

# JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY, 19 JULY 2021

## TEAMS

## AGENDA

### OPEN SESSION

1. **INTRODUCTION**
2. **DECLARATION OF INTEREST**
3. **MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 22 FEBRUARY 2021**  
*(Attached)*
4. **MATTERS ARISING**  
*(Action list attached)*
5. **ANNUAL GOVERNANCE STATEMENT 2020/21**
  - a) **Senior Managers Assurance Statements**  
Internal Audit Manager  
*(Paper attached)*
  - b) **Review of the Effectiveness of Internal Audit**  
Internal Audit Manager  
*(Paper attached)*
  - c) **Internal Audit Annual Report**  
Internal Audit Manager  
*(Paper attached)*
  - d) **Annual Governance – Primary and Thematic Assurance Review 2020/21**  
Joint Chief Finance Officer  
*(Paper attached)*

### **Appendices:**

- i. **Governance Arrangements**  
Head of Corporate Development  
*(Paper attached)*
- ii. **An assessment of the role of the CFO in accordance with best practice**  
Joint Chief Finance Officer  
*(Paper attached)*
- iii. **External Auditor Assurance**  
External Auditor  
*(Paper attached)*

- iv. **HMICFRS and Other External Inspections**  
Head of Corporate Development  
(Paper attached)
- v. **Legal and Regulatory Assurance**  
Chief of Staff  
(Paper attached)
- vi. **Risk Management Arrangements**  
Head of Corporate Development  
(Paper attached)
- vii. **Performance Management and Data Quality**  
Head of Corporate Development  
(Paper attached)
- viii. **CIPFA Financial Management (FM) Code Self-assessment**  
Joint Chief Finance Officer  
(Paper attached)

**6. DRAFT JIAC ANNUAL REPORT 2020/2021**

JIAC Chair  
(Paper attached)

**7. EXTERNAL AUDITORS PROGRESS REPORT**

External Audit Manager  
(Paper attached)

**8. CC AUDIT STRATEGY MEMORANDUM**

External Audit Manager  
(Paper attached)

**9. PCC AUDIT STRATEGY MEMORANDUM**

External Audit Manager  
(Paper attached)

**10. SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS**

Head of Corporate Development  
(Paper attached)

**11. JOINT STRATEGIC RISK REGISTER**

Head of Corporate Development  
(Paper attached)

**12. TREASURY MANAGEMENT ANNUAL REPORT 2020/21**

Head of Finance  
(Paper attached)

**13. DATE AND TIME OF NEXT MEETING**

27 September 2021, 2pm, Venue TBC.

#### 14. EXCLUSION OF THE PRESS AND PUBLIC – EXEMPT BUSINESS

The Committee is asked to pass a resolution to exclude the press and public from the meeting during consideration of the following items on the grounds indicated.

<b>Agenda item number</b>	<b>Paragraph of Schedule 12A to the Local Government Act 1972</b>
15	7
16	7
17	7
18	7
19	7
20	7
21	7
22	7

## CLOSED SESSION

### JOINT INDEPENDENT AUDIT COMMITTEE

**MONDAY, 19 JULY 2021**

- 15. MINUTES OF THE CLOSED SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 22 FEBRUARY 2021**  
*(Attached)*
- 16. MATTERS ARISING**  
*(Action list attached)*
- 17. UPDATE ON INTERNAL AUDIT WORK AND PROGRESS AGAINST ANNUAL AUDIT PLAN – QUARTER 4 2020/21**  
Report of Internal Audit Manager  
*(Paper attached)*
- 18. UPDATE ON THE IMPLEMENTATION OF OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**  
Report of Internal Audit Manager  
*(Paper attached)*
- 19. DRAFT ANNUAL GOVERNANCE STATEMENT FOR CHIEF CONSTABLE 2020/21**  
Report of Joint Chief Finance Officer  
*(Paper attached)*
- 20. DRAFT ANNUAL GOVERNANCE STATEMENT FOR POLICE AND CRIME COMMISSIONER 2020/21**  
Report of Joint Chief Finance Officer  
*(Paper attached)*
- 21. FORWARD PLAN**  
*(Paper attached)*
- 22. ANY OTHER BUSINESS**

**NORTHUMBRIA POLICE MINUTES**

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<b>Title</b> Joint Independent Audit Committee (JIAC)	<b>Meeting number</b> 01/2021
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<b>Date</b> 22 February 2021	<b>Location</b> Teams Video Conference	<b>Duration</b> 14:00 – 15:30
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**Present:**

<b>Committee Members</b>	N Mundy K Amlani J Guy P Wood	Chair
<b>Officers:</b>	R Durham P Godden M Tait	OPCC Chief of Staff and Monitoring Officer Head of Corporate Development Department Joint Chief Finance Officer
<b>Invitees:</b>	R Bowmaker J Greener S Hall K Laing D Sadler C Waddell R Rooney	Internal Audit, Gateshead Council Senior Manager, Mazars T/Assistant Chief Constable Head of Finance Department Chief Information Officer ( <i>present for items 1-5</i> ) Partner, Mazars Governance and Planning Adviser ( <i>Secretary</i> )
<b>Apologies:</b>	D Ford	Deputy Chief Constable

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**OPEN SESSION****1. INTRODUCTION**

N Mundy opened the meeting.

**2. DECLARATION OF INTEREST**

N Mundy advised he is now the Interim Joint Chair for the North Tees and South Tees NHS Foundation Trusts. C Waddell advised he is now the Engagement Lead for South Tees NHS Foundation Trust.

**3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 16 NOVEMBER 2020**

Minutes agreed as a true and accurate record.

**4. MATTERS ARISING**

Action list updated.

**5. ICT UPDATE**

D Sadler delivered a presentation outlining the current status of the ICT Transformation programme; the high level plan details 11 areas of ongoing work with organisational culture and data management highlighted as key areas of focus.

J Guy noted organisational change is one of the most difficult changes to elicit, and queried how the change is intended to be made. D Sadler commented the introduction of new technologies and programmes into the Force will provide key drivers for change.

J Guy highlighted a reduction in the likelihood of risk from very high to medium relating to loss or failure to provide core IT solutions and functions, querying if the Force is satisfied actual change has taken place to allow for the reduction in likelihood. D Sadler noted patching and upgrade of systems are two key controls; however acknowledged this area is still considered high risk.

Concerning data, D Sadler confirmed data warehousing forms part of future plans. D Sadler highlighted the value of data can only be felt when it is used.

N Mundy thanked D Sadler for the comprehensive presentation and assurances provided within.

**Update noted.**

## **6. TREASURY MANAGEMENT POLICY STATEMENT AND STRATEGY**

K Laing outlined the paper, noting prudential indicators are currently draft; any changes will be updated. Public Works Loan Board (PWLB) were confirmed as the primary source of borrowing for the Force with Link Asset Services used as external advisors; however K Laing highlighted interest rates are low therefore borrowing will be funded internally where possible.

K Laing advised the policy statement and strategy is largely the same as in previous years, however some of the limits on counterparties have been increased to ensure there is sufficient flexibility to invest; the increase has been cleared with Link Asset Services.

P Wood sought confirmation Northumbria Police always uses UK banks; K Laing confirmed this is the case, however if the Force were to use foreign banks, ethical investment criteria would be applied.

K Amlani questioned the decision to not use the approach suggested by the Chartered Institute of Public Finance and Accountancy (CIPFA) of using the lowest rating from all three rating agencies to determine creditworthy counterparties; K Laing advised the proposed strategy is more risk averse than the CIPFA approach.

P Wood queried whether Mazars look at the policy statement and strategy as part of the annual review. C Waddell commented assurance is provided via JIAC; the strategy is considered only in the context that Northumbria Police has complied with prudential framework requirements.

***Agreed: To recommend the adoption by the Police and Crime Commissioner (PCC) of the four year 2021/22 to 2024/25 Treasury Policy Statement and Strategy.***

## **7. ANNUAL GOVERNANCE REVIEW – ASSURANCE FRAMEWORK**

K Laing provided an overview of the processes to be undertaken to review the systems of internal control and prepare draft Annual Governance Statements (AGS) for the PCC and Chief Constable (CC). K Laing updated as part of this process, Senior Manager Assurance Statements will be reviewed to include the impact of COVID-19.

N Mundy praised the presentation of key lines of enquiry within the report.

***Agreed: The approach and assurance framework for the production of an Annual Governance Statement for each of the PCC and CC for 2020/21.***

## **8. ANNUAL AUDIT LETTERS (CC & PCC)**

C Waddell presented both annual audit letters which provide a retrospective outcome of opinion; an unqualified opinion has been issued for both CC and PCC.

C Waddell noted the audit was relatively smooth, and commended the quality of accounts. Additionally, a modest increase in fee was highlighted as a result of extra work required concerning the value for money (VFM) conclusion.

C Waddell highlighted upcoming changes in approach to reporting; a presentation will be provided to members at the next JIAC.

**Action: C Waddell to present key changes to reporting at May 2021 JIAC.**

## **9. EXTERNAL AUDIT UPDATE**

C Waddell updated work has commenced to plan the next audit including the VFM risk assessment. C Waddell noted potential issues regarding timing and deadlines for audit delivery and preparation of accounts as a result of the Redmond Review.

**Update noted.**

## **10. REDMOND REVIEW UPDATE**

K Laing outlined two recommendations within the Redmond Review may have an impact on Northumbria Police; particular consideration will be given to the changes to deadlines for audited accounts.

**Update noted.**

## **11. JOINT STRATEGIC RISK REGISTER (JSRR)**

P Godden updated the likelihood of risk three relating to loss or failure to provide core IT solutions and functions has been re-assessed from very high to medium. Risk four regarding information and data management now makes reference to the recent Information Commissioners Office (ICO) audit; however the risk score remains unchanged.

N Mundy thanked all involved in the revision of format for presenting risk.

**Update noted.**

## **12. SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS**

P Godden updated strong governance arrangements are in place within the Force and the OPCC to manage Areas for Improvement (AFI) and recommendations arising from external inspection, investigation and audit reports.

J Guy queried timescales for completing recommendations and AFIs within the ICO audit action plan. S Hall explained the ICO have graded actions by urgency; good progress has been made in closing down urgent actions and controls are in place for the management of longer term activity. S Hall confirmed a working group is in place to progress, with activity overseen at the Operational Information Management Board (OIMB).

P Wood shared concerns regarding the AFI relating to internal audit data protection compliance; R Bowmaker commented police auditors are undergoing further Continued Professional Development (CPD), however noted Gateshead Council does not agree with this finding from the audit. N Mundy suggested it may be prudent to challenge audit findings. K Amlani noted further understanding is required regarding the recommendations relating to internal audit.

**Action: R Bowmaker to provide an update on ICO audit recommendations relating to internal audit to the next JIAC.**

N Mundy queried the impact COVID-19 has had in allowing for progress to be made against AFIs and recommendations; P Godden acknowledged obstacles have been presented however a multitude of activity is ongoing to allow the Force to confidently close AFIs and recommendations.

**Update noted.**

### **13. INTERNAL AUDIT CHARTER, STRATEGY AND 2021/22 AUDIT PLANS**

R Bowmaker presented the internal audit charter, strategy and 2021/22 audit plans. Members discussed appropriateness of the frequency of audit for: resilience and disaster; charities; and complaints.

