans.

- Extended the Co-commissioning arrangement with Probation for a further two years following successful implementation of a jointly managed Integrated Offender Management Co-ordinators post. The collaboration agreement allows a member of police staff to act as a representative to the Northwest Regional Integrated Offender Management Team for Cumbria to assist with the regional design and implementation of the Integrated Offender Management Strategy.
- Worked with NHS England to secure funding for and to re-commission Sexual Assault Referral Centre services for victims of all ages in Cumbria.
- Continued to lead on the implementation of the Quality Assessment Framework to review and improve how criminal justice and support agencies comply with the national Code of Practice for Victims of Crime.

- The Commissioner continues to chair the Blue Light Collaboration Executive Leaders Board, which oversees joint work-streams between the Police, Fire and Ambulance.
- Successfully procured an early intervention child mentor programme for children and young people in collaboration with the Child Centred Policing Team. The provider is the national 3rd sector organisation Barnardo's.
- Procured and co-commissioned a Restorative Justice and mediation contract for the next 3 years.
- In partnership with the Constabulary and The Well Communities (TWC) developed a programme called 1CLIC (County Lines Informed Cumbria) to prevent people getting involved in illicit drug taking. The programme will target organised crime, including county lines to prevent harm in local communities, over a 2-year period.
- Implemented the "They Matter" high risk domestic abuse perpetrator intervention programme
- Working in partnership with High Sheriff of Cumbria and Cumbria Community Foundation over a 3-year

period to develop a funded training programme to encourage people within Cumbria to become trained in youth work, leading to accredited qualifications with the option to progress to degree level and to increase the number of young people having access to support from youth workers to improve their life chance through the 'Better Tomorrows Programme'.

The Commissioner has held regular one-to-one meetings with the Chief Constable during the pandemic, maintaining a good oversight of how the Constabulary has continued to work in partnership, locally, regionally and nationally, to provide an efficient and effective local response post Covid-19 and support Cumbria's recovery back to normal life.

The Safer Cumbria Partnership remains the primary vehicle by which community safety and criminal justice are delivered and national contingency plans are translated into local actions. The OPCC has worked with the partnership to review its key strategic priorities to ensure they reflect the main issues, risks and threats likely to impact upon crime and community safety in Cumbria from 2022 onwards. The Partnership's overarching Strategy has been updated to reflect these changes.

Safer Cumbria Partnership will lead a multi-agency response to driving a public health approach to tackling and reducing violence and serious violence in the County through its unique business structure. During 2021/22 the OPCC in collaboration with Safer Cumbria Partnership and 3rd sector organisations developed a Serious Violence Needs Assessment incorporating 14 Recommendations aimed at assisting public and 3rd sector organisations who have a vested interest in reducing the number of people and communities who are harmed by violent behaviour and occurrences by undertaking a public health approach to violence prevention.

During 2021/22, the Commissioner developed a business case to assess the best option for the future governance of Cumbria Fire & Rescue Service following the Home Secretary's announcement to abolish Cumbria County Council (the current Fire & Rescue Authority) and create two unitary authorities from 2023/24. The business case was developed by BearingPoint Consultants in collaboration with the Fire & Rescue Service, Cumbria County Council and other blue light services in Cumbria and was scrutinised through the Safer Cumbria Partnership governance structure. Further key stakeholder engagement and public consultation on the

business case also took place. The Commissioner submitted the business case to the Home Secretary on 31st March 2022 proposing that he takes on responsibility for the Fire & Rescue Service under Section 4A of the Fire & Rescue Services Act 2004. It is now for the Home Secretary to consider this proposal and determine the future of the fire service in line with the statutory framework under which fire services operate.

The policing grant settlement, received in December 2021 provided £4.0m in additional grant funding for 2022/23, principally to support the final phase of Operation Uplift; the Government's plan to recruit 20,000 new officers by 2023. The settlement also provided Commissioners with a degree of flexibility to levy increased council tax Following a public consultation exercise, the Commissioner approved the 2022/23 budget in February 2022 based on a council tax increase of 3.67%. The additional funding provided to the Constabulary will allow existing services to be maintained and has facilitated planned recruitment of an additional 68 officers in 2022/23 in fulfilment of the Constabulary's overall Operation Uplift target of recruiting an additional 168 officers over the three years of the Uplift programme. In consultation with the Commissioner, once trained, the

additional officers will be deployed by the Chief Constable to areas, which will support the Police and Crime Plan's principal objective of keeping Cumbria safe. The budget has also supported investment in a new records management system, analytical capability and resource co-ordination which are seen as critical to deliver the Chief Constable's strategic objectives.

The Government's spending plans, as set out in its spending review announcement in autumn 2021, and the investment in Operation Uplift have been generally favourable to policing. However, the emergence of inflationary pressures not seen for a generation in the latter part of 2021/22 in combination with existing financial risks in relation to the cost of implementing the Emergency Services Network, pension cost pressures and the impact of the review of the Police Funding Formula make the Commissioner and Constabulary's future financial outlook uncertain. The budget for 2022/23 has been balanced, however savings will be required from 2023/24 onwards.

Against this background, modelling of a range of financial scenarios through the Medium Term Financial Planning process, undertaken jointly by the OPCC and Constabulary, have continued to inform wider business planning and develop savings proposals, as a means of balancing the budget over the medium term.

Optimising Achievement of Intended Outcomes:

All planning is undertaken in the context of a four-year medium term financial strategy, incorporating financial modelling, operational plans and capital strategies.

During, the last year, the Commissioner has continued to:

- Successful working with the Constabulary to reduce re-offending through the implementation of an Out of Court Disposal Framework through the Pathways Project. 94 independently selected cases were audited during 2021 which equates to a dip sample of 4.5% of available cases. Overall, 88 cases were found to have a disposal that was both appropriate to the offence and consistent with national guidelines

and local policy, which is 93% of the cases that were selected. there were 5 Deferred Cautions audited in the Nov 2021 panel meeting. All 5 were found to be appropriate and consistent with policy. Offenders had all engaged with the Pathways project.

- Provided restorative services, enabling victims to inform offenders of the impact a crime/antisocial behaviour incident has had on them: 233 victims engaged with restorative services, 27 victim-offender conferences were held, and 87 indirect restorative interventions were undertaken. 100% of victims who engaged in restorative services were satisfied with the outcome, 98.6% would recommend RJ, 89% of service users were able to cope and recover. In addition, 2201 individuals benefited from anti-social mediation services, 85% expressed overall satisfaction with the service, 80% of service users were able to cope and recover, 75% expressed increased feelings of well-being and 90% would recommend the service to others.
- Worked with partners to develop proposals to pilot a Women's Outreach Service. The Women's Outreach Service for North Cumbria has supported 48 clients during 2021/22. All clients have reported 100%

satisfaction with the service they have received and 73% have reported an improvement in health and wellbeing. South Cumbria Womens Outreach Service has supported 67 Clients of those, 36 were referred due to domestic abuse issues and 22 were referred for other issues such as mental health and social isolation. 93% of clients reported and improvement in health and wellbeing.

- Provide a support service for victims, which integrates emotional, practical, advocacy and signposting services for people who have experienced all types of crime. 1957 victims of crime received a service from Victim Support during 2021-22 [NB we don't have year-end data yet so Q4 is missing - this will be chased and the figure updated asap]
- Develop services for victims of domestic abuse, including commissioning and launching a service for children and young people who have witnessed domestic abuse, after securing over £600,000 from Ministry of Justice to fund the service over two years. The Commissioner also secured additional funding from Ministry of Justice to support organisations working with sexual and domestic abuse victims to

respond to the impact of increased referrals once restrictions related to the Covid-19 pandemic were lifted.

- Together with Cumbria County Council, continued to fund an Independent Domestic and Sexual Violence Advisor support, alongside other practical and emotional support for victims of domestic and sexual abuse, as part of the wider victims' service through Victim Support. This service has continued to be bolstered through funding secured by the Commissioner from the Ministry of Justice, which has funded an additional 2 ISVA posts. The team includes 7 Independent Sexual Violence Advisor posts which dealt with 504 referrals of victims of sexual assault or abuse in the period January to December 2021.
- Fund and manage contracts for the services which make up the Bridgeway Sexual Assault Support Service. 170 people received therapeutic services, 119 victims were supported to have a forensic-medical examination following rape or sexual assault and 74 people sought telephone advice through the Bridgeway Sexual Assault Support Services during the year ending December 2021. For the therapeutic service, 92% of service users with a planned closure

to their support reported an improvement in health and well-being, 87% felt better able to cope with everyday life and 81% felt safer (data for January to December 2021).