J Guy queried the green rating of the equality and diversity audit suggesting an amber rating may be more appropriate. R Bowmaker noted the plan is flexible, with the option to bring audits forward if required.

***Agreed: The Internal Audit Charter, Strategy and 2021/22 audit plans.***

### **14. DATE, TIME AND VENUE OF NEXT MEETING**

TBC.

**JOINT INDEPENDENT AUDIT COMMITTEE – ACTION LOG****AGENDA ITEM 4**

<b>SOURCE</b> Meeting / date / minute ref.	<b>ACTION</b>	<b>ASSIGNED TO</b>	<b>UPDATE</b> Cleared or update
<b>04/2020</b> <b>Minute 6</b>	<b><u>AUDIT COMPLETION REPORTS (CC &amp; PCC)</u></b> To amend wording regarding scrutiny provided by the Police and Crime Panel.	C Waddell	Confirmed wording per Audit Completion Reports was updated and reports reissued. <b>Cleared.</b>
<b>01/2021</b> <b>Minute 8</b>	<b><u>ANNUAL AUDIT LETTERS (CC&amp;PCC)</u></b> To present key changes to approach to reporting at the next JIAC.	C Waddell	Update to be provided under agenda item 7.
<b>01/2021</b> <b>Minute 12</b>	<b><u>SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS</u></b> To provide an update on ICO audit recommendations relating to internal audit to the next JIAC.	R Bowmaker	Email containing assurances provided to JIAC Committee on 24 June 2021.





**JOINT INDEPENDENT AUDIT COMMITTEE**

**19 JULY 2021**

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**SENIOR MANAGERS ASSURANCE STATEMENTS**

**REPORT OF THE INTERNAL AUDIT MANAGER**

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**1 Purpose of the Report**

- 1.1 To inform the Committee of the assurance which the Chief of Staff and Monitoring Officer to the Police and Crime Commissioner (PCC) and Force managers have placed on their control systems to feed into the Annual Governance Statement for 2020/21.

**2 Background**

- 2.1 The Accounts and Audit Regulations 2021 require Authorities to produce an Annual Governance Statement giving an assessment of governance arrangements and their effectiveness.
- 2.2 The Joint Independent Audit Committee agreed on 22 February 2021 an assurance framework which would provide evidence for the completion of the Annual Governance Statement.
- 2.3 Assurances from managers on the effectiveness of controls they have in place in their departments is fundamental within the assurance framework and forms a key part of the review of the effectiveness of internal control as set out in the Annual Governance Statements for both the PCC and Chief Constable reported elsewhere on today's agenda.
- 2.4 The Chief of Staff and Monitoring Officer, Heads of Departments and Area Commanders were asked to complete self-assessments, which took the form of a questionnaire covering the processes in place to manage their key business risks. They were required to state whether they agreed or disagreed that the processes they had in place provided an effective level of assurance and compliance. There was also a requirement to detail the evidence to support their assessment and highlight any areas of either above or below average performance or outputs.

**3 Overall Opinion**

- 3.1 All assessments issued have been returned detailing satisfactory evidence. As referenced in sections 4 and 7 of appendix A, one return recorded partial assurance in relation to:
- Performance monitoring and management. A national project has been put on hold due to COVID which will help standardise reporting in certain areas across all Forces, improving efficiency.

## **AGENDA ITEM 5a**

It is anticipated that this will recommence during the summer.  
Existing internal arrangements remain fit for purpose.

- Management and staffing structures are clear. A review is ongoing following changes to how victim services are provided and an IT project is underway that is expected to deliver efficiency in relation to staffing requirements. No concerns were noted, only that the department is undergoing change in this area.

3.2 All managers agreed that overall effective controls are in place to allow them to achieve their service objectives and therefore the objectives of the PCC and Chief Constable.

3.3 A summary of returns is attached at Appendix A showing each process being assessed.

3.4 Internal Audit has time in the 2021/22 audit plan to review the evidence and actions identified by managers on their assurance statements. The outcome of this work will be reported to the Joint Independent Audit Committee prior to the approval of each body's financial statements. This audit will cover a number of questions included in the assurance statements, across a sample of departments.

### **4 Equal Opportunities implications**

4.1 It is considered that there are no equal opportunities implications arising from the report.

### **5 Human Rights implications**

5.1 It is considered that there are no human rights implications arising from the report.

### **6 Risk Management implications**

6.1 Ongoing reviews of controls and their effectiveness will assist managers in the identification and mitigation of risk.

### **7 Financial implications**

7.1 There are no financial implications directly arising from this report.

### **8 Recommendation**

8.1 The Committee is asked to note the assurances provided by senior managers.

**Senior Manager Assurance Assessments 2020/21**

<b>Area of Assurance</b>	<b>Percentage that Agree / Disagree that Effective Controls are in Place</b>
1. Controls are in place to demonstrate that there is compliance with legal requirements, governance arrangements and corporate policies.	100% agreement that effective controls are in place.
2. Specifically in relation to the impact of Covid-19 and any changes to procedures and new ways of working, have suitable arrangements been put in place to reflect the new ways of working.	100% agreement that effective controls are in place.
3. There is effective service planning with resources used to ensure that the Police and Crime Plan and the Chief Constable's Delivery Plan are both fully supported.  Plans are reviewed on a regular basis to measure progress against relevant performance targets.	100% agreement that effective controls are in place.
4. There are effective data quality and performance management processes with accurate and sufficient information generated, which is reported to relevant parties on a timely basis and with appropriate action taken to address performance issues.	96% agreement that effective controls are in place. One manager highlighted delays to a national project (relating to evidential files) as a result of COVID. This project is expected to restart during the Summer of 2021. Existing arrangements are effective, however the planned changes are expected to improve efficiency.
5. Awareness of the requirements of the General Data Protection Regulations (GDPR) and taken steps to ensure compliance.  The Area Command / Department has identified its sources and flows of information including rights of access.	100% agreement that effective controls are in place.
6. There are well defined reporting arrangements to senior management, including a clear reporting structure	100% agreement that effective controls are in place.

**AGENDA ITEM 5A**

and with accurate and timely information provided to ensure decision making is taken on a sound basis.	
7. Management and staffing structures are clearly defined, responsibilities including job descriptions are clearly established and there is a workforce of adequate competence and number to deliver the service.	96% agreement that effective controls are in place. One manager highlighted ongoing reviews relating to changes to the provision of victim services and an IT modernisation project.
8. Standards of conduct within the Area Command/Department are in accordance with written codes and controls are in place to deter, prevent, detect, and therefore reduce the risk, of fraud and corruption (including bribery).	100% agreement that effective controls are in place.
9. There are effective financial planning and budgetary control procedures in place.  Staff within my Service area involved with financial matters and contracts are familiar with, and comply with, financial procedure and procurement rules as published procedures on the Force Instructional Information System; and are fully aware of their responsibilities when authorising transactions and will be held accountable for their actions.	100% agreement that effective controls are in place.
10. The Area Command/Department can demonstrate it has sought value for money in the use of resources.	100% agreement that effective controls are in place.
11. Relevant partnership arrangements are well founded with clearly defined governance arrangements and are adequately monitored for effectiveness.	100% agreement that effective controls are in place.
12. ICT systems used by the Area Command/Department are secure and satisfactory for their purpose and adequate business continuity arrangements are in place.	100% agreement that effective controls are in place.
13. Recommendations from relevant Inspectorate/audit reports where they relate to your area of responsibility, are reviewed and acted upon.	100% agreement that effective controls are in place.

**AGENDA ITEM 5A**

14. Decisions are taken with due regard to insurance, health and safety, information governance, community safety and other risk implications.	100% agreement that effective controls are in place.
15. There is effective risk management within the Area Commands / Department with adequate identification, control and ongoing monitoring and review of service, operational and strategic risks.	100% agreement that effective controls are in place.



**JOINT INDEPENDENT AUDIT COMMITTEE**

**19 JULY 2021**

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**REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2020/21**

**REPORT OF THE INTERNAL AUDIT MANAGER**

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**1 Purpose of the Report**

- 1.1 To ask the Committee to review the effectiveness of the system of Internal Audit for 2020/21

**2 Background**

- 2.1 The Accounts and Audit Regulations 2021 require all authorities to “conduct an annual review of the effectiveness of its internal control” and for a committee of the body to consider its findings” and that this process should be part of the annual review of the effectiveness of the system of internal control which contributes towards the production of the Annual Governance Statement.
- 2.2 This review should be undertaken prior to the consideration of the Internal Audit Annual Report to allow the opinion of the Audit Manager to be relied upon.
- 2.3 The Joint Chief Finance Officer has delegated responsibility to maintain an adequate internal audit of both the Police and Crime Commissioner and Chief Constable’s financial affairs of both bodies as required by Section 151 of the Local Government Act 1972.
- 2.4 The review of the effectiveness of internal audit for 2020/21 was undertaken by the Joint PCC and Chief Constable Governance Monitoring Control Group, which includes the PCC’s Chief of Staff and Monitoring Officer, the Deputy Chief Constable and the Joint Chief Finance Officer. This review was based upon the following:
- Self-assessment and results of the external assessment against UK Public Sector Internal Audit Standards (PSIAS);
  - Self-assessment against the CIPFA Statement on the Role of the Head of Internal Audit;
  - Assessment of the effectiveness of the Joint Independent Audit Committee; and
  - Relevant local performance information.

**3 Assessment against UK Public Sector Internal Audit Standards (PSIAS)**

- 3.1 The PSIAS require an external assessment of internal audit functions to be completed every five years. In compliance with PSIAS the Internal Audit Service was assessed against current Internal Audit practices and compliance with professional standards by external auditors, Mazars, during 2019/20.
- 3.2 The professional standards have four areas as detailed below:
- Definition of Internal Auditing;
  - Code of Ethics;
  - Attribute Standards; and

- Performance Standards.

3.3 The outcome of the assessment was positive and found that the Internal Audit Service is substantially compliant with the standards in all significant aspects. A number of minor recommendations were made following the external assessment; these are currently being implemented and compliance is being monitored.

3.4 The next PSIAS external assessment is due to take place during 2024/25.

#### **4 Self-Assessment against the CIPFA Statement on the Role of the Head of Internal Audit**

4.1 This assessment requires an evaluation of how the five principles of this statement are embedded within the OPCC and Force and the Chief Audit Executive's skills and personal experience. The self-assessment found arrangements to be compliant with the statement and a copy is attached at Appendix A for information.

#### **5 Reliance Placed Upon Internal Audit by the External Auditor**

5.1 A joint working protocol is in place between Internal Audit and the external auditor, Mazars, which includes monthly meetings to discuss relevant issues. During 2020/21 Mazars have not relied on the work of Internal Audit in any specific areas.

#### **6 Assessment of the Effectiveness of the Audit Committee**

6.1 An assessment of the effectiveness of the Joint Independent Audit Committee (JIAC) has been completed. The assessment covered the following areas:

- Purpose & Governance;
- Functions of the Committee;
- Membership & Support; and
- Effectiveness of the Committee.

6.2 A review of the assessment was carried out by the Joint Governance Monitoring Group and found the JIAC to be effective.

6.3 Evidence includes the Committee's oversight of risk management, internal audit arrangements, the Statement of Accounts and approval of the Annual Governance Statement.

#### **7 Performance Information**

7.1 Performance monitoring of the work carried out by the Internal Audit Service provides further assurance that the system of Internal Audit is operating effectively and adding value as a whole. During 2020/21 the following key performance indicators are relevant and are reported to the Committee elsewhere on today's agenda:

- Customer satisfaction questionnaires returned in the year recorded satisfaction at 100%.
- 100% of draft audit reports were issued within the target of 17 working days following the end of audit fieldwork.

#### **8 Opinion of the Effectiveness of Internal Audit**

8.1 Based on the reviews detailed above it is considered that both the PCC and Chief Constable's system of internal audit is operating effectively.

**9 Equal Opportunities implications**

- 9.1 It is considered that there are no equal opportunities implications arising from the report.

**10 Human Rights implications**

- 10.1 It is considered that there are no human rights implications arising from the report.

**11 Risk Management implications**

- 11.1 An effective system of internal audit will positively contribute to the management and mitigation of risk.

**12 Financial implications**

- 12.1 There are no financial implications directly arising from this report.

**13 Recommendation**

- 13.1 The Committee is asked to endorse the opinion that the PCC and Chief Constable's system of internal audit is operating effectively.



**Appendix A – 2020/21 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement**

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
1	<p>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 and commenting on responses to emerging risks and proposed developments.</p>	<p>Head of Internal Audit (HIA) role in the organisation's governance is set out in the Audit Charter which complies with UK Public Sector Internal Audit Standards (UKPSIAS). The Terms of Reference (ToR) establishes:</p> <p>The responsibility and objectives of Internal Audit:</p> <ul style="list-style-type: none"> <li>• Organisational independence;</li> <li>• Accountability &amp; reporting lines;</li> <li>• The contribution made by the HIA to the internal control environment (including an assessment of its effectiveness) which in turn contributes to the Annual Governance Statement;</li> <li>• The access to all records, assets, personnel and premises, except covert;</li> <li>• The requirement of the HIA to provide an annual audit opinion on the internal control environment.</li> </ul>	<p>HIA helps promote good governance through an annual risk based audit programme, quarterly meetings of the joint governance monitoring group, quarterly progress reports to the JIAC, and an annual audit opinion report.</p> <p>Role of the Internal Audit Service is defined in the scope of the Audit Charter which is reviewed annually.</p>	<p>The Internal Audit Strategy is reviewed by the HIA annually and revised as necessary to reflect any prevailing risks to the Police and Crime Commissioner (PCC) and Chief Constable.</p> <p>HIA undertakes consultation exercises with senior managers to feed into annual plan.</p> <p>HIA identifies and disseminates best practice through audit provision across different organisations in the public sector.</p>
2	<p>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.</p>	<p>Established through Internal Audit's ToR the HIA has clear lines of responsibility to the Chair of the JIAC, PCC, Chief Constable, PCC's Chief of Staff and Monitoring Officer, Force Command Team and the Section 151 Officer for both the PCC and Chief Constable.</p> <p>HIA produces an Audit Strategy, which is approved by the JIAC.</p>	<p>HIA produces an Annual Audit Opinion which gives assurance to the PCC and Chief Constable on the effectiveness of the system of internal control.</p> <p>HIA liaises regularly with those discharged with the organisation's external audit responsibilities. HIA ensures that audit work is not driven by priorities of external audit.</p>	<p>HIA reports both in detail and in summary on all principal audit findings and control and system weaknesses to the JIAC without interference or influence from the Police Service or auditees.</p> <p>All audit findings are evaluated and assessed against the risk to the organisation.</p> <p>HIA ensures that recommendations</p>

**Appendix A – 2020/21 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement**

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		<p>Protocols that define Internal Audit's working relationships are also set out in the Scheme of Delegation and Financial Regulations.</p>	<p>HIA produces a three year rolling Audit Strategy which is reviewed annually to reflect the organisation's key risks. The strategy and plan are flexible, supportive, challenging, prioritised and timely which ensures the plan maintains focus on emerging risks.</p> <p>The Audit Strategy is presented to the JIAC prior to the start of the financial year.</p> <p>The annual audit planning process incorporates the organisational risks as identified in the risk register. To place reliance on the risk register the HIA evaluates and assesses the organisation's risk maturity and risk appetite.</p> <p>HIA liaises with other external bodies including those with inspection/assurance responsibilities such as Mazars.</p>	<p>presented are objective, pragmatic and risk based.</p> <p>HIA ensures that all recommendations are followed up at the agreed due date and that the progress in actioning these is reported to the JIAC.</p>
3	<p>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.</p>	<p>HIA reports directly to the PCC and CC's Section 151 Officer but with direct line of access to the PCC, Chief Constable and Chair of the JIAC.</p> <p>HIA has clear lines of responsibility and reporting to the JIAC.</p> <p>The HIA has access to the senior management and leadership team within the OPCC and Force.</p> <p>As established within the ToR the HIA</p>	<p>HIA liaises and consults with key PCC and Force stakeholders in revising the annual audit strategy and the annual audit programme.</p> <p>HIA has unfettered access to escalate any concerns through reports or direct submissions to the JIAC.</p>	<p>HIA has developed and maintained effective professional working relationships with a range of internal and external stakeholders.</p> <p>HIA attends and reports to the JIAC.</p> <p>HIA ensures that audit programmes are flexible in nature and are developed to ensure testing is reflective of the current operational procedures, process and structures of the PCC and CC.</p>

**Appendix A – 2020/21 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement**

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		leads an audit function which has unrestricted access to all people, systems and records within the organisation, subject to restrictions in relation to covert assets (as agreed by JIAC on 22 February 2021).		HIA networks both internally and externally.
4	The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.	<p>All internal auditors are fully qualified (CCAB, AAT or equivalent) or are undertaking professional studies.</p> <p>Local performance targets are produced which are reported into the JIAC quarterly.</p> <p>Client questionnaires are circulated with the results incorporated into the HIA's quality control function.</p> <p>The Audit Plan is developed using a risk based approach prior to looking at resource implications.</p> <p>The service has undergone external assessment against PSIAS and was assessed as substantially compliant and all recommendations from the external assessment are being implemented.</p>	<p>HIA ensures that the Internal Audit Service is resourced to be fit for purpose through:</p> <ul style="list-style-type: none"> <li>• Training support to undertake professional qualifications;</li> <li>• On the job and in-house training;</li> <li>• Regular Appraisal &amp; Development reviews and client surveys which are used to identify training and development needs;</li> <li>• Review of job profiles to ensure all staff responsibilities are clearly defined and recognised; and</li> <li>• Internal Audit Development Plan.</li> </ul> <p>HIA regularly attends conferences, courses and other networking opportunities keeping up to date with recent audit developments and current best practice in the public sector.</p>	<p>The Internal Audit Service complies with PSIAS.</p> <p>Annual planning involves consultation with stakeholders, including senior managers and JIAC members.</p> <p>Client questionnaires are circulated for feedback in relation to Internal Audit's performance. These aim to enhance customer focus.</p> <p>Innovative arrangements to manage skills gaps i.e. Newcastle IT audit arrangement.</p> <p>Where appropriate the Internal Audit Service will work in partnership with other relevant parties.</p>
5	The HIA in a public service organisation must be professionally qualified and suitably experienced.	<p>HIA has 21 years local authority experience and has been CIPFA qualified for 10 years. The HIA has 11 years Internal Audit experience.</p> <p>The core responsibilities of the HIA role</p>		<p>HIA is CIPFA qualified and takes personal responsibility for continuous professional development (CPD) in accordance with institute requirements.</p> <p>The Internal Audit Section operates</p>

**Appendix A – 2020/21 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement**

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		<p>are clearly defined in the job profile, the Internal Audit ToR and Financial Regulations.</p> <p>HIA has the appropriate experienced and qualified resources (see above) within the audit section to fulfil the audit provision as set out in the Annual Audit plan.</p>		<p>according to PSIAS and has been externally assessed as substantially compliant.</p> <p>HIA has 21 years' experience in local authority finance.</p>

**JOINT INDEPENDENT AUDIT COMMITTEE**

**19 JULY 2021**

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**INTERNAL AUDIT ANNUAL REPORT – 2020/21**

**REPORT OF THE INTERNAL AUDIT MANAGER**

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**1 Purpose of the Report**

- 1.1 To inform the Committee about work undertaken by the Internal Audit Service during 2020/21 and to give an overall assessment and independent opinion on the effectiveness of both the Police and Crime Commissioner (PCC) and Chief Constable's internal control systems, risk management and governance arrangements to feed into the Annual Governance Statements for 2020/21.

**2 Background**

- 2.1 The audit plan for 2020/21 set out to meet the requirements of the UK Public Sector Internal Audit Standards (PSIAS) in providing a risk-based focus for the deployment of internal audit resources. The requirements of both the PCC and Chief Constable were taken into account when preparing the audit plan.
- 2.2 The audit plan also enables the Joint Chief Finance Officer to fulfil his delegated responsibility to maintain an adequate internal audit of financial affairs as required by Section 151 of the Local Government Act 1972.

**3 Performance Management and Quality Assurance**

- 3.1 The number of planned audits in 2020/21 was 23, final reports have been issued for 15 of these.
- 3.2 The 2020/21 audit plan allocated 1,870 hours to routine audits, and advice and liaison with the Force and OPCC. As at 31 March 2021 94% of the audit plan, in terms of actual audit hours against planned hours was achieved by the Internal Audit Service, against a target of 97.25%. This shortfall is due to the impact of the first COVID 19 lockdown and is reflective of the number of audits currently ongoing from 2020/21.
- 3.3 The Chief Constable has in place a framework of assurance, which includes Internal Audit, but also includes other audits and checks undertaken by employees.
- 3.4 The Internal Audit Service has a Quality Assurance and Improvement Programme in place which appraises:
- The quality of audit work;
  - The quality of supervision;
  - Compliance with PSIAS;
  - Independence of the internal audit function
  - Compliance with the Audit Service's local audit manual;
  - The ways in which the Internal Audit Service benefits the PCC and Chief Constable; and
  - Achievement of performance standards.

The work undertaken in 2020/21 was found to be compliant with the above.

- 3.5 The percentage of audits subject to quality review by the Internal Audit Manager varies but will not be less than 20% of all audits. During 2020/21 100% of audits were reviewed by the Internal Audit Manager. An action plan is in place for the continued development of the Internal Audit Service which accommodates any findings from these quality reviews.

#### **4 Main Audit Findings**

##### *Overall Assessment & Independent Opinion*

- 4.1 Of the 15 final audit reports issued, 14 concluded that systems and procedures in place were operating well and one concluded that systems and procedures were operating satisfactorily. A further 7 audits are ongoing or at draft report stage, none are showing any issues that would impact on the opinion recorded in paragraph 4.4 below. A summary of these audits is attached at Appendix A.
- 4.2 The standard conclusions in audit reports are defined as:
- Operating well - where the system in place is effective and no recommendations or only a few best practice recommendations have been raised.
  - Satisfactory - where the system in place works, however there are medium priority recommendations.
  - Significant weakness - where the system in place is flawed and there are one or more high priority recommendations or a large number of medium priority recommendations. Also where little or no action has been taken since the previous audit.
- 4.3 Audit work has been focused on the completion of routine systems based audits. There have been no special investigations during the period under review and therefore no cases of suspected fraud or corruption.
- 4.4 Based on the evidence arising from internal audit activity during 2020/21, including work in progress, the PCC and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.
- 4.5 This overall assessment of the PCC and Chief Constable's internal control environment and governance arrangements by Internal Audit makes up a fundamental element of assurance for the Annual Governance Statement.