- Fund a county-wide Domestic Abuse Perpetrator Programme "Turning the Spotlight" which received 306 referrals in 2021-22. Positive outcomes included 100% of clients reporting improved understanding of healthy relationships.
- Funding from the Commissioner has supported 45 families to take part in the "Step Up" programme for families experiencing child-on-parent or guardian violence. 66.6% of referrals reported an improvement in behaviour and relationships.
- Provide financial support to numerous projects working with victims and local communities across Cumbria through his Property Fund. 38 community organisations and charities benefitted from Property Fund grants of up to £2,500. Funding provided to Drop Zone in the Furness area assisted in support

being provided to 20 young people with low level mental health issues. Funding provided to Cockermouth RUFC for turf to be installed has enabled a better facility for the community and has been positively received. Carlisle Samaritans received funding which enabled them to deliver core training to 17 new Samaritans, support one-to-one mentoring for each new Samaritan and provided a more enhanced service to callers to the Samaritans.

- Worked with the Constabulary to provide "Keep Safe" - a service offered to all victims of crime so they may receive high quality crime prevention advice to keep themselves safe. Where necessary housing providers have been given advice and/or products to target harden homes to keep their tenants safe, and where there is no other option security equipment and products have been installed funded by this scheme.
- Received funding for the STAR project. The webinars were around Modern Slavery in Lettings and Accommodation, Agriculture and the Rural Community and Business Supply Chains. Feedback after the webinar was also responded to and showed that the presentations had been "extremely clear"

the training and training content had been over all “extremely engaging” and 100% of attendees at two of the webinars were “very satisfied” overall with the training provided.

- Secure funding from NHS England to address needs in relation to sexual offences in the county. This resulted in the commissioning of a service for young people who have shared nude images to understand the impact of doing so and to develop resilience, with the aim of preventing any further sharing of images or inappropriate sexual behaviour. A research project was also commissioned to understand the lived experience of survivors of sexual assault and abuse, to identify whether further focus is needed to improve the journey of coping and recovery.

Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Developing the entity’s capacity

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA). The PRASA also sets out the function and roles of statutory officers, namely the Monitoring Officer (Chief Executive) and the Chief Finance Officer (CFO). The monitoring officer has specific legal, financial and governance duties in addition to a statutory responsibility for the lawfulness of decision making. The functions and roles set out in legislation and guidance are codified in the Commissioner’s scheme of delegation.

During 2021/22 there have been no major changes to the structure of the OPCC. The OPCC is a small team and works together to address any issues arising from staff turnover.

The Chief Executive and Deputy Chief Executive rotate roles on a six-monthly basis and this provides a cost-effective approach as well as offering greater resilience. This arrangement continues to work well.

The Commissioner and Chief Constable have agreed to a shared Chief Finance Officer arrangement. A protocol and range of safeguards have been put in place to handle potential conflicts of interest arising from the joint role. A review of the operation of the Joint Chief Finance Officer arrangement has been conducted aligned to the CIPFA statement on the Role of the Chief Finance Officer. This exercise has shown full compliance and has not revealed any significant issues.

Developing the entity’s leadership

The Chief Executive receives support through the Association of Police and Crime Commissioner Chief Executives (APACCE), while the Chief Finance Officer continues to receive support from the Police and Crime Commissioner’s Treasurer’s Society (PaCCTS) and the associated technical information service. During 2021/22 the Chief Finance Officer and wider finance team have continued to actively participate in the ‘Achieving Financial Excellence in Policing’ programme developed by

the Chartered Institute of Public Finance and Accountancy. Central to this programme has been work on delivering an action plan to address areas for improvement in financial management arising from a self-assessment undertaken in 2020/21.

During 2021/22 development activity for members of the Joint Audit Committee was limited by the pandemic, however sessions took place remotely in relation to treasury management and the Commissioner / Constabulary's budget and medium-term financial forecast. A formal review of effectiveness of the Committee against the new CIPFA guidance for Audit Committees evidenced compliance with CIPFA guidance and elements constituting best practice. The full report of the Committee can be found on the Commissioner's website at:

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

The Independent Custody Visiting Scheme continued to operate on a revised basis (telephone visits) until July 2021, when physical visits were re-introduced. Developments during the year included:

- Virtual four monthly panel meetings on social media platforms to remain connected with the volunteers.
- Recruitment campaign to attract new candidates
- Delivery of on-going ICVA thematic training packages for existing members.
- Membership of the Independent Custody Visitors Association (ICVA).
- Attendance at virtual national conferences
- The Scheme Administrator joins the Constabulary's Custody Forum meetings to advise on the scheme and keep up to date with developments in custody.
- Animal Welfare Scheme - monthly visits to Cumbria Constabulary and the Civil Nuclear Constabulary were re-introduced in July 2021.

Developing the capability of individuals within the entity

A comprehensive OPCC Training Plan has been developed. This sets out the overall training plan for the office and cascades into individual responsibilities.

During 2021/22 arrangements to support staff in tasking and performance have been embedded and are working well:

- Weekly tasking meetings attended by all staff.
- Monthly team meetings focused on policy and procedures.
- Annual Performance Development Reviews monitored on a quarterly basis with supporting tasking 1-2-1s.

A monthly informal team catch-up also takes places where staff can share information about their role or themselves in a less formal environment.

Principle F: Managing risks and performance through robust internal control and strong public financial management

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Managing risk

The Commissioner's Risk Management Strategy is reviewed on a 3-year cyclical basis and was reviewed in 2020. The conclusions of this review were reported to the Joint Audit Committee in March 2020. A high-level review is undertaken annually to ensure that the strategy reflects the current risk environment. Any changes are presented to the Joint Audit Committee. Risk has become embedded within the everyday work of the OPCC, staff continually assess risks within their roles. Both strategic and operational risks are reviewed on a quarterly basis and appropriate updates made. The OPCC also provides scrutiny of the Constabulary's management of strategic risks.

The strategic risk register is updated on a quarterly basis and currently incorporates risks in relation to strategic finance, risks relating to the implementation of the Emergency Services Network, Insurances and the Fire & Rescue Governance Business case.

The Commissioner's arrangements for Risk Management include procedures for Business Continuity, which are regularly reviewed and tested throughout the year. Throughout the COVID-19 pandemic the Business Continuity Plan has been utilised and where necessary updated to reflect the changing environment.

Managing Performance

The Public Accountability Conferences facilitate arrangements for the scrutiny of quarterly thematic reports from the Constabulary around priority areas of policing including its response to the Covid-19 pandemic. In addition, six monthly performance reports provide an understanding of the demand placed on the Constabulary, how it addresses this demand and improves outcomes for victims. The Commissioner also receives updates on how the Constabulary is supporting victims of crime and antisocial behaviour and monitors the implementation of actions and recommendations

arising from inspections, including those undertaken by HMICFRS. This is supported by regular one to one meetings between the Chief Constable and Commissioner. Senior officers within the OPCC also attend Constabulary meetings to provide challenge and oversight of the arrangements that support decision making, delivery of key areas of business and the allocation of resources.

All Police and Crime Panel meetings are held in public, providing an open and transparent process for scrutinising the decisions and work of the Commissioner. During 2021/22 the Panel has placed a significant focus on monitoring delivery of the Police and Crime Plan and underpinning Action Plan, receiving thematic reports against these at each meeting. The Panel has also unanimously supported the Commissioner's proposed precept for 2022/23.

Robust Internal Control

During 2021/22 a number of areas of the corporate governance framework have been subject to cyclical review and update. This process is supported by the professional advice of the Joint Audit Committee. During 2020/21 the Committee has considered and provided

scrutiny of the Commissioner's the Code of Corporate Governance, the Internal Audit Charter, the PCC Scheme of Delegation, the PCC's Arrangements for Anti-Fraud and Corruption activities, the Treasury Management Strategy, Statement of Accounts and Annual Governance Statement.

Internal controls have also been reviewed through the annual process of management assurances and the annual internal audit plan. The full audit plan of audits which were scored for assessment for 2021/22 has been delivered. This has allowed the Head of Internal audit to provide 'Reasonable Assurance' on the PCC's arrangements for risk management, governance and internal control. Overall, of the fourteen audits completed in 2021/22 covering the activities of the OPCC and Constabulary, 93% provided either substantial or reasonable assurance. Management have put in place to address all audit recommendations.

Managing Data

The OPCC operates within the parameters of legislation governing the protection of data, ensuring that all data is

appropriately stored and shared where necessary. Information is provided to members of the public under the Freedom of Information Act, with requests and responses published on the Commissioner's website. The Ethics and Integrity Panel provide additional assurance in this respect. Physical data within the OPCC is held securely with appropriate office and cabinet security provided. The OPCC is reliant upon Cumbria Constabulary in relation to some business functions and regular meetings are held to monitor compliance and developments. Regular meetings are held with the Constabulary to assess the continued compliance and any effect on the OPCC.

The OPCC has a joint Data Protection Officer with Cumbria Constabulary. Any identified data breaches notified to, or within, the OPCC are highlighted to the Joint DPO to assess and advise of any course of action to be taken.