#### **5 Equal Opportunities implications**

- 5.1 It is considered that there are no equal opportunities implications arising from the report.

#### **6 Human Rights implications**

- 6.1 It is considered that there are no human rights implications arising from the report.

#### **7 Risk Management implications**

- 7.1 There are no additional risk management implications arising directly from this report. The audit plan supports the sustainability of adequate and appropriate resources.

#### **8 Financial implications**

- 8.1 There are no financial implications directly arising from this report.

**AGENDA ITEM 5c****9 Recommendation**

9.1 The Committee is requested to note the findings set out in this report.

**APPENDIX A**

	<b>2020/21 Audit Area</b>	<b>Status</b>	<b>Opinion</b>
	<b>Police &amp; Crime Commissioner</b>		
1	Grant Distribution	Final Report Issued	Operating Well
2	Treasury Management	Final Report Issued	Operating Well
	<b>Chief Constable</b>		
3	ICT Security	Draft Report	
4	Patch Management	Final Report Issued	Satisfactory
5	Programme/Project Management	Planned	Delayed
6	Asset & Device Management	In Progress	Delayed
7	Licence & Certificate Management	In Progress	Delayed
8	Fleet Management	Final Report Issued	Operating Well
9	Police Charities Fund	Final Report Issued	Operating Well
10	Property	Final Report Issued	Operating Well
11	Cash & Miscellaneous Income	Final Report Issued	Operating Well
12	NERSOU	Final Report Issued	Operating Well
	<b>Combined Areas</b>		
13	Governance	Final Report Issued	Operating Well
14	Creditors and Procurement	Draft Report	
15	Payroll & Pensions	Final Report Issued	Operating Well
16	Main Accounting System	Final Report Issued	Operating Well
17	Budgetary Control	In Progress	
18	Employee Claims	Draft Report	
19	Performance Management & Data Quality	Final Report Issued	Operating Well
20	Health and Safety	Final Report Issued	Operating Well
21	Debtors	Final Report Issued	Operating Well
22	Information Governance & Data Security	In Progress	
23	"Annual Governance Statement - Review of Managers"	Final Report Issued	Operating Well



<b>JOINT INDEPENDENT AUDIT COMMITTEE</b>	<b>19 JULY 2021</b>
<b>ANNUAL GOVERNANCE - PRIMARY AND THEMATIC ASSURANCE REVIEW – 2020/21</b>	
<b>REPORT OF THE JOINT CHIEF FINANCE OFFICER</b>	

## **I PURPOSE**

- 1.1 Each financial year a review of the effectiveness of the system of internal control is undertaken and Annual Governance Statements (AGS's) are prepared for both the Police and Crime Commissioner (PCC) and the Chief Constable (CC).
- 1.2 The following sets out the internal reviews carried out as part of the Annual Governance Review Framework, as reported to the Joint Independent Audit Committee (JIAC) on 22 February 2021.
- 1.3 The below elements of review were considered by the Joint Governance Group (JGG) on 05 July 2021, alongside the 'Systems of Internal Audit' and 'Senior Managers Assurance Statements Review' elsewhere on this agenda; in order to review the overall Governance Framework and propose the draft AGS's.

## **2 RECOMMENDATION**

- 2.1 To note the content of this report as part of the production of the Annual Governance Statements (AGS's) assurance framework.

## **3 BACKGROUND**

- 3.1 The Accounts and Audit Regulations 2015 require that the PCC and CC each conduct a review of the effectiveness of the systems of internal control, and prepare individual Annual Governance Statements.
- 3.2 The review of evidence informing the production of the AGS's will be undertaken by the Joint Governance Group (JGG), who will prepare the statements covering 2020/21 for review and approval by the JIAC. The review by the JGG took place on 05 July 2021.

### **Assurance Framework**

- 3.3 The assurance framework is made up from a number of sources that provide assurance on governance arrangements, and controls, that are in place to achieve each organisations strategic objectives.
- 3.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance based around a framework that sets out the steps by which assurance should be gathered to enable the production of an Annual Governance Statement for both the PCC and CC.
- 3.5 In preparation, the evidence from the following sources of assurance were reviewed in order to obtain assurance that the systems of internal control are operating as planned:

- **The system of internal Audit**
  - Review of the effectiveness of Internal Audit

- Review of the effectiveness of Joint Independent Audit Committee
  - Internal Audit Annual Report
  - **Senior Managers Assurance Statements**
  - **Primary and Thematic Assurance**
    - Governance arrangements
    - Financial Controls - An assessment of the role of the CFO in accordance with best practice
    - Views of the External Auditor
    - HMICFRS and other external inspectorates
    - The legal and regulatory framework
    - Risk management arrangements
    - Performance management and data quality
    - Other 'Thematic' sources of assurance, including:
      - Business Planning
      - Partnership arrangements and governance
      - Information and Communications Technology (ICT) Arrangements
      - Fraud, Corruption and Money Laundering
      - Wellbeing
    - CIPFA Financial Management Code self-assessment
- 3.6 Included within the above assurance review is an additional requirement new for this year in relation to the new CIPFA Financial Management Code. This is mandatory from 2021/22; however, in preparation for the first full-year of compliance the OPCC and Force has undertaken a combined self-assessment in-line with guidance issued by CIPFA. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances of a public body, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.
- 3.7 From the above, the 'Systems of Internal Audit' and 'Senior Managers Assurance Statements Review' are considered elsewhere on this agenda.
- 3.8 The following sections outline how suitable assurance has been established from the 'Primary and Thematic' elements of the above list of sources of assurance.
- 3.9 Appendices have been included for each of the areas of Primary assurance and the CIPFA Financial Management Code, along with summaries for each of the Thematic areas.

### **Primary Assurance Framework Elements**

#### **3.10 Governance arrangements**

- 3.10.1 The PCC and CC have responsibilities for governance within the Office of the Police & Crime Commissioner (OPCC) and the Force in their own right. This means that there will be two freestanding processes within the Police Service for ensuring good governance. In most respects the principles and implementation will be the same for the PCC and the CC. There may be however, areas specific to each corporation sole which will need to be reflected.

3.10.2 Appendix (i) provides an overview of the assurance gained in relation to the Governance Arrangements. There were no areas identified to explicitly include within the draft AGS's.

### **3.11 Financial controls - An assessment of the role of the CFO in accordance with best practice**

3.11.1 Assurance has been sought from the Joint Chief Finance Officer (JCFO) to the PCC and CC. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2020/21 has been completed by the JCFO for the purposes of the Annual Governance Statement (AGS). In accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).

3.11.2 Appendix (ii) provides an overview of the assurance gained, there were no areas identified to explicitly include within the draft AGS's.

### **3.12 Views of the External Auditor**

3.12.1 A review was undertaken of the Annual Audit Letters for 2019/20, as reported by Mazars to the meeting of JIAC on 16 November 2020, in order to identify any recommendations to be implemented during 2020/21.

3.12.2 Appendix (iii) provides an overview of the assurance gained, there were no recommendations contained within either letter, therefore nothing to consider as part of the drafting of the AGS's for 2020/21.

### **3.13 HMICFRS and other external inspectorates**

3.13.1 In addition to the HMICFRS and external inspectorate reports presented at each JIAC meeting. An annual review has been undertaken summarising the activities during 2020/21.

3.13.2 Appendix (iv) provides an annual review of these external inspectorates. From the review, although there were some areas for improvement identified, there were no exceptions or risks to delivery identified during the year, for any of the recommendations or areas for improvement reported by HMICFRS, a comment to this effect has been included within the AGS's.

### **3.14 Legal and regulatory framework**

3.14.1 Assurance was sought from the PCC's Chief of Staff and the CC's Head of Legal, who have a legal duty within their own bodies to ensure the lawfulness and fairness of decision-making and ensure compliance with established policies, procedures, laws and regulations.

3.14.2 Appendix (v) provides the outcome of the review; there were no items to include within the AGS's.

### **3.15 Risk Management**

3.15.1 The PCC and CC have established a joint approach to the consideration and management of risk, which ensures that both bodies have management arrangements in place. Updates on risk are provided to JIAC at each meeting and assurance in this area will be provided in the Corporate Risk Management Annual Report for 2020/21.

3.15.2 Appendix (vi) provides an annual report for Risk Management, there were no items specifically identified which are required to be reflected within the AGS's

### **3.16 Performance Management and Data Quality**

3.16.1 The performance management framework forms part of the assurance of senior managers on the key controls operating in their areas. In addition, there is a framework for reporting corporate performance management information, including oversight by the PCC.

3.16.2 Appendix (vii) provides a summary of the assurance for Performance Management and Data Quality, there were no items specifically identified which are required to be reflected within the AGS's

### **Thematic Assurance Framework Elements**

#### **3.17 Business Planning**

3.17.1 The Force has an established business planning cycle that supports the prioritisation of business proposals and ensures that plans are aligned to the delivery of the Force Strategic Priorities and Police and Crime Plan, and informs the Medium Term Financial Planning process and subsequent resourcing plans

3.17.2 A summary of the assurance for Business Planning was considered by the JGG, there were no items specifically identified which are required to be reflected within the AGS's

#### **3.18 Partnership arrangements and governance**

3.18.1 Assurance is also required in respect of any significant partnership arrangements, as they are key to the delivery of each body's objectives. Each arrangement will be assessed against guidance produced by the Audit Commission (Bridging the Accountability Gap, 2005).

3.18.2 A review of partnership arrangements is also the subject of an annual review by Internal Audit as part of the 'Governance' audit; the 2020/21 assessment was one of 'Operating Well'.

3.18.3 Partnerships are the subject of specific collaboration agreements. Following review, assurance was obtained that the collaboration agreements contained suitable governance arrangements and confirmed that suitable controls have been in place to monitor them during the year.

#### **3.19 Information and Communications Technology (ICT) Arrangements**

3.19.1 Assurance was sort to the adequacy and robustness of information systems and governance arrangements.

3.19.2 The assurance review found that overall across people, processes, and technology the assurance is adequately in place, albeit in some areas at a minimum level; with a strong transformational plan in place to transform IT services.

3.19.3 The Executive team has taken steps to initiate the transition of the IT service. They have appointed a Chief Information Officer (CIO) to develop the new IT Operating Model, and drive the changes across the ICT People, Process and Technology and are providing financial resources, governance, steering and oversight to ensure success.

3.19.4 The current IT environment has already been strengthened in terms of IT management and leadership and capacity and the service continues to be compliant with ICT regulation and legislation, whilst is able to demonstrate improved operating performance. There is evidence of planning and controls in place on many key IT elements (Examples Patching, Technology Refresh, etc.). The introduction of an Architectural team, Solutions Architects, a Data and Information Management team and a Business Engagement team support the migration from a reactive to a proactive Digital Policing service.