Strong Public Financial Management

The policing grant settlement, received in December 2021 provided £4.0m in additional grant funding for 2022/23, principally to support the final phase of Operation Uplift; the Government's plan to recruit 20,000 new officers by 2023. The settlement also provided Commissioners with a degree of flexibility to levy increased council tax

Following a public consultation exercise, the Commissioner approved the 2022/23 budget in February 2022 based on a council tax increase of 3.67%. The additional funding provided to the Constabulary will allow existing services to be maintained and has facilitated planned recruitment of an additional 68 officers in 2022/23 in fulfilment of the Constabulary's overall Operation Uplift target of recruiting an additional 168 officers over the three years of the Uplift programme. In consultation with the Commissioner, once trained, the additional officers will be deployed by the Chief Constable to areas, which will support the Police and Crime Plan's principal objective of Keeping Cumbria Safe. The budget has also supported investment in a new records management system, analytical capability and resource co-ordination which are seen as critical to deliver the Chief Constable's strategic objectives.

The Government's spending plans as set out in its spending review announcement in autumn 2021 and the investment in Operation Uplift have been generally favourable to policing. However, the emergence of inflationary pressures not seen for a generation in the latter part of 2021/22, in combination with existing

financial risks in relation to the cost of implementing the Emergency Services Network, pension cost pressures and the impact of the review of the Police Funding Formula, make the Constabulary's future financial outlook uncertain. The budget for 2022/23 has been balanced, however savings will be required from 2023/24 onwards.

At the Public Accountability Conference on the 16th February 2022, the Commissioner set the 2022/23 annual budget and precept in the context of a medium-term financial strategy 2022-2027. In line with his duty to maintain the police force the Commissioner agreed a net revenue budget of £139.1m and a capital budget of £4.5m for the Chief Constable for the 2022/23 financial year and a funding arrangement that codifies the terms for that funding, including arrangements for financial management. The budget for 2022/23 also included £0.9m for the operation of the Office of the Police and Crime Commissioner and £2.35m funding within a commissioned services budget for victims, community safety and crime reduction.

During 2021/22 the Commissioner received regular financial reports including the revenue and capital budgets, in year monitoring of expenditure against budget and treasury management. A summary format of

financial reports incorporating tables and graphs, wherever appropriate, is used to improve accessibility. Financial reports are published on the Commissioner's website.

The outcome of all audits of financial arrangements during 2021/22 was an opinion that provided either reasonable or substantial assurance.

Financial sustainability over the medium term has remained on the Commissioner's strategic risk register. A number of mitigation measures have been put in place including the detailed medium-term financial forecast, financial scenario planning, use of reserves and development of savings plans in conjunction with the Constabulary.

During 2021/22 the finance team have continued to participate in the Achieving Financial Excellence in Policing programme promoted by the Chartered Institute of Public Finance and Accountancy. Work has continued to implement the action plan developed in 2020/21 following a self-assessment of all aspects of financial management. At the end of the year 13 out of 15 actions were shown as

either completed or on track for completion, improvements delivered included :-

- Development of an enhanced Productivity and Efficiency Plan, largely in the Constabulary.
- Enhanced reporting. (objective analysis and Balance Sheet)
- Development of a business partnering training package in liaison with CIPFA.
- Embedding a continuous improvement plan, alongside the Commercial and Central Services Departments.

Work is planned in 2022/23 to further implement the budget planning module of the financial system, further enhance Value for Money arrangements including the savings plan and benchmarking and to roll out a budget management training package for non-finance staff.

The Financial Management Code developed by the Chartered Institute of Public Finance and Accountancy came into effect from the 1st April 2020, with the aim of supporting good practice in financial management in local authorities including the policing sector. In the most recent self-assessment undertaken in March 2021, the Constabulary largely meets the requirements of the code with full compliance in thirteen out of seventeen

statements and partial compliance in the remaining four. Developments have been progressed in relation to the Productivity and Efficiency Plan, balance sheet reporting, financial business partnering and contract management in 2021/22, however, there are some areas where further work is required to ensure full compliance, most notably in relation to

- Demonstrating Value for Money and identifying savings to ensure financial sustainability.
- Developing a financial resilience index.
- Application of formal options appraisal techniques.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Implementing good practice in transparency

The Commissioner is committed to good transparency. Every opportunity is taken to demonstrate the good work that the Commissioner is involved with especially around the support to third-parties and commissioned services. This is further reinforced by publishing information from across the OPCC using different formats to allow people to access information in range of forms. The Commissioner's website remains the central place for all information to be accessed.

Throughout the year the Commissioner has published regular financial monitoring information in a short and succinct format that aims to increase the transparency and accessibility of financial information. Further to this,

the statutory financial statements for 2020/21, published in June 2021, include the Chief Finance Officers' Narrative Report. The Narrative report incorporates a more accessible summary of the statements and financial and performance information, alongside a business review.

Implementing good practices in reporting

The Commissioner's activities, performance and achievements have been published in an annual report, which can be found on the Commissioner's website at www.cumbria-pcc.gov.uk. It highlights the commissioner's key achievements during his sixth year in office, including:

- Continuation of funding for many community projects and support services to tackle the key priorities in the Police and Crime Plan and maintain vital services for victims.
- Setting the policing budget for 2022/23, maintaining the additional 45 police officers secured over the Commissioner's term of office and are on schedule to recruit all 168 extra officers under the Government's

Operation Uplift Programme to recruit an additional 20,000 officers nationally by March 2023.

- Improved youth engagement through the work of the Mini Police and Cadets.
- Prioritised and supported work to address the top public concerns raised with him namely, police visibility, safer driving, cyber-crime, drugs and rural crime.

An updated Code of Corporate Governance was adopted in line with the 2016 CIPFA/Solace Good Governance Framework for Local Government.

A review of the arrangements for internal audit have confirmed that the service meets the requirements of the Public Sector Internal Audit Standards (PSIAS) during 2021/22.

Assurance and effective accountability

The Constabulary's unaudited financial statements for 2020/21 were released in June, with the final version

published in November, meeting the deadlines for financial reporting, which continued to be less stringent than prior to the Covid-19 pandemic. The External Auditor's Annual Report gave an unqualified audit opinion. In relation to value for money in the External Auditor concluded that the Constabulary has appropriate arrangements in place to manage the risks it faces in respect of its financial resilience and that they had not identified any significant weaknesses in the Constabulary's arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. One recommendation was made in relation to reporting of savings.

Implementation of recommendations arising from the internal audit plan, external audit reports and HMICFRS are monitored by the Joint Audit Committee.

The Ethics and Integrity Panel continues to monitor and reports on some specific areas of activity, such as complaint handling, misconduct cases and ethical issues.

During the pandemic the Panel continued to provide assurance around the Constabulary's use of the emergency powers by conducting dip-samples of the Fixed Penalty Notices issued relating to Covid-19 restrictions and the Governments Guidelines.

Impact of the Coronavirus Pandemic

During 2021/22 the work of the Office of the Police and Crime Commissioner has been impacted by the Covid-19 pandemic. For the most part staff have been working remotely but have been able to continue business as usual. Meetings and engagement activities have been moved on-line and have operated effectively. Due to Government guidelines being removed, more face-to-face engagements, both externally and internally, are taking place.

FURTHER INFORMATION

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

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

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Police and Crime Commissioner

*Gill Shearer

Chief Executive

*Roger Marshall

Joint Chief Finance Officer

24 June 2022

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

Appendix A Update on 2021/22 Development and Improvement Plan

Ref	B/fwd from 2020/21 (ref)	Action	Lead Officer	Implementation by	Action Update	Revised Implementation Date	Status
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.							
CPA/1		Develop a succession plan to ensure resilience and continuity of the membership and skills of the Ethics & Integrity Panel.	Governance Manager	28 February 2022	A new member was successfully recruited in December 2021.		Completed
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.							
CPB/1	CPB2	Develop a communications and engagement strategy for 2021-24	Communications and Engagement Officers.	30 June 2021	A new strategy has been developed and is now in place.		Completed
Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits							
CPC/1		Work with the newly elected Police & Crime Commissioner to develop a new Police & Crime Plan for 2021-2024	Partnership & Strategy Manager	31 December 2021	Following public and partner agency consultation, the draft Plan was developed and considered by the Police and Crime Panel, which was supportive of the Plan. The Plan was launched in November 2021.		Completed
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.							
CPD/1		Develop a holistic approach for women services through the Women Centres.	Project Manager	31 March 2022	A consistent service with a single point of access has now been put in place.		Completed
CPD/2		Working with the Constabulary to reduce reoffending through the implementation of an Out of Courts Disposal Framework through the Pathways project.	Project Manager	31 March 2022	The Pathways Project delivered in conjunction with the Constabulary has been implemented and is operating.		Completed
CPD/3		Continue to deliver the Government's policy around Safer Streets	Safer Streets Co-ordinator	31 March 2022	Safer Streets 1,2 and 3 have been completed.		Completed
CPD/4		Develop and commission an intervention for perpetrators of Hate Crime.	Partnership & Strategy Manager	31 October 2021	Following engagement with stakeholders via a series of workshops, market engagement was conducted to find a suitable provider for this pilot intervention, which proved challenging due to local provider capacity issues. This service has been commissioned and is receiving referrals.		Completed