3.19.5 There are no items specifically identified which are required to be reflected within the AGS's.

**3.20 Fraud, Corruption and Money Laundering**

3.20.1 Fraud and Corruption – a statement was agreed at JGG confirming that there has been no fraud or corruption identified during the year.

3.20.2 Consideration was made of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and Money Laundering Reporting Officer under the Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005) - there were no cases identified or reported during the year.

**3.21 Wellbeing**

3.21.1 The activities of the 'Wellbeing and Leadership Board' and associated 'Wellbeing' activities was undertaken to provide assurance to JGG of the commitment of the PCC and CC to Wellbeing.

3.21.2 A summary of the Wellbeing governance arrangements and achievements during 2020/21 to demonstrate the commitment of the PCC and CC was considered by JGG. There were no issues which need to be reflected within the AGS.

**4. FINDINGS**

4.1 No areas of non-compliance have been identified and therefore need to be disclosed in the 2020/21 AGS's.

4.2 The overall conclusion from the new Financial Management Code self-assessment is Green; however, the Code requires any areas for improvement to be disclosed within an action plan. The results of the self-assessment identified 3 areas for improvement, which once implemented will ensure the OPCC and Force fully comply with the Financial Management Code. This action plan has been attached to the AGS as required by the FM Code.

**5. CONSIDERATIONS**

<b>Freedom of Information</b>	<i>Non-exempt</i>
<b>Consultation</b>	Yes
<b>Resource</b>	No
There are no additional financial considerations arising from this report.	
<b>Equality</b>	No
There are no equality implications arising from the content of this report.	
<b>Legal</b>	No

There are no legal considerations arising from the content of this report.	
<b>Risk</b>	No
There are no additional risk management implications directly arising from this report.	
<b>Communication</b>	Yes
To be reported to the PCC and CC in-line with the Accounts and Audit Regulations 2015	
<b>Evaluation</b>	No

## OTHER THEMATIC SOURCES OF ASSURANCE

### GOVERNANCE ARRANGEMENTS

#### REPORT OF: HEAD OF CORPORATE DEVELOPMENT

#### I Overview of Area of Assurance

- 1.1 The Police and Crime Commissioner (PCC) and Chief Constable (CC) have responsibilities for governance within the Office of the Police and Crime Commissioner (OPCC) and the Force in their own right. This means that there will be two freestanding processes within the police service for ensuring good governance. In most respects the principles and implementation will be the same for the PCC and the CC. There may; however, be areas specific to each corporation sole which will need to be reflected.
- 1.2 The PCC and CC have established a Joint PCC/ CC Governance Meeting which meets four times per year and whose work is fully aligned with that of the Joint Independent Audit Committee (JIAC). The Group is resourced by individuals who have the appropriate knowledge, expertise and levels of seniority to consider all necessary and mandatory governance requirements on behalf of both corporate bodies.

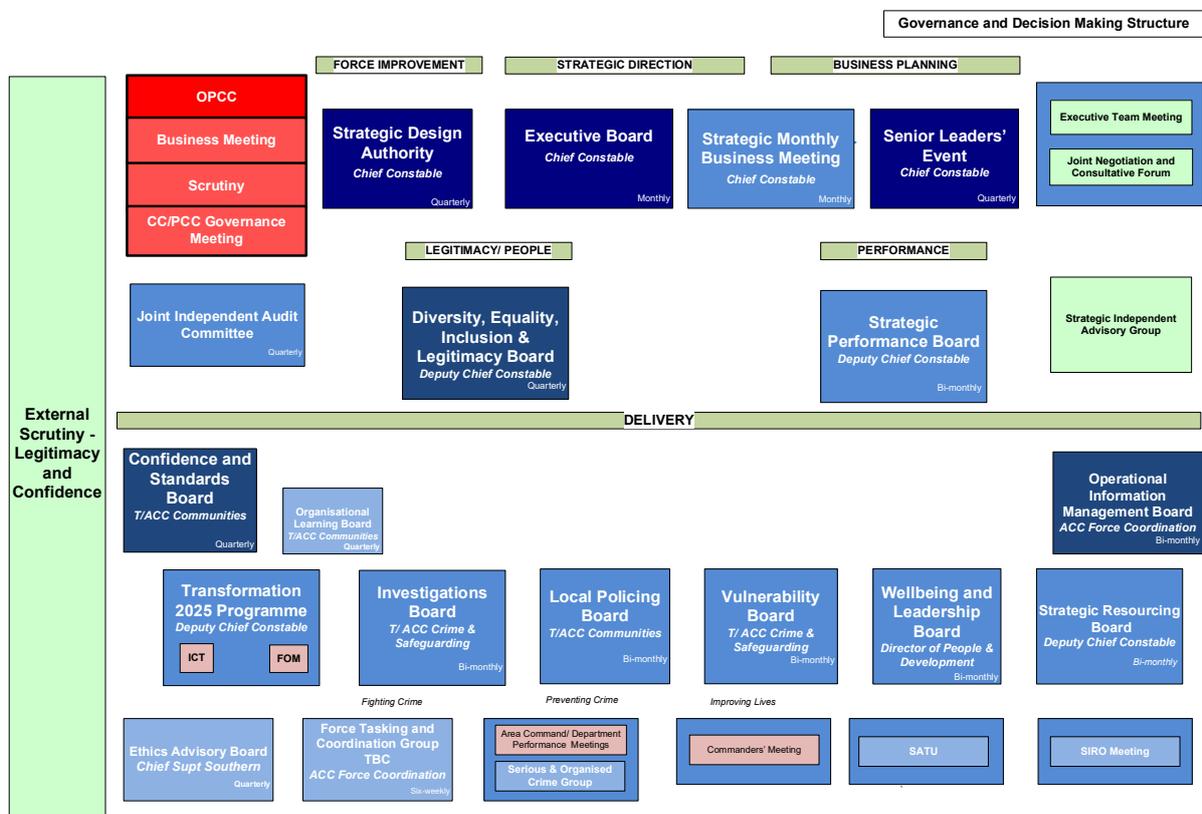
#### 2 Governance and Decision Making Structure

- 2.1 There are a range of boards and meetings to manage Force business. The Force's governance and decision-making structure is outlined in Annex A. There are defined key governance and stewardship arrangements in place for all meetings, with agreed terms of reference and frequency of meetings. Agenda notices and papers are circulated at least three working days before each meeting. All reports follow an agreed standard and template to ensure consistency and all implications are considered. An Executive Team member or lead is identified as chair and vice-chair, with agreed membership for all meetings. Minutes are published to all members, with minutes of the Executive Board published externally on the Force's website.
- 2.1.1 **Executive Board** sets the direction of the Force by providing strategic leadership to ensure the purpose, vision and values of Northumbria Police are achieved, supporting delivery of the Police and Crime Plan. This Board approves and monitors the Force's Medium Term Financial Plan, including future capital requirements; approves significant change activity; makes recommendations on significant variations outside previously agreed strategies and plans, terminating where necessary; and monitors strategic risks.
- 2.1.2 The **Strategic Monthly Business Meeting** provides a forum for the Chief Constable to direct delivery of Force strategic priorities and supporting business and operational actions in Executive portfolios. This includes consideration of current strategic performance issues; outstanding recommendations and areas for improvement following inspection, investigation and audit; Force improvement and change Management; Transformation 2025 Programme risks and milestones; strategic risk management; and spotlight topics.

- 2.1.3 The **Strategic Design Authority** identifies and directs corporate change programmes and supporting programmes of work, ensuring alignment with the purpose, vision and values of Northumbria Police.
- 2.1.4 **Diversity, Equality, Inclusion and Legitimacy Board** embeds diversity, equality and inclusion into all activities, supporting the National Police Chiefs' Council 2018 – 2025 Diversity, Equality and Inclusion Strategy, which provides a framework to accelerate progress on diversity, equality and inclusion, to achieve positive equality outcomes, ensuring legal compliance to our Public Sector Equality Duty (PSED).
- 2.1.5 The **Strategic Performance Board** drives performance and standards to deliver the Police and Crime Plan and achieve Force strategic priorities, improving the effectiveness and efficiency of policing services. This Board considers escalation reports and scheduled updates from other boards and meetings presenting risks and issues to performance and delivery.
- 2.1.6 **Confidence and Standards Board** ensures public confidence is maintained and standards achieved by ensuring services are based on insight and engagement and meet the needs of victims, with an emphasis on use of police powers and decision-making.
- 2.1.7 **Operational Information Management Board** oversees the strategic and operational management of all information and ensures the security and integrity of information assets is maintained within the Force in accordance with national standards and best practice. This Board ensures information assurance activities in support of ICT systems and programmes are carried out to maintain compliance with the National Policing Community Security Policy and provides oversight of Information Assurance risks to Northumbria Police.
- 2.1.8 The **Wellbeing and Leadership Board** seeks to create a culture where wellbeing is at the heart of everything we do and everyone has the confidence to talk about it across the workplace, knowing where and how they are being supported and valued, and also to develop a Leadership framework that positively supports, develops and motivates teams and individuals, reinforcing the Forces commitments across the five wellbeing pillars of: Health; Safety; Work; Development; and Environment.
- 2.1.9 The **Strategic Resourcing Board** ensures strategic alignment of people, financial, physical and technological resources to support achievement of the mission, vision and values of Northumbria Police.
- 2.1.10 The Force's **Transformation 2025 Programme Board** identifies and directs corporate change programmes and projects approved by Executive Board, determining time and resource parameters. This Board oversees benefits realisation and evaluation of corporate programmes and projects, ensuring continuous improvement and shared learning are embedded in the organisation and risks to delivery are managed and identified.
- 2.1.11 **Ethics Advisory Board** supports Northumbria Police and its staff to embed the Police Code of Ethics throughout the organisation, by providing a forum to discuss ethical issues and provide advice to the Executive Team, Senior Leaders and Staff and in doing so promotes the highest standards of behaviour.

- 2.2 In addition, to the relevant business managed, there are several corporate areas of business for each board, including risk management, organisational learning and Force policy and procedure.
- 2.3 Further consultation and advice is available from the Executive Team Meeting, Joint Negotiation and Consultative Forum, Senior Leaders' Events and Strategic Independent Advisory Group.
- 2.4 The Force benefits from a range of external scrutiny groups, which support the Force to act legitimately: treating people with fairness and respect and ensuring we act ethically and lawfully to build public trust and confidence.
- 2.5 Additional governance arrangements are in place with the Police and Crime Commissioner at a joint Business Meeting, Scrutiny Meeting and the Chief Constable and Police and Crime Commissioner's Governance Meeting.

**Annex A – Force Governance and Decision-Making Structure**





## **PRIMARY ASSURANCE FRAMEWORK ELEMENT**

### **FINANCIAL CONTROL – AN ASSESSMENT OF THE ROLE OF THE CFO IN ACCORDANCE WITH BEST PRACTICE**

#### **REPORT OF: JOINT CHIEF FINANCE OFFICER**

#### **1. Overview of Area of Assurance**

- 1.1. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2020/21 has been completed by the Joint Chief Finance Officer for the purposes of the Annual Governance Statement (AGS). In accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).