Appendix A Update on 2021/22 Development and Improvement Plan

Ref	B/fwd from 2020/21 (ref)	Action	Lead Officer	Implementation by	Action Update	Revised Implementation Date	Status
CPD/5	CPD/2	Continue to work in collaboration with Cleveland, Northumbria and Durham OPCCs and NHS England / NHS Improvement to jointly commission an integrated Sexual Assault Referral Centre (SARC) model across these areas.	Partnerships and Strategy Manager	31 December 2021	After working jointly with North East OPCCs, it was found that the best route to successfully getting a provider for Cumbria's SARC was to procure this separately. The procurement was successful and the new contract went live on 1st April 2022. Responsibilities related to the SACR premises have been transferred to the new provider.		Completed
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the individuals within it.							
CPE/1		Internal Audit of the OPCC's Agile Working arrangements.	Governance Manager	30 September 2021	IA completed and final report issued on 4 August 2021		Completed
CPE/2		Implement the recommendations from the 2021 PCC review	Chief Executive	31 March 2022	All required actions to date have been completed but awaiting national guidance in some areas.	31st March 2023	Ongoing (within original timescale)
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.							
CPF/1		Review of governance structure and processes in preparation for the outcome of PCC Reviews.	Governance Manager	31 December 2021	Work has commenced on this review with some completed actions.	31st December 2022	Ongoing (original timescale extended)
CPF/2		Consider the implications of local government re-organisation on the Office of the Police & Crime Commissioner and make recommendations to the Police & Crime Commissioner.	Chief Executive	31 August 2021	The Business Case for Fire Governance was submitted to the Home Office in March 2022.		Completed
CPF/3		Develop partnership arrangements with the Youth Endowment Fund to ensure access to future funding streams that helps to prevent the criminalisation of children	Partnership & Strategy Manager	31 March 2021	The OPCC has engaged with the YEF around potential areas for funding in the future and submitted two bids to available funding streams in 2021-22. Feedback has been obtained on these funding bids which were unsuccessful. The value of further developing the relationship with the YEF is being reviewed in the light of the challenges areas like Cumbria face in obtaining YEF funding.	31 March 2021	Completed
CPF/4		Complete a self-assessment against the CIPFA Good Governance Guide for the Safer Cumbria Partnership to drive recommendations for improvement	Safer Cumbria Co-ordinator	30 November 2021	Self Assessment completed and identified actions incorporated into the Business Area Group Delivery Plans	31 December 2021	Completed

Appendix B 2022/23 Development and Improvement Plan

Ref	B/fwd from 2021/22 (ref)	Action	Lead Officer	Implementation by
		Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.		
CPA/1		Review the work programme for the joint Ethics and Integrity Plan ensuring that work supports the recommendations from the HMICFRS Peel assessment.	Governance Manager	31st December 2022
		Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.		
CPB/1		Develop an annual engagement strategy ensuring that all stakeholders have a voice and are listen to.	Engagement Officer	30th September 2022
		Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits		
CPC/1		Review and develop the Accountability Framework to ensure it is fit for purpose	Partnership & Strategy Manager	31st March 2023
		Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.		
CPD/1		Review the OPCC's approach to capturing victims'/ survivors' lived experience to inform its commissioning and contract management and implement the outcomes.	Partnership & Strategy Manager	31st March 2023
CPD/2		Implement early intervention programme for children and young people to reduce criminalisation of young people.	Project Manager	31st March 2023
CPD/3		Engage in opportunities to secure funding and, where successful, deliver projects to support victims, reduce crime and antisocial behaviour in local communities to include Safer Streets.	Safer Cumbria Co-ordinator	31st March 2023

Appendix B 2021/22 Development and Improvement Plan

Ref	B/fwd from 2021/22 (ref)	Action	Lead Officer	Implementation by
CPD/4		Work in partnership to develop a public health approach to deliver the serious violence duty.	Safer Cumbria Business Manager	31st March 2023
CPD/5		As part of the local government reform programme, plan for the transfer of fire governance to the OPCC.	Blue Light Collaboration Manager	31st March 2023
		Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the individuals within it.		
CPE/1		Review the existing training plan and ensure that its implementation meets all requirements to support the development of staff.	Governance Manager	30th September 2022
CPE/2	CPE/2	Implement the recommendations from the 2021 PCC review	Chief Executive	31st March 2023
		Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.		
CPF/1		Following the internal audit review of risk, implement any recommendations.	Governance Manager	31st March 2023
CPF/2		Review arrangements for CFO in the context of fire governance.	Chief Executive	31st December 2022
CPF/3	CPF/1	Review of governance structure and processes in preparation for the outcome of PCC Reviews.	Governance Manager	31st December 2022



Cumbria Office of the Police and Crime
Commissioner
Code of Corporate Governance 2022/23

Foreword

Welcome and thank you for taking the time to read the Police and Crime Commissioner for Cumbria's Code of Corporate Governance. I am pleased to introduce this Code, which sets out the Commissioner's commitment to continue to uphold the highest possible standards of good governance. This document clearly demonstrates the Commissioner's and the senior management team drive to ensure that this is in place. Good governance is about how the Commissioner will ensure that he is doing the right things, in the right way, for the communities he serves, in a timely, inclusive, open, honest and accountable way.

The Code provides clarity about how the Commissioner and Chief Constable will govern their organisations both jointly and separately, in accordance with their statutory responsibilities. It will do this by highlighting the key enablers for ensuring good governance. The Code sets out how the organisations will govern, using the seven good governance principles as the structure for setting out the statutory framework and local arrangements.

Robust governance enables the Commissioner to pursue his vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

Gill Shearer
Chief Executive and Monitoring Officer
Office of the Police and Crime Commissioner

Introduction

The Police Reform and Social Responsibility Act 2011 (PR&SRA) established Police and Crime Commissioners as elected officials with statutory functions and responsibilities for Policing and Crime within their area. Those responsibilities include: setting the strategic direction and objectives for policing and crime and disorder reduction in their area; maintaining the police force; and holding the Chief Constable to account. Police and Crime Commissioners also have wider responsibility for community safety, enhancing criminal justice and supporting victims.

The statutory and regulatory framework setting out the responsibilities, powers and duties of Police and Crime Commissioners is continually developing. The PR&SRA is supported by the Policing Protocol Order 2011, the Home Office Strategic Policing Requirement 2015 and the Home Office Financial Management Code of Practice 2018. The Anti-Social Behaviour, Crime and Policing Act 2014 has developed and conferred further powers in respect of the wider responsibilities of Police and Crime Commissioners. These powers have been extended through the Policing and Crime Act 2017.

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring that business is conducted in accordance with this statutory and regulatory framework and in accordance with proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In fulfilling this overall responsibility, the Commissioner is responsible for putting in place proper arrangements for governance, including risk management and the arrangements for ensuring the delivery of the functions and duties of his office.

In doing this, the Commissioner approves and adopts annually this Code of Corporate Governance, 'The Code'. The Code gives clarity to the way the Commissioner governs and sets out the frameworks that are in place to support the overall arrangements for the Cumbria Office of the Police and Crime Commissioner (COPCC). The Code is based on the core principles of governance set out within the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016. The Code is appended with a schematic that sets out diagrammatically all the key elements of the governance framework.

On an annual basis the Commissioner will produce an Annual Governance Statement (AGS). The AGS reviews the effectiveness of the arrangements for governance and sets out how this Code of Corporate Governance has been complied with.

The Code of Corporate Governance

This code of corporate governance sets out how the Police and Crime Commissioner will govern. It is based on the seven good governance core principles highlighted by the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, and supported by the Nolan Principles of Public Life. This Code uses those principles of governance as the structure for setting out the statutory framework and local arrangements that are in place to achieve them.

The seven good governance principles are:

- Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Principle B: Ensuring openness and comprehensive stakeholder engagement
- Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes
- Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Principle F: Managing risks and performance through robust internal control and strong public financial management
- Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

NOLAN PRINCIPLES OF PUBLIC LIFE

SELFLESSNESS: Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

HONESTY: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP: Holders of public office should promote and support these principles by leadership and example.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Police and Crime Commissioners are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Ethics and Integrity

The arrangements for governance within the Office of the Police and Crime Commissioner are based on a culture of ethics, integrity and acting in the public interest. This is demonstrated and communicated through a number of policies and codes that set out the standards of conduct and personal behaviour expected in the Commissioner's office.

Specifically:

- A Code of Conduct commits to the Nolan Principles of Public Life. The Code sets out Commitments with regard

Business Code of Conduct: Staff shall:

Maintain the highest possible standards of probity in all commercial relationships;

Reject business practice which might reasonably be deemed improper and never use authority for personal gain;

Enhance the proficiency and stature of the organisation by acquiring and maintaining technical knowledge and the highest standards of behaviour;

Ensure the highest possible standards of professional competence, including technical and commercial knowledge;

Optimise the use of resources to provide the maximum benefit to the organisation.

INTEGRITY: *Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.*

to how people will be treated, the use of resources, disclosure and conflicts of interest, disclosure of information and transparency.

- A Code of Ethics developed by the Association of Police and Crime Commissioners (APCC) has also been adopted by the Commissioner. It sets out how the Commissioner has agreed to abide by the seven standards of conduct recognised as the Nolan Principles. This Ethical Framework allows transparency in all areas of work of the Police and Crime Commissioner.

These principles encompass the Commissioner's work locally and whilst representing Cumbria in national forums. The principles are listed in the Code of Ethics with examples of how these are achieved.

- The Commissioner's arrangements for antifraud and corruption make clear the duty everyone has with regard to their own conduct and those of others. The arrangements incorporate an anti-fraud and corruption policy and plan covering the culture expected within the organisation and provide contact information for confidential reporting (whistleblowing).

- Anti-fraud and corruption procedures cover arrangements for integrity in respect of gifts and hospitality, completion of a register of interests, supplier contact and declarations of related party transactions. These ensure staff avoid being engaged in any activity where an actual or perceived conflict may exist and that there is transparency in respect of any personal or business relationships. Staff are reminded on a monthly basis of the need to make declarations.

- The Office of Cumbria Police & Crime Commissioner is responsible for investigating complaints about the Chief Constable, any appointed Deputy Commissioner, the Office of Cumbria Police & Crime Commissioner's own staff and Independent Custody Visitors. A formal process exists for dealing with complaints. The arrangements are clearly set out, including the role of the Police and Crime Panel, on the 'contact us' section within the Commissioner's website. The protocol for managing complaints is set out in the Commissioner's Complaints Policy and reinforces the commitment to upholding the highest ethical standards.

- Complaints against the Police & Crime Commissioner are referred by the Commissioner's Monitoring Officer to Cumbria County Council's

Monitoring Officer on behalf of the Police and Crime Panel who investigates the complaints and then seeks to either resolve them locally with the complainant or refers to the Independent Police Complaints Commission.

- A Business Code of Conduct supports the Procurement Regulations, re-enforcing the integrity requirements within the anti-fraud and corruption policy in the context of procurement activity.

- Financial Regulations make arrangements for the proper administration of financial affairs. They also seek to reinforce the standards of conduct in public life, particularly the need for openness, accountability and integrity.

- Grant regulations are based on a framework that provides minimum standards and terms and conditions for the grant award process that seek to ensure grants are awarded within the public interest.

- The Commissioner and all staff are required to sign up to an anti-discrimination code that sets out values and standards with regard to the prevention of any kind of discrimination.

All policies and codes are reviewed on a cyclical basis to ensure they are operating effectively. Independent external assurance is provided through the work of an Ethics and Integrity Panel and Joint Audit Committee. The purpose of the Ethics and Integrity Panel is to promote and influence professional ethics in all aspects of policing and within both organisations. It provides scrutiny and review in respect of the arrangements for codes of conduct, integrity, and complaints. It

also provides assurance to the public that any issues or concerns are highlighted and monitored.

The Joint Audit Committee provides scrutiny and review in respect of the Commissioner's arrangements for anti-fraud and corruption and financial, procurement and grant regulations. Agendas and papers are available to the public on the Commissioner's website to aid transparency.

The leadership values for the organisation have been developed by our staff to support good governance and advocate high standards of integrity and ethical behaviour. They are set out in our Corporate Plan. All staff within the OPCC have been appointed following open and transparent appointment processes. Following appointment, staff commit to the various codes of conduct and ethical standards that are in place for the OPCC. All staff also undertake a structured induction process arranged by the Governance Manager.

Respecting the Rule of Law

The Chief Executive is the Commissioner's Monitoring Officer with responsibility for ensuring that the Commissioner and staff of the Office of the Police and Crime Commissioner do not contravene any rule of law or engage in any activity that constitutes maladministration or injustice. The responsibilities of the Chief Executive are codified within legislation, within the Commissioner's scheme of delegation and within the documents comprising the Commissioner's wider governance framework. The Chief Executive is responsible to the Commissioner for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The Chief Executive is supported by an internal legal team and will instruct external legal advisers where there are

significant legal complexities or legal risk. The office structure includes an arrangement for the Deputy Chief Executive and a post of a Deputy Monitoring Officer to ensure continuity in the delivery of this role in the absence of the Chief Executive.

Our Values

We are a single team with a culture of trust and confidence

We develop the capacity and capability of our office to be effective and recognise high performance

We have empowered staff who are high performing, professional and have high levels of satisfaction in their roles

We embrace and deliver change, achieve national recognition for what we do and are exemplars of best practice

We hold ourselves to account for what we deliver, measuring our outcomes, customer satisfaction and value for money, striving for continuous improvement

We promote our values and demonstrate the values of good governance through upholding high standards of conduct and behaviour

Principle B: Ensuring openness and comprehensive stakeholder engagement

Police and Crime Commissioners and their Offices are run for the public good, they therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Openness

The Commissioner operates in accordance with the Elected Local Policing Bodies (Specified Information) Orders 2011, 2012 & 2013 and the guidance provided by the Information Commissioner. This is demonstrated, documented and communicated through an information publication scheme that ensures the openness of all key information to the public and wider stakeholders. This includes information in respect of the Commissioner, his staff, income and expenditure, property, decisions, policies and the independent custody visiting scheme. The Commissioner's Monitoring Officer has overall responsibility for ensuring compliance with the Orders and Scheme.

To ensure transparency of decision making, all decisions are recorded and published on the Commissioner's website for public scrutiny. The Police and Crime Panel may call in any decisions for further public scrutiny.

The Commissioner adopts rigorous standards in his decision-making and all decisions are taken solely in the public interest. This is achieved by adherence to a decision-making policy that sets out the parameters and the application of a set of principles that guide decision making. The approach within the policy adheres to the Good Governance Standard for Public Services and the Good Administrative Practice 2.

Reports for decision are based on a template that ensures the consequences of any recommendations are clearly explained and that there is clear reasoning and evidence for decisions. This includes relevant financial, legal, human resources, equality, procurement, IT and risk management advice.

Decision Making Policy: Principles of Decision Making

Decision-making will be well informed

The decision-making process will be open and transparent

To have 'due regard' within the decision making process

Be rigorous and transparent about how the decisions are taken

All decisions of significant public interest will be recorded and published.

The PCC will uphold the highest standards of integrity and honesty when taking decisions, as set out in the Nolan Principles.

Engaging Comprehensively with Institutional Stakeholders

The Police and Crime Plan recognises the importance of stakeholder engagement and collaborative working in developing and delivering priorities for the future direction of policing, crime reduction, and

supporting victims. The process for development of the Plan includes consultation with the Police and Crime Panel, wider partners and the Constabulary. Consultation processes support the development of objectives and outcomes prior to the formal approval and publication of the Plan on the Commissioner's website.

The Plan recognises that in preventing crime and supporting victims a commitment to collaborative working is needed from a range of organisations involved in policing, community safety and criminal justice. The Plan commits to utilising the existing partnership structures across the County to do this wherever possible. This enables the Commissioner and partners to build commitment to shared priorities and to exercise oversight of the delivery of shared outcomes.

As part of these arrangements the Commissioner has signed up to the Cumbria Compact, an agreement and set of principles that govern effective relationships between public and third sector organisations.

Grant agreements govern the funding arrangements with partners and the third sector and set out the purpose, objectives and shared outcomes which that funding is planned to deliver.

Joint boards, collaborative procurement and third sector partnerships are central to the Commissioning Strategy that seeks to efficiently and effectively deliver the Police and Crime Plan. The underlying Commissioning Plan uses commissioning approaches and a grant framework that enable partners to determine interventions that will be appropriate and effective in delivering outcomes.

Engaging Stakeholders Effectively including Citizens and Service Users

A Public Engagement Strategy sets out how the Commissioner will make arrangements for obtaining the views of the community on policing and for obtaining the views of victims of crime. The strategy aims to ensure clear channels of communication are in place with all sections of the community and other stakeholders. As part of the Public Engagement Strategy, the Commissioner undertakes formal consultation with the public, partners and other stakeholders in respect of the Police and Crime Plan and the budget.

The OPCC is instrumental in giving the people of Cumbria the ability to communicate with the Commissioner and plays a key role in ensuring public opinion can influence the Commissioner's decision making. The Office ensures a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria. The office plays a critical role in ensuring that two-way communication with communities take place and that the Commissioner is publicly available to speak to communities and individuals.

The OPCC has responsibility for keeping people informed, ensuring that activities and decisions are transparent and that effective, transparent and accessible arrangements are in place for providing feedback. This includes the statutory requirement of producing and publishing an Annual Report setting out what has been achieved in a 12-month period.

The OPCC also supports the Commissioner around public affairs, if necessary, highlighting the impacts on policing and people in Cumbria.

A complaints process and quality of service procedure provides clarity over the arrangements to respond to the breadth of concerns raised by local people. If trends are identified these are used to improve customer service from the Constabulary and influence the decisions of the Police and Crime Commissioner.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of the Police and Crime Commissioners' responsibilities mean that they should define and plan outcomes and that these should be sustainable. Decisions should contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

*The Commissioner's
Police and Crime
Plan can be found
on our website at
[www.cumbria-
pcc.gov.uk](http://www.cumbria-pcc.gov.uk)*

Defining Outcomes

The Police Reform and Social Responsibility Act (PRSR) 2011 and the Policing Protocol Order set out the purpose of the Police and Crime Commissioner, conferring statutory duties and responsibilities. These include the requirement to issue a Police and Crime Plan. The Plan sets out the vision and strategic direction for policing and reducing crime for the local area. It outlines police and crime objectives, priorities and outcomes for policing and victims that the Commissioner will focus on in carrying out his purpose.