#### **2. Background**

- 2.1. The Chief Finance Officer (CFO) occupies a critical position in any organisation, holding the financial reins of the business and ensuring that resources are used wisely to secure positive results. Achieving value for money and securing financial stewardship are key components of the CFOs role in public service organisations, a duty enshrined in legislation for the CFOs appointed by Police and Crime Commissioner's (PCC) and Chief Constable's (CC).
- 2.2. The purpose of the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014) (The Statement), is to support CFOs in the fulfilment of their duties and to ensure that the PCC and CC have access to effective financial advice at the highest level.
- 2.3. The CIPFA Statement has five key principles as follows:
  1. The CFO of the PCC and CC is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest.
  2. The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer term implications, opportunities and risks are fully considered, and align with the overall financial strategy.
  3. The CFO must lead and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
  4. The CFO must lead and direct a finance function that is resourced to be fit for purpose.

5. The CFO must be professionally qualified and suitably experienced.
- 2.4. The Statement also sets out the governance requirements, CFO responsibilities and other skills and controls expected in detail for each of the five principles.
- 2.5. There is a '*comply or explain*' requirement in the AGS in relation to the requirements of this CIPFA Statement.
- 2.6. A detailed line-by-line self-assessment review of the Statement has been undertaken and can be found at APPENDIX A.

### **3. Findings**

- 3.1. Where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the organisations AGS, together with an explanation of how this arrangement delivers the same impact. As in previous years this has been reviewed and included within the 2020/21 AGS.
  - The PCC for Northumbria and the CC agreed to appoint a joint CFO for both organisations with effect from 29 March 2013. The reasoning was that a joint CFO role would provide both the PCC and CC with an efficient, effective, economic and better coordinated finance lead. The joint role is subject to the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
  - The joint arrangement has now been in place for seven full financial years. A detailed self-assessment to the Statement has been completed and has found the role to be working well.
- 3.2. No other areas of non-compliance have been identified and therefore need to be disclosed in the AGS.

CIPFA Assurance Statement - CFO Checklist 2020/21

APPENDIX A

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
<b>Principle 1</b>			
<i>The Chief Finance Officer of the PCC and CC is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest.</i>			
<b>Governance Requirements</b>			
I.1 Ensure that a clear Statement is set out on the respective roles and responsibilities of the Leadership Team and its members individually.	See the Governance Framework	Y	
I.2 Ensure that the CFO reports directly to the PCC or the CC (depending on which CFO is concerned), the PCCs or CCs for collaborated arrangements (depending on which CFO is concerned) is a member of the Leadership Team with a status at least equivalent to other members.	CFO is a member of the leadership board of both the PCC and CC and is shared between the two bodies. The Statement of Accounts includes narrative about the joint role, this was enhanced in 2015/16 based on advice received from Internal Audit, this will again be stated within the 2020/21 Statement of Accounts.	Y	The Statement requires that both the PCC and CC appoint separate CFOs, where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the authority's Annual Governance Report, together with an explanation of how this arrangement delivers the same impact.  This was first included in 2014/15 AGS and SOA.
I.3 If different organisational arrangements are adopted, explain the reasons publicly in the Annual Governance Statement (AGS), together with how these deliver the same impact.	The CFO jointly represents both the PCC and Chief Constable. These arrangements will be specifically highlighted within the AGS's.	Y	
I.4 Determine a scheme of delegation/consent (PCC CFO in consultation with the CC CFO), and ensure that it is monitored and updated.	Scheme of delegation published in 2014 following the appointment of a joint CFO . Reviewed by the Joint Governance Group.	Y	
I.5 Ensure that PCC and CC governance arrangements allow the CFO: – To bring influence to bear on all material business decisions (accepting the operational responsibilities of the Chief Constable). – Provide direct access to the PCC and CC (as above), other leadership team members, the Audit Committee and internal and external audit.	See the Governance Framework.  See the Governance Framework / Finance and Contract Regulations.	Y  Y	
I.6 Ensure the scope of the CFO's other management responsibilities do not compromise financial responsibilities.	There are no conflicts arising.	Y	
I.7 Ensure that consideration has been given to nominated deputy provision if either CFO is unable to discharge his/her responsibilities.	The Head of Finance has been nominated for this role.	Y	
I.8 Ensure the financial skills required by members of the Leadership Team enable their roles to be carried out effectively.	See the Governance Framework / Finance and Contract Regulations.	Y	
<b>Core CFO responsibilities</b>			
I.9 Contributing to the effective leadership of the PCC and CC, maintaining focus on its purpose and vision through rigorous analysis and challenge.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies.  Also member of the Joint Independent Audit Committee (JIAC), Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y	
I.10 Contributing to effective corporate management, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies.  Also member of the Joint Independent Audit Committee (JIAC), Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y	
I.11 Supporting effective governance through development of: – Corporate governance arrangements, risk management and reporting frameworks.  – Corporate decision making arrangements.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies.  Also member of the Joint Independent Audit Committee (JIAC), Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.  CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies.  Also member of the Joint Independent Audit Committee (JIAC), Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y  Y	

**AGENDA ITEM 5 d**  
**APPENDIX (ii)**

<b>ASSESSMENT</b>	<b>EVIDENCE</b>	<b>COMPLIANCE Y/N</b>	<b>EXPLAIN</b>
I.12 Contributing to change programmes including identifying service efficiencies and value for money opportunities.	CFO or delegated staff are key elements of such workgroups.  CFO is a permanent member of the 'Strategic Design Authority' responsible for managing change within the Force.	Y	
I.13 Leading development of medium term financial strategies and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.	Financial Regulation 5 sets out the financial planning processes and responsibilities. Four year MTFS prepared and published along with the detailed year 1 estimated revenue and capital budgets each February. Latest report March 2021.	Y	
I.14 Ensuring that there are sound medium and long term financial plans for both revenue and capital to support the development of PCC and CC plans and strategies and that these are subject to regular review to confirm the continuing relevance of assumptions used.	Financial Regulation 5 sets out the financial planning processes and responsibilities. Four year MTFS prepared and published along with the detailed year 1 estimated revenue and capital budgets each February. Latest report March 2021.	Y	
I.15 Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance 6. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 8 See MTFS and budget report March 2021.	Y	
I.16 Ensuring compliance with relevant CIPFA Codes including the Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 15. See MTFS and budget report March 2020, plus JIAC TM Strategy and Policy February 2021.	Y	
I.17 Ensuring that budget calculations are robust and reserves adequate, as required by s25 of the Local Government Act 2003, and in line with CIPFA guidance. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 8 See MTFS and budget report March 2021.	Y	
I.18 Ensuring the medium term financial strategy reflects joint planning with partners and other stakeholders.	Financial Regulations 5.3 and 5.7. Four year MTFS prepared and published along with the detailed year 1 estimated revenue and capital budgets each year. Latest report March 2021.	Y	
<b>Personal skills and professional standards</b>			
In order to fulfil the aims of this Principle:			
I.19 Role model, energetic, determined, positive, robust and resilient leadership, able to inspire confidence and respect, and exemplify high standards of conduct.	Personal Development Review process.	Y	
I.20 Adopt a leadership style, able to move through visioning to implementation and collaboration/consultation to challenge as appropriate.	Personal Development Review process.	Y	
I.21 Build robust relationships both internally and externally.	Personal Development Review process.	Y	
I.22 Work effectively with other Leadership Team members with political awareness and sensitivity.	Personal Development Review process.	Y	
I.23 Support collective ownership of strategy, risks and delivery.	Personal Development Review process.	Y	
I.24 Address and deal effectively with difficult situations.	Personal Development Review process.	Y	
I.25 Implement best practice in change management and leadership.	Personal Development Review process.	Y	
I.26 Balance conflicting pressures and needs, including short and longer term trade-offs.	Personal Development Review process.	Y	
I.27 Demonstrate strong commitment to innovation and performance improvement.	Personal Development Review process.	Y	
I.28 Maintain an appropriate balance between the deeper financial aspects of the CFO Role and the need to develop and retain a broader focus on the environment and stakeholder expectations and needs.	Personal Development Review process.	Y	
I.29 Comply with the IFAC Code of Ethics for Professional Accountants, as implemented by local regulations and accountancy bodies, as well as other ethical standards that are applicable to them by reason of their professional status. The fundamental principles set out in the Code are integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. Impartiality is a further fundamental requirement of those operating in the public services.	Personal Development Review process.	Y	

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
<b>Principle 2</b>			
<i>The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer term implications, opportunities and risks are fully considered, and align with the overall financial strategy.</i>			
<b>Governance Requirements</b>			
2.1	Ensure that a medium term business and financial planning process is established to deliver PCC strategic objectives, including: – A medium term financial strategy to ensure sustainable finances. – A robust annual budget process that ensures financial balance. – A monitoring process that enables this to be delivered.	Budget preparation plan; timetable; 2021/22-2024/25 MTFS. Budget preparation plan; timetable; 2021/22-2024/25 MTFS. Budget preparation plan/timetable.	Y Y Y
2.2	Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.	Budget preparation process.	Y
2.3	Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.	Pay, Tax, Treasury Management and other advice taken as required. Examples available.	Y
2.4	Ensuring that budget calculations are robust and reserves adequate, in line with CIPFA's guidance and s25 of the Local Government Act 2003.(PCC CFO responsibility in consultation with the CC CFO).	See MTFS and budget report March 2021.	Y
2.5	Ensure that those making decisions are provided with information that is fit for the purpose, relevant, timely and gives clear explanations of financial issues and their implications.	All Executive Reports contain a Financial Impact section; Specific Finance reports; Monthly Revenue budget monitoring reports and quarterly Group Revenue and Capital reports; JIAC reports etc.	Y
2.6	Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the PCC meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.	Specific Purpose Finance reports; Monthly Revenue budget monitoring etc. taken to OPCC meetings. Quarterly Group Revenue and Capital monitoring reports taken to the Joint Business Meeting.	Y
2.7	Ensure that the PCC and CC maintain a prudential financial framework; keep commitments in balance with available resources; monitor income and expenditure levels to ensure that this balance is maintained and take corrective action when necessary.	Monthly Treasury Management monitoring to CFO; Annual TM Policy and Strategy, Mid-year TM report, and Annual TM Report to the PCC.	Y
2.8	Ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO).	Financial Regulation 5.20 and 15. See MTFS and budget report March 2021, and JIAC TM Policy and Strategy report February 2021.	Y
2.9	Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnerships arrangements, outsourcing or where the authority is acting in an enabling role.	Contained within the annual Internal Audit plan.	Y
2.10	Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance.	Regular revenue and capital monitoring reports brought to PCC and CC meetings.	Y
<b>Core CFO responsibilities</b>			
Responsibility for financial strategy:			
2.11	Ensuring that a financial framework is agreed and delivery is planned against the defined strategic and operational criteria.	See MTFS and budget report March 2021.	Y
2.12	Maintaining a long term financial strategy to underpin PCC and CC financial viability within the agreed performance framework.	See MTFS and budget report March 2021.	Y
2.13	Ensure financial management policies underpin sustainable long-term financial health and reviewing performance against them.	Financial Regulations.	Y
2.14	Ensuring that commercial and collaborated opportunities are appraised and advising on financial targets and successful delivery.	See MTFS and budget report March 2021.	Y
2.15	Ensuring that an effective resource allocation model is developed and maintained to deliver business priorities.	See MTFS and budget report March 2021.	Y
2.16	Taking a leading role on asset and balance sheet management.	Yes, including a forward balance sheet as part of Treasury Management.	Y
2.17	Ensuring that the planning and budgeting processes are fully co-ordinated.	Financial Regulations and annual MTFS and Budget setting process.	Y