Key performance indicators are set to support the objectives within the Police and Crime Plan. This is supported by a comprehensive performance management framework, which is embedded within a robust accountability and governance structure. The performance framework and HMICFRS inspection and value for money reports support the Commissioner in holding the Chief Constable to account for the performance of the force and its efficiency and effectiveness. User

Satisfaction Performance measures are included in the Performance Management Framework.

The Police and Crime Plan is developed alongside a Medium-Term Financial Strategy that ensures funding is aligned to the resources needed to deliver priorities and outcomes. The forecast supports the Commissioner in setting a robust budget and in his purpose of maintaining the force for the Cumbria police area.

A Commissioning Strategy and framework supports the delivery of the Commissioner's wider duties and responsibilities and the objectives and outcomes within the Police and Crime Plan. The strategy sets out how the Commissioner will work with partners, including community and voluntary sector groups, to deliver activity and interventions that will support victims, improve community safety, reduce crime and enhance criminal justice. The strategy is underpinned by a commissioned services budget and programme.

Sustainable economic, social and environmental benefits

A process is in place to support policy and strategy development. Oversight of the central policy record, including compliance with procedure and equality impact assessments, is managed by the Executive Team. This ensures that the sustainability of policies and strategies and the wider benefits and interrelationships across the business are fully understood.

When developing strategies, policies or business plans the Office of the Police and Crime Commissioner will undertake an impact assessment on such documents prior to their development. The outcomes of these assessments will inform development work and be taken into consideration when policies and strategies are approved. In this way, our policies and strategies provide a framework to support decision making.

The process for making decisions, particularly those that involve expenditure, includes an assessment of the longer term impact of proposals to ensure sustainability. Decisions on human resource planning, the most significant factor influencing the delivery of sustainable economic, social and environmental benefits, take account of the longer term financial outlook alongside projections of future turnover. This enables workforce planning and recruitment in a way that supports the economic management of training and supervision requirements and maximises the benefits to the business.

All decision reports include a section which allows the author to identify any equality issues. These will be taken into account by the Commissioner when considering the decision.

To manage risk and ensure transparency of interests in decision making, the Commissioner and officers are required to make declarations where there are or may be perceived to be conflicts of interest. The role of the Monitoring Officer and the Commissioner's Oath of Office further supports decisions being made in the wider interest of the people of Cumbria, rather than representing any particular political interests.

The Police and Crime Plan and the policy and strategy documents that support it are developed to cover a four-year rolling timeframe and take into account feedback from public consultation and engagement.

All of these documents and the outcomes from consultation are published and are publicly available on the Commissioner's website.

Information is published in a variety of mediums. The OPCC website has the functionality to assist in the access to information held. The COPCC would look to assist with translation of information or send information to a third party who can assist them. The COPCC website has the ability to translate into the main languages.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Police and Crime Commissioners achieve their intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice and Commissioners have to make sure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Determining Interventions

The Commissioner sets the strategic direction for Policing and wider interventions within the Police and Crime Plan. The Plan is reviewed annually to ensure decision making on activity and outcomes remains robust. The Commissioner's decision making policy adopts a set of principles to ensure all decision making is well informed, that options are rigorously considered and information is provided on potential risks.

The Constabulary is the primary provider of policing services and the recipient of the substantial proportion of funding from the Commissioner to deliver the Police and Crime Plan. Achieving best value through the delivery of an effective policing strategy is a condition of the arrangements for funding between the Commissioner and the Constabulary. Decisions are made annually on the level of resources and how they should be directed as part of the Commissioner's budget setting process.

The performance, outcomes and costs of the Constabulary are monitored through a framework that includes external comparators (HMICFRS Value for Money Profiles), Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection reports and an annual Value for Money Report from the External Auditors. Recommendations from PEEL inspections are used to review decisions in year on resources and determine whether intervention are needed to respond to inspection findings.

Grant and Procurement Regulations set out a framework for commissioning and procurement activity that supports the achievement of best value and practical interventions to support Police and Crime Plan outcomes within wider commissioned services. A review of value for money arrangements is reported annually to the Joint Audit Committee, focused on the Constabulary's activities. This provides external oversight of staffing and wider financial resources committed to fulfilling legal and regulatory requirements of the service.

Medium Term Financial Strategy Objectives

To deliver a robust and balanced medium term financial plan and annual budget supported by an in year reporting framework that monitors its delivery.

To ensure arrangements for funding between the Commissioner and Constabulary deliver value for money and support the priorities of the Police and Crime Plan

To ensure capital expenditure plans are robustly scrutinised, fully funded for a minimum of four years and are supported by capital strategies that meet the needs of the business

To maintain a risk assessed level of reserves to meet unplanned expenditure and to provide revenue budget smoothing for intermittent costs.

To ensure treasury management activities provide for the security of the Commissioner's funds whilst meeting the cash management needs of the Commissioner and Constabulary

To provide a framework for financial governance that ensures the proper administration of the Commissioner's financial affairs

The Medium-Term Financial Strategy sets out the financial plans for revenue and capital expenditure. An annual funding arrangement for the Chief Constable codifies the amounts and conditions of funding based on a financial proposal from the Constabulary. It sets out how the budget will be monitored including financial information and reporting requirements. Financial reporting provides a control to assess the extent to which planning assumptions for the budget have been matched by actual activity and expenditure in year. Further controls over the management of income and expenditure are detailed in the Commissioner's financial regulations. Key financial performance indicators for example prudential indicators, are set as part of the budget process, and monitored on a quarterly basis to ensure they are being met.

The Medium-Term Financial Strategy sets out revenue forecasts of income and expenditure and the key financial assumptions and policies on which the forecasts are based. This supports a strategic approach to operational planning, savings requirements and decision making in support of the objectives within the Police and Crime Plan. It also ensures that the financial liabilities, risks and the level of provision and reserves within the budget are fully understood. The budget includes a 10 year capital programme aligned to plans for ICT, the estate and fleet, ensuring resources are balanced in the medium and longer term to meet the requirements of the business.

Financial, operational and commissioning plans are developed taking into account the feedback from the public and wider stakeholders. The Engagement Strategy sets out how the Commissioner will engage with a wide range of people and partners encompassing and including diversity within the

Planning Interventions

A Commissioning Strategy and joint Procurement Regulations set out how services will be planned, procured and delivered. The Safer Cumbria Partnership provides a flexible and supportive mechanism through which services can be developed and delivered with shared risk. Grant and contract management arrangements are in place to monitor and review service quality.

County. The Commissioner in his role of consulting with the public uses the guiding principles of we asked, you said, we did as many engagement activities personally involve the Commissioner. To formally support the role of two-way engagement a six-monthly paper is presented to the Commissioner outlining trends from the various forms of engagement and this information is used as an integral part in the process of any key decisions. Further communication tools are used to ensure target audiences are kept up to date of developments and key decisions for the Commissioner.

Optimising Achievement of Intended Outcomes

The Medium-Term Financial Forecast integrates the budget and funding arrangements for the Constabulary with the Commissioner's directly managed budgets. The totality of estimated funding forms the basis for considerations regarding the trade-off between resources for commissioning and resources for policing to optimise outcomes within the Police and Crime Plan. Strategic priorities within the Plan support decision making on the respective policing and commissioning strategies. This determines for example, the number of police officers, the balance between people resources verses equipment and the balance between supporting victim's verses crime prevention activity.

The budget process is based on a proposal from the Constabulary. It takes a zero-based approach, working closely with the business to forecast operational requirements over 5 years for revenue expenditure and 10 years for capital expenditure. This includes a series of 'star chambers' providing Chief Officers with the forum through which budget

holders can be challenged. Through the budget process targets and plans are developed for savings and consideration is given to growth bids to resource new and changing requirements.

The Medium-Term Financial Strategy includes information on national financial settlements for policing and what is known about settlements in future years. It also sets out the key financial risks that could impact on funding and expenditure nationally and locally. Sensitivity analysis provides information on the potential impact of changes to assumptions. Collectively this supports decisions on resources, services, performance and outcomes and ensures the business has a robust understanding of risks to the affordability of future plans. The Strategy incorporates information on plans for savings and the impact of funding changes for the number of police officers, PCSO's and police staff. This supports an on-going dialogue and monitoring between the Commissioner and Constabulary in respect of the necessary business change and its impact on outcomes and performance.

Through our Commissioning Strategy we engage and consult with the wider community on support and service provision gaps, this ensures that commissioning objectives and outcomes align with the needs of the local community as well as creating an opportunity for providers to innovate. Commissioning to local based providers ensures the economic, social and environmental well-being of the wider Community. Awarding of Contracts or Grant Agreements are based on the social outcomes and measures which meet local priorities and needs as opposed to financial gains and benefits.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Police and Crime Commissioners need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. Commissioners must ensure that they have both the capacity to fulfil their mandate and to make certain that there are policies in place to guarantee that management has the operational capacity for the entity as a whole. Both the individuals involved and the environment in which Commissioners operate will change over time, and there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of their communities.

Developing the entity's capacity

Legislation provides that the Commissioner must appoint a Chief Executive and a Chief Finance Officer (statutory officers). The Chief Executive is the Commissioner's Head of Staff with responsibility for overall management of the Commissioner's office. The Chief Finance Officer (CFO) operates on a shared basis acting as CFO for both the Commissioner and the Chief Constable. Both the Chief Executive and Chief Finance Officer have statutory responsibilities with regards to determining the requirements in respect of staffing resources.

The Chief Executive is a member of the Association of Police and Crime Chief Executives (APACCE) and operates within the APACCE statement on the role of the Chief Executive and Monitoring Officers for Police and Crime Commissioners. The Chief Executive's job profile is based on the APACCE model to ensure the right skills, experience and

qualifications for the role. The role of Chief Executive is undertaken on a six-month rotating basis with the Deputy Chief Executive.

The role and functions of the Chief Finance Officer to support the Commissioner's mandate is set out within the Home Office Financial Management Code of Practice and by the Chartered Institute of Public Finance and Accountancy (CIPFA), the CIPFA statement. The job profile for this role is based on the CIPFA Statement. Compliance with the statement is self-assessed on an annual basis and reviewed by the Joint Audit Committee. Professional body subscriptions ensure the Chief Finance Officer has access to up to date Codes of Practice, guidance and professional standards

The structure and arrangements for staffing ensures the Chief Executive has management of overall staffing as Head of Paid Service with responsibility for effective succession planning and resilience on matters of business within a small team.

A framework for the development and review of the corporate plan and underlying business plans ensures action plans and performance targets are delivered to support continuous improvement.

The costs of the Constabulary are benchmarked annually with reports presented for scrutiny to the Joint Audit Committee. Comparisons to most similar group policing areas are used to inform the budget savings programme and reduce costs.

Procurement regulations are developed jointly with the Constabulary and supported by a procurement strategy. The regulations incorporate procurement policy and procedures that aim to support the understanding and skills of all staff engaged in the procurement process. The procurement strategy sets out how the function will develop to deliver best value from procurement activity. The procurement regulations are supported by a set of grant regulations governing commissioning activity through a grant based process.

Developing the entity's leadership

The key functions and roles of the Commissioner, the Chief Executive/Monitoring Office and Chief Finance Officer are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011 (PPO). These functions and roles define the responsibilities for leadership and are codified in the Commissioner's Scheme of Delegation and wider documents within the Corporate Governance Framework.

The Chief Executive is the Commissioner's lead advisor. Key responsibilities include working with the Commissioner to enable delivery against his vision, strategy and identified priorities and

Key functions and role of the Commissioner

Sets strategic direction & objectives of the force, issues the Police and Crime Plan (the Plan) & an annual report

Holds the Chief Constable to account for the exercise of his/her functions and force performance; Monitors complaints.

Receives all funding, decides the budget & precept; allocates funding to maintain an efficient and effective police force

Provides the link between the police and communities; publishes information on Commissioner and force performance

Responsible for the delivery of community safety, crime reduction, the enhancement of criminal justice and victim support

facilitating the accurate and appropriate scrutiny of the Constabulary's activities. The Chief Executive is also the Commissioner's statutory Monitoring Officer, providing support to ensure the Commissioner's functions are carried out and has specific legal, financial and governance duties in addition to those which derive from statutory responsibilities. The Chief Executive operates in accordance with professional standards and the legislative and fiduciary responsibilities of the statutory office.

The Chief Finance Officer is the lead financial advisor to the Commissioner and has statutory responsibility to ensure that the financial affairs of the Commissioner are properly administered. The CFO provides all financial advice, provides a statutory report on the robustness of the budget and ensures systems of internal financial control are effective.

The Commissioner's Scheme of Delegation is part of a wider governance framework that further details specific decision making and wider responsibilities of key officers in relation to areas of governance and ensure all staff have a shared understanding of the roles, responsibilities and decision making authority within the Commissioner's Office. All governance documents are regularly reviewed and updated as roles develop to respond to changing legislation, regulations and other new requirements.

A member/officer protocol further sets out the roles of political office holders (the Commissioner/Deputy Commissioner) and non-political office holders (staff employees) to provide clarification on respective responsibilities and expectations around how relationships are anticipated to work. This is supported by arrangements for the declaration of interests to ensure the Commissioner, members and staff are free from relationships that would materially interfere with decisions making and their roles.

Members of the Joint Audit Committee are recruited for their specific skills and experience to fulfil the role of the Committee. Role profiles include a person specification that requires applicants to demonstrate a sound understanding and relevant professional experience. The Committee has clear terms of reference and membership that is consistent with the requirements of the Home Office Financial Management Code of Practice, and CIPFA guidance. Development sessions, access to relevant publications and CIPFA/Grant Thornton external workshops support members continued development.

The Cumbria ICV Scheme comprises of four panels of volunteer Custody Visitors. Every new volunteer

is required to undertake a half-day basic induction course, followed by an accompanied night observation visit; thereafter, new visitors are trained "on the job" by attending visits in the company of a more experienced colleague for the first six months. On-going ICV training is provided at the regular panel meetings and annual local and regional conferences.

In 2016 the OPCC became a member of the Independent Custody Visitors Association (ICVA) to which it pays an annual subscription. ICVA is a Home Office funded organisation set up to promote and support the effective provision of custody visiting nationally. ICVA works closely with government and criminal justice organisations providing advice on best practice for independent custody visiting schemes nationally; training; and publicity to Police and Crime Commissioner and custody visitors.

The Police and Crime Commissioner subscribes as a member of the Association of Police and Crime Commissioners (APCC). The APCC delivers daily written briefings received by the Commissioner and office staff, covering press and parliamentary reporting on those areas within the Commissioner's responsibilities to ensure the Office is kept updated on current developments.

The APCC and APACCE deliver national events to ensure Commissioners and their Chief Executives remain informed and have the opportunity to discuss significant issues and develop collective approaches. There are also bi-monthly regional meetings of Chief Executives and quarterly regional meetings of Commissioners and Chief Executives. The Chief Executive/Monitoring Officer leads for the Commissioner on ensuring that appropriate policies and procedures are adopted and followed to ensure

the COPCC complies with relevant statutes and regulations and has the capacity to deliver across these requirements.

The CFO subscribes to the Police and Crime Commissioners' Treasurers' Society (PaCCTS), supporting continuous development and ensuring the CFO maintains a breadth of understanding on policing finance. Further capacity and expertise is commissioned to support specialist services for treasury management, taxation and insurance brokerage.

Arrangements for staff appraisal provide the opportunity to discuss and review individual performance and training and development needs.

Developing the capability of individuals within the entity

The Commissioner has adopted a number of joint personnel policies with the Constabulary in addition to operating within a suite of COPCC specific policies that provide a framework for all issues related to employee management, terms and conditions. This includes policies on how staff and staff associations will be engaged in any change processes. There is a general principle for on-going consultation and engagement during any areas of business change, creating an environment where staff can perform well and where ideas and suggestions are welcomed.

Personnel policies aim to promote a motivated and competent workforce whilst supporting the health and well-being of staff. They include arrangements for work-life balance through a scheme of flexible working and facilitate access to wider benefits e.g. special leave at times of specific personal need.

Business is carried out supported by policies and procedures that support the full range of human resource management responsibilities and all policies are subject to cyclical review in accordance with the Commissioner's policy framework. This supports continuous improvement, ensuring updated guidance is available for staff on how to carry out their roles and the wider responsibilities they should take into account.

All officers have clearly defined role descriptions and reporting lines based on the roles and the functions for which they are accountable, to ensure service delivery responsibilities are clear and can be monitored. Individual capabilities, performance and development requirements are assessed annually through a review process to agree the support, training and development staff need to carry out their duties and responsibilities.

Professional staff undertake continued professional development in line with the requirements of their professional bodies. The budget setting process provides for training and development budgets to support mandatory and discretionary training and development requirements.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Police and Crime Commissioners need to ensure that the entities and governance structures that they oversee have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management, business continuity and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

Managing risk

The Commissioner's Risk Management Strategy sets out the overall arrangements for managing risk including the arrangements for holding to account the Chief Constable in respect of those risks that fall within his functions. The Strategy establishes how risk is embedded throughout the various elements of corporate governance of the COPCC, whether operating solely or jointly with the Constabulary. The Strategy incorporates a clear framework of objectives, designates roles and responsibilities for risk management and provides a mechanism for evaluating and scoring risks, and supporting decision making in respect of mitigating action.