**AGENDA ITEM 5 d**  
**APPENDIX (ii)**

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
<b>Influencing decision making</b>			
2.18 Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	Financial Regulations 9. MTF5 report March 2021.	Y	
2.19 Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.	PCC and CC Board meetings agenda and minutes - See key decisions on PCC website.	Y	
2.20 Ensuring that efficient arrangements are in place and sufficient resources available to provide accurate, complete and timely advice to support strategy development.	PCC and CC Board meetings agenda and minutes.	Y	
2.21 Ensuring that clear, timely, accurate information is provided as requested by the Police and Crime Panel.	PCP agendas and minutes.	Y	
2.22 Ensuring that all necessary information is provided to the PCC when the Police and Crime Panel considers the budget and proposed precept. (PCC CFO responsibility in consultation with the CC CFO)	PCC Budget report and precept report February 2021.	Y	
2.23 Ensuring that capital projects are chosen after evaluating a fully costed business case complied with input from all relevant professional disciplines and can be funded in the financial strategy.	Financial Regulations 7. MTF5 March 2021.	Y	
2.24 Checking, at an early stage, that innovative financial approaches comply with regulatory requirements.	CFO would pick up such approaches at senior meetings and would preview and review with Finance team.	Y	
<b>Financial information for decision makers</b>			
2.25 Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.	Revenue and Capital Monitoring reports to PCC and CC.	Y	
2.26 Ensuring that timely management accounts are prepared.	Monthly Monitoring timetable.	Y	
2.27 Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.	Example: finance reports to all meetings of NERSOU Joint Committee.	Y	
<b>Personal skills and professional standards</b>			
In order to fulfil the aims of this Principle:			
2.28 Take all reasonable steps to ensure that: <ul style="list-style-type: none"> <li>– Budgets are planned as an integral part of strategic and operational management and are aligned with a structure of managerial responsibilities.</li> <li>– Budgets are constructed on the basis of reliable data of past performance and rigorous assessments of future resources and commitments, and that policies and priorities are evaluated in an open, consistent and thorough manner.</li> <li>– Responsibilities for budget management and control are unambiguously allocated, that commitments are properly authorised, and that budgets are related to clear objectives and outputs.</li> <li>– Accounting and financial information systems make available, at the relevant time to all users the appropriate information for their responsibilities and for the objectives of the PCC and CC.</li> </ul>	Coding structure aligns with responsibilities. Review of coding carried out March 2020.	Y	
	See budget preparation timetable and working papers.	Y	
	Coding structure aligns with responsibilities. Review of coding carried out March 2020.	Y	
	Monthly revenue monitoring information to responsible officers, annual Internal audit review of processes.	Y	
2.29 Ensure that other appropriate management, business and strategic planning techniques are implemented.	Personal Development Review.	Y	
2.30 Link financial strategy and overall strategy (PCC CFO in consultation with the CC CFO).	Personal Development Review.	Y	
2.31 Demonstrate a willingness to take and stick to difficult decisions – even under pressure.	Personal Development Review.	Y	
2.32 Take ownership of the assessment of relevant financial risks.	Personal Development Review.	Y	
2.33 Network effectively to ensure awareness of all material business decisions to which CFO input may be necessary.	Personal Development Review.	Y	
2.34 Role model persuasive and concise communication with a wide range of audiences internally and externally.	Personal Development Review.	Y	
2.35 Provide clear, authoritative and impartial professional advice and objective financial analysis and interpretation of complex situations.	Personal Development Review.	Y	

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
2.36 Apply relevant statutory, regulatory and professional standards both personal and organisational.	Personal Development Review.	Y	
2.37 Demonstrate a strong desire to think innovatively and to add value.	Personal Development Review.	Y	
2.38 Challenge effectively, and give and receive constructive feedback.	Personal Development Review.	Y	
2.39 Operate with sensitivity in a political environment.	Personal Development Review.	Y	
<b>Principle 3</b>			
<i>The CFO must lead and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.</i>			
<b>Governance Requirements</b>			
3.1 Make the CFO responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records and accounts, and for maintaining an effective system of financial control.	Financial and contract regulations set out the responsibilities.	Y	
3.2 Ensure that systems and processes for financial administration, financial control and protection of resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.	Financial and contract regulations set out the responsibilities.	Y	
3.3 Ensure that there is in place effective and appropriate internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes. Ensuring that these controls are an integral part of the underlying framework of corporate governance and that they are reflected in its local code.	Financial and contract regulations.	Y	
3.4 Address the arrangements for financial and internal control and for managing non-operational risk in Annual Governance Statements.	Joint PCC/CC Governance group, review and recommendation of the AGS's by JIAC.	Y	
3.5 Ensure that annual accounts are published on a timely basis in accordance with professional and regulatory requirements in order to communicate activities and achievements, its financial position and performance.	See Statement of Accounts timetable. Prepared in line with revised statutory deadlines for 2019/20, detailed timetable for the production of the 2020/21 Statement of Accounts.	Y	
3.6 Ensure an effective internal audit function is resourced and maintained or where this is provided externally, the contractor is able to deliver the same standards.	Internal Audit provision under agreement with Gateshead MBC.	Y	
3.7 Develop and maintain an effective Audit Committee.	Joint Independent Audit Committee agenda and minutes.	Y	
3.8 Ensure, together with the leadership team, that the PCC and CC make best use of resources and that taxpayers and/or service users receive value for money.	VFM view from external audit (Mazars).	Y	
3.9 Ensure that appropriate financial competencies are embedded in key person specifications and appraisals.	Yes. See job descriptions.	Y	
3.10 Ensure the financial skills required by managers are assessed and developed to enable their roles to be carried out effectively.	There is no formal assessment framework in place. However all budget managers are provided with an introductory meeting when they first start to familiarise themselves with their budgets.  Finance team members continue to support the budget managers with all budget related matters after then. Finance Master Classes available for budget and senior managers.	Y	
3.11 Ensure that roles and responsibilities for monitoring financial performance/budget management are clear, that they have adequate access to financial skills, and are provided with appropriate financial training on an on-going basis to help them discharge their responsibilities.	Budget managers are supported by members of the finance team.	Y	

**AGENDA ITEM 5 d**  
**APPENDIX (ii)**

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
<b>Core CFO responsibilities</b>			
<b>Promotion of financial management</b>			
3.12 Assessing financial management style and advising as to changes which may be needed to ensure it aligns with the PCC's strategic direction.	No formal assessment framework in place however feedback would be expected from peers.	Y	
3.13 Actively promoting financial literacy.	<p>There is no formal assessment framework in place. However all budget managers are provided with an introductory meeting when they first start to familiarise themselves with their budgets.</p> <p>Finance team members continue to support the budget managers with all budget related matters after then.</p> <p>A Financial Improvement Project is underway, a key part of which will be to simplify financial tasks and ensure managers are trained and equipped to carry out necessary tasks.</p> <p>Finance Master Class's were delivered to budget and Senior managers of both CC and PCC during 2018/19 and 2019/20.</p> <p>Full Departmental Business Planning was re-introduced during 2020, with senior level financial support provided to all Departments to ensure awareness of any financial implications of proposals and efficiencies.</p>	Y	
3.14 Assisting the development of a protocol which clearly sets out the roles and responsibilities for financial management, including delegated authority/powers.	See Financial Regulations and Contract Standing Orders.	Y	
<b>Value for money</b>			
3.15 Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are notified to and as appropriate, for non-operational aspects, signed off by the finance function.	Financial implications required to be considered by CFO in all proposals.	Y	
3.16 Ensuring that appropriate asset management and procurement strategies are developed and maintained.	Security of assets and procurement strategies are maintained. Records of assets, replacement dates, leases and valuations are all held and used to create the Statement of Accounts.	Y	
3.17 Taking a leading role on the identification of value for money opportunities.	CFO is a key member of the management of both the OPCC and Chief Constable and takes a lead role.	Y	
<b>Safeguarding public money</b>			
3.18 Applying strong internal controls in all areas of financial management, risk management and asset control.	See Financial Regulations and Contract Standing Orders.	Y	
3.19 Explain the financial management arrangements within the Annual Governance Statement.	See the AGS(s).	Y	
3.20 Establishing budgets, financial targets and performance indicators to help assess delivery.	See MTFS and Budget Reports March 2021.	Y	
3.21 Ensuring that effective systems of internal control are implemented, these may include financial regulations, contract regulations, standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.	Management and Internal Audit review.	Y	
3.22 Ensuring that the PCC and CC have put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.	Internal Audit plan / reviewed by JIAC.	Y	
3.23 Ensuring that delegated financial authorities are respected.	Yes	Y	
3.24 Promoting arrangements to identify and manage business risks (except for operational responsibilities of the Chief Constable), including safeguarding assets, risk mitigation and insurance.	Risk register, risk review reports and insurance policies.	Y	
3.25 Ensure that capital projects are managed with post completion reviews.	<p>Procedures for capital project management are reviewed in-line with the requirements to publish a Capital Strategy.</p> <p>Capital Strategy 2021/22 – 2024/25, published March 2021.</p>	Y	
3.26 Securing the application of appropriate discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.	Structures employed, staff skills and checked by internal audit.	Y	