The strategy and risk registers are regularly reviewed to ensure a clear alignment between risk management activity and the organisation's objectives. Reporting formats ensure arrangements are dynamic and support the early identification of strategic and operational risks. Identified risks are logged on a risk register with clear ownership and are reviewed cyclically based

on a score that denotes the severity and impact of the risk should it occur. Every project run by the COPCC has a separate risk register. All decision and report forms include a section for the author to complete in which to identify any risks or potential risks. To ensure effective ownership and monitoring of risks, the Office of the Police and Crime Commissioner provides risk management training to all staff.

The arrangements for risk management are subject to on-going monitoring and review to ensure their continued effectiveness. This comprises review by internal audit and review by the Joint Audit Committee. The strategic risk register is presented to the Committee quarterly. The Committee also receives the Risk Management Strategy on a quarterly basis and a report from the Chief Executive annually reporting on the effectiveness of arrangements for managing risk.

Managing performance

The Commissioner holds Public Accountability Conferences, which facilitates the arrangements for monitoring service delivery and holding the Chief Constable to account. This is supported by regular one to one briefings between the Commissioner and Chief Constable and an office level Collaborative Board. Senior Officers within the OPCC attend strategic Constabulary meetings to provide challenge and oversight of the arrangements that support decision making, delivery of key areas of business and the allocation of resources.

The Police and Crime Panel is the statutory body that provides the public accountability checks and balances in relation to the performance of the Commissioner and scrutiny of any decision made. The Panel receives cyclical information and reports on service delivery plans and progress towards outcomes. The Panel is consulted on the development of the Police and Crime Plan and budget, with a power of veto over the Commissioner's precept. The panel receives an Annual Report setting out what has been achieved in respect of delivery of the Police and Crime Plan objectives, and a financial outturn report comparing actual expenditure against the budget and including summary financial statements.

Robust internal control

The Commissioner is responsible for reviewing the effectiveness of his governance framework including the system of internal control. This work is informed by the work of Chief Officers and Senior Managers who undertake an overarching review of key controls and governance arrangements in support of the key principles in this Code.

Police and Crime Panel Functions

The functions of the Police and Crime Panel include reviewing the draft police and crime plan, public scrutiny of the annual report and the power of veto over the level of the Commissioner's proposed precept

Senior Managers with responsibility for financial systems provide annual management assurances using a CIPFA internal control framework as part of this process. This is further supported by an annual fraud risk assessment completed by the Chief Finance Officer and reviewed by the external auditors. Arrangements for anti-fraud and corruption are subject to cyclical internal audit review.

An independent internal audit service is commissioned through TIAA Ltd. Internal audit develops and delivers a risk based annual audit plan of work that reviews internal controls. This supports an annual opinion from the Chief Internal Auditor on the overall adequacy and effectiveness of the framework of governance, risk management and control.

An independent Joint Audit Committee assures cyclical internal reviews of key governance documents (e.g. financial regulations, arrangements for anti-fraud and corruption and the risk management strategy) at its November meeting and receives annual reports reviewing the effectiveness of arrangements for risk, governance and internal control in June and September. The Joint Audit Committee receive a copy of all internal and external audit reports, can table reports for discussion and monitor the implementation of audit recommendations. The Committee undertakes an

annual self-assessment to ensure on-going compliance with the CIPFA framework for Police Audit Committees.

Managing Data

The Office of the Police and Crime Commissioner operates within the parameters of legislation, such as the Data Protection Act. It ensures that all data, including personal data, is appropriately stored and shared where necessary. Data is held in accordance with the COPCC Retention Schedule, removed or destroyed appropriately and access to information is restricted where appropriate to relevant members of staff. Data will not be held for longer than is necessary. Appropriate security measures are taken for both electronic and physical data. All staff are aware of their responsibilities when handling and storing both electronic and physical data and the need to comply with General Data Protection Regulations. The OPCC has a Joint Data Protection Officer with Cumbria Constabulary who provides expert advice and support.

Strong public financial management

Arrangements for financial management support for the Commissioner in achieving outcomes and delivering strong operational and financial performance by ensuring that resources are used in accordance with approved plans for service delivery and investment. The arrangements for financial management are codified within a suite of financial governance documents and comply with the relevant CIPFA Codes of Practice and guidance. Financial management controls ensure expenditure is only committed in accordance with the approved budget and the purpose for which

approvals have been given. Financial monitoring supports the early identification of variances between actual expenditure and income, supporting timely decision making on remedial action.

A funding arrangement between the Commissioner and Constabulary sets out the consents and arrangements for financial management between the Commissioner and Chief Constable. This ensures funding within the Constabulary is directed toward the achievement of the Policing Strategy and priority outcomes within the Police and Crime Plan.

Financial regulations set out the role and responsibilities of Chief Officers and senior staff for financial management and governance. They include financial management standards to be adhered to by all staff across the organisation and the wider framework of controls including the arrangements for the statement of accounts.

Financial risks and mitigations are set out within the Medium-Term Financial Strategy and are managed within the Commissioner's overall framework for managing risk. The Joint Chief Finance Officer takes ownership of all financial risks and reports to the Joint Audit Committee on the management of strategic financial risks. Arrangements for financial management are cyclically reviewed by the internal auditors for assurance and form part of the arrangements reviewed by the external auditors in forming their conclusions on the financial statements and value for money.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Implementing good practice in transparency

The Commissioner's annual report is the primary communication through which the public can access and understand the performance and activities of the Commissioner and his Office. Design work for the report is commissioned from external media and communication professionals which alongside the written style aims to support transparency and public accessibility of the report.

All public documents are published on the COPCC website and are available in accessible formats. Further options can be offered on request. The intention is to ensure that all documents are written in such a way as to make them accessible to readers that may not have a detailed knowledge of the subject matter, though with some complex issues this is not always possible. The publication of key documents, such as the Police and Crime Plan, is supported by a media release to raise awareness of the document and its purpose.

Arrangements for financial reporting aim to ensure the accessibility of financial information for readers and users of financial reports. On complex matters of communication, for example consultation on budget, precept and services,

professional support has been procured to ensure a robust public understanding of complex issues.

Implementing good practices in reporting

The Office publishes an annual report, scrutinised by the Police and Crime Panel, to communicate the Commissioner's activities, achievements and performance and that of the Chief Constable and the force. The annual report presents the performance outcomes achieved against an agreed framework of targets and measures.

The Commissioner is subject to the Accounts and Audit (England) Regulations 2015 and prepares a set of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting. Compliance with the Code of Practice ensures the comparability of financial information within the statements with other similar entities and their publication in accordance with statutory timeframes. The financial statements include a comprehensive income and expenditure statement, which is aligned to in year financial reporting and monitoring. A narrative statement by the Chief Finance Officer sets out the overall financial and business performance for the year within an accessible summary statement. The financial

statements include the external auditors report setting out the overall opinion. A separate annual report details the external auditor's conclusions on the Commissioner's arrangements for value for money.

The Commissioner's overall arrangements for governance are reviewed annually against this Code of Corporate Governance with a report made on how it has been complied with. This 'Annual Governance Statement (AGS)' is subject to review by the Joint Audit Committee. The AGS includes an action plan setting out the work that will be undertaken over the following year to support continuous improvement in line with the principles of this Code and the CIPFA good governance framework.

The Commissioner and the Joint Audit Committee receive annually a report reviewing the governance arrangements for internal audit against the requirements of the Public Sector Internal Audit Standard (PSIAS).

Assurance and effective accountability

Grant Thornton UK LLP are the external auditors appointed to both the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary, to report key matters arising from audits of the Commissioner and Chief Constable's financial statements. The external auditors also reach a formal conclusion on whether the Commissioner and Chief and Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. The audit findings report is published in the financial

statements and presented to the Commissioner and Joint Audit Committee for review. The Joint Audit Committee monitors the implementation of recommendations arising from the audit and have the expertise to challenge the external audit approach, supporting assurance of its effectiveness. Further accountability is provided through the arrangements for internal audit. Internal audit is delivered through a contract with TIAA Ltd and in accordance with an Internal Audit Charter that ensures compliance with the PSIAS. An annual review of the effectiveness of the internal audit service, including the arrangements for the Joint Audit Committee, is undertaken annually by the Joint Chief Finance Officer against CIPFA best practice standards. The report is published on the Commissioner's website to support assurances on internal control.

The arrangements for accountability further incorporate challenge, reviews and inspections from HMICFRS. Whilst these are primarily aimed at Constabulary performance, elements of specific reviews include jointly delivered activities and specifically commissioned reports that cover governance across both organisations. Recommendations are reported to and monitored by the Commissioner and Joint Audit Committee.

The Ethics and Integrity Panel also monitors and reports on some specific areas of activity, such as complaint handling and ethical issues. The Panel has carried out a series of thematic inspections into specific areas of Constabulary activity. The Panel are able to look objectively at these areas and provide valuable independent scrutiny and feedback to the Constabulary on their findings.

The arrangements in this document set out our framework for governance in accordance with CIPFA's Good Governance Principles and guidance. Annex A to this Code sets out our governance schematic, summarising the arrangements we have in place internally and sources of external guidance and support. Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.

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

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