**AGENDA ITEM 5 d**  
**APPENDIX (ii)**

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
3.27 Ensuring the effective management of cash flows, borrowings and investments of funds including those on behalf of others; ensuring the effective management of associated risks; pursuing optimum performance or return consistent with those risks. (PCC CFO responsibility in consultation with the CC CFO).	Treasury Management function resides with the Northumbria Police Finance Department. Daily cash flow management and monthly reporting with Head of Finance and CFO.	Y	
3.28 Ensuring that appropriate measures exist to prevent and detect fraud and corruption.	Internal Audit, internal controls, whistle blowing, code of ethics, separation of duties, delegation under Financial and Contract Regulations.	Y	
3.29 Ensuring that proportionate business continuity arrangements are established for financial processes and information.	Business continuity plan in place and suitable insurance cover exists.	Y	
3.30 Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.	NERSOU Partnership is relevant to this and a proper governance framework is agreed and operated.	Y	
<b>Assurance and scrutiny</b>			
3.31 Ensuring that financial performance of the PCC and CC and its partnerships is reported to the PCC and CC and other parties as required.	Regular budget monitoring reporting and finance monitoring support provided.	Y	
3.32 Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance, is accurate, clear, relevant, robust and objective. Apart from operational matters which are the responsibility of the Chief Constable.	Quality control and peer review of any information published.	Y	
3.33 Supporting and advising the Audit Committee.	Agenda and minutes from the JIAC.	Y	
3.34 Ensuring that clear, timely, accurate advice is provided on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.	Notes of meetings, minutes and reports.	Y	
3.35 Ensuring that published budgets, annual accounts and consolidation data for government level consolidated accounts are prepared.	Budgets are published, MTFs published, completion of the Whole of Government Accounts included within the Statement of Accounts completion timetable. Government returns such as RA, RO, QRO, CPR etc. are signed off by CFO, copies available.	Y	
3.36 Ensuring that the financial Statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.	See Statement of Accounts completion timetable.	Y	
3.37 Certifying the annual Statement of Accounts (PCC CFO and CC CFO for their separate accounts) and the group accounts (PCC CFO).	Certified by the CFO - see Statement of Accounts	Y	
3.38 Ensuring that arrangements are in place so that other accounts and grant claims (including those where the PCC is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes.	Claims for grants such as victims grant are completed and available.	Y	
3.39 Liaising with the internal and external auditor.	Annual Internal Audit plan ; Regular liaison meetings held with the external auditors - see diary entries.	Y	
<b>Personal skills and professional standards</b>			
In order to fulfil the aims of this Principle:			
3.40 CFOs should take all reasonable steps to ensure that:			
– Effective systems and procedures operate to monitor progress against budgets and their objectives at regular intervals, and that appropriate reporting mechanisms are in place.	Budget monitoring process.	Y	
– That payments, including taxation, are made on time, accurately and in accordance with legal requirements.	Reconciliations and management review. Treasury Management cash payment monitoring, payroll and pensions BACS process email to decision makers prior to payment to confirm completed.	Y	
– Cash is handled with special care to avoid loss, particularly loss through theft and secure arrangements are in place to deal with the handling of electronic or other cash-less transactions.	Financial Regulations and management control.	Y	
– The accounting and financial information systems provide an accessible, complete, comprehensive, consistent and accurate record of financial transactions.	Management and system control. Systems accountants.	Y	
– All financial reports are relevant, reliable and consistent, are compatible with the accounting and financial information systems available, at the relevant time to all users, the appropriate information for their responsibilities and for the objectives of the PCC and CC.	Management and system control. Systems accountants. Review of effectiveness from time to time.	Y	
– Within the specific legislative framework, systems exist to secure the efficient and effective management of taxes, in particular to ensure that tax liabilities and obligations are properly reported and accounted for.	VAT, CIS, NI, Income tax and Apprenticeship Levy monitored and claims and payment deadlines diarised.	Y	
– Treasury management is carried out in accordance with CIPFA's treasury management code and that effective treasury management arrangements are in place. (PCC CFO in consultation with the CC CFO).	Monthly Treasury Management monitoring and review.	Y	

**AGENDA ITEM 5 d**  
**APPENDIX (ii)**

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
3.41 Generate 'buy-in' to, and support delivery of, good financial management.	High profile finance function and personal support.	Y	
3.42 Assist in the promotion, and development of sustainable partnerships, and engage effectively in collaboration.	Collaboration and Partnership Strategy, May 2017.	Y	
3.43 Deploy effective facilitation and meeting skills.	Personal Development Review.	Y	
3.44 Build and demonstrate commitment to continuous improvement and innovative, but risk-aware, solutions.	Weekly meetings with Head of Finance.  Support and guidance to the Finance Improvement Programme and HRIT replacement programme.	Y	
3.45 Place stewardship and probity as the bedrock for management of PCC and CC finances.	Financial regulations and ethics.	Y	
<b>Principle 4</b>			
<i>The CFO must lead and direct, (as explained in this principle), a finance function that is resourced to be fit for purpose.</i>			
<b>Governance Requirements</b>			
4.1 Ensure that the finance function has the resources, expertise and systems necessary to perform its role effectively.	Staffing and resource structure, day to day management and Personal Development Reviews.	Y	
4.2 Ensure that the role and responsibilities of the CFO, are suitably outlined and documented.	Job Specification.	Y	
<b>Core CFO responsibilities</b>			
4.3 Ensuring that the finance function makes a full contribution to and meets the needs of the business.	Staffing and resource structure, day to day management and Personal Development Reviews.	Y	
4.4 Ensuring that the resources, expertise and systems for the finance function are sufficient to meet business needs and negotiating these within the overall financial framework.	Staffing and resource structure.	Y	
4.5 Ensuring that robust processes for recruitment of finance staff are implemented and/or outsourcing of functions.	Recent recruitments also supported by HR.	Y	
4.6 Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders.	Service plan monitoring and review of the SLA between PCC and CC.	Y	
4.7 Seeking continuous improvement in the finance function.	Finance SMT meet regularly to review and deliver elements of the Finance Improvement Plan.	Y	
4.8 Ensuring that finance staff, managers and the Leadership Team are equipped with the financial competencies and expertise needed to manage the business both currently and in the future.	Finance SMT meet regularly to review and deliver elements of the Finance Improvement Plan.	Y	
4.9 Ensuring that responsibility for all finance staff is properly discharged.	Day to day management and Personal Development Review.	Y	
4.10 Acting as the final arbiter on application of professional standards.	Yes	Y	
<b>Personal skills and professional standards</b>			
In order to fulfil the aims of this Principle:			
4.11 Ensure a vision is created and communicated for the finance function.	Personal Development Review.	Y	
4.12 Role model a customer focussed culture.	Personal Development Review.	Y	
4.13 Promote an open culture, built on effective coaching and a "no blame" approach.	Personal Development Review.	Y	
4.14 Promote effective communication between the finance department, PCC and with external stakeholders.	Personal Development Review.	Y	
4.15 Apply strong project planning and process management skills.	Personal Development Review.	Y	
4.16 Set and monitor meaningful performance objectives for the finance team.	Personal Development Review.	Y	
4.17 Role model, as required, for effective staff performance management.	Personal Development Review.	Y	
4.18 Coach and support staff, as required, in both technical and personal development.	Personal Development Review.	Y	
4.19 Promote high standards of ethical behaviour, probity, integrity and honesty.	Personal Development Review.	Y	
4.20 Ensure, when necessary, that outside expertise is called upon for specialist advice not available within the finance function.	Personal Development Review.	Y	
4.21 Promote discussion on current financial and professional issues and their implications.	Personal Development Review.	Y	

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
<b>Principle 5</b>			
The CFO must be professionally qualified and suitably experienced.	---		
<b>Governance Requirements</b>			
5.1 Appoint as an employee, or engage under a contract for services, a professionally qualified CFO whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood.	CFO in post. Significant experience and role understood.	Y	
5.2 Ensure that the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role.	Part of appointment process.	Y	
<b>Personal skills and professional standards</b>			
In order to fulfil the aims of this Principle:			
5.3 Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers.	CIPFA.	Y	
5.4 Adhere to international standards set by IFAC on: – Ethics. – Continuing Professional Development.	Yes. CPD record.	Y Y	
5.5 Demonstrate IT literacy.	Personal Development Review.	Y	
5.6 Have relevant prior experience of financial management in the public services or private sector.	Significant experience in the public sector.	Y	
5.7 Understand public service finance and its regulatory environment.	Significant experience in the public sector.	Y	
5.8 Apply the principles of corporate finance, economics, risk management and accounting.	Personal Development Review.	Y	
5.9 Understand personal and professional strengths.	Personal Development Review.	Y	
5.10 Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role.	Personal Development Review.	Y	



**PRIMARY ASSURANCE FRAMEWORK ELEMENT**

**EXTERNAL AUDITOR ASSURANCE**

**REPORT OF: JOINT CHIEF FINANCE OFFICER**

**1. Overview of Area of Assurance**

- 1.1 To review the Annual Audit Letters for 2019/20 and note any governance issues arising.

**2. Background**

- 2.1 Our external auditors Mazars LLP have confirmed that their last annual audit letter, as presented to JIAC on 16 November 2020, can be used for the purpose of monitoring our governance arrangements.
- 2.2 The annual audit letters for the Chief Constable and Police and Crime Commissioner were reviewed to assess any recommendations in relation to either the completion of the Statutory Accounts or in relation to Value for Money.
- 2.3 Any recommendations were reviewed for potential governance issues which should be included within the Annual Governance Statement.

**3. Findings**

- 3.1 Based on a review of the Annual Audit Letters for 2019/20 there are no issues to report which will have an impact on the Annual Governance Statement for 2020/21

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## OTHER THEMATIC SOURCES OF ASSURANCE

### HMICFRS AND OTHER EXTERNAL INSPECTIONS

#### REPORT OF: HEAD OF CORPORATE DEVELOPMENT

#### **I Overview of Area of Assurance**

- 1.1 There are a number of external inspectorate and audit bodies, including HMICFRS and the Information Commissioner's Office, which report on inspection, investigation and audit findings within the Police Service.

#### **2 Summary of Assurance**

- 2.1 All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Executive Team. A lead is appointed to review the findings and identify actions in response to any recommendations and areas for improvement. The Force position is reported to the Police and Crime Commissioner at the joint Business Meeting to inform any statutory response to inspection activity required under section 55 of the Police Act 1996.
- 2.2 All activity is regularly reviewed by the respective owners. Delivery is overseen by the relevant Executive Lead, with further oversight at the Strategic Monthly Business Meeting and scrutiny at the Executive Board.
- 2.3 In accordance with the Police and Crime Commissioner's (PCC's) statutory role, to secure an efficient and effective police force for Northumbria and hold the Chief Constable to account for its running, the PCC receives regular progress against the recommendations and areas for improvement referenced in all HMICFRS inspection reports at the Scrutiny Meeting of the Office of the Police and Crime Commissioner (OPCC). The Commissioner is aware of the issues raised by HMICFRS and is, therefore, also able to consider these in other elements of the Scrutiny Programme on an ongoing basis.
- 2.4 A summary of recent external inspection reports and an overview of the process in place to manage the Force's response is provided quarterly to the JIAC.
- 2.5 Each report results in an agreed set of actions, with timescales and a plan for delivery. Updates are RAG rated to indicate progress and any identified risks are highlighted for consideration and action.
- 2.6 Corporate Development Department acts as the central liaison point for all HMICFRS related matters. Regular contact is maintained with HMICFRS to update on progress and allow for a review of the activities undertaken.
- 2.7 As a result of the suspension of HMICFRS inspection activity during COVID-19 and the Force's position in the forthcoming PEEL inspection schedule, there has been more limited opportunity for all activities undertaken by the Force to be reviewed by the HMICFRS Force Liaison Lead.
- 2.8 The HMICFRS monitoring portal is used by HMICFRS to monitor forces' response to findings raised through inspection activities. It includes causes of concern and

recommendations made to police forces by HMICFRS since January 2013 and more recently (since September 2019) areas for improvement (AFIs)<sup>1</sup>.

- 2.9 As at the end of March 2021 there were 70 open recommendations and 49 AFIs on the monitoring portal (see annex A for a list of associated inspection reports). Of these, ongoing monitoring within Force has determined 41 recommendations and 31 AFIs as complete and awaiting review; 38 recommendations and 29 AFIs relate to reports published before 2020/21.
- 2.10 All outstanding recommendations (13) in response to five reports (Annex B) have been finalised during the year.
- 2.11 HMICFRS published its first report following a joint investigation by HMICFRS, the College of Policing and the Independent Office for Police Conduct of a policing super-complaint in December 2020. The super-complaint was from Liberty and Southall Black Sisters' on policing and immigration status. Four recommendations, aligned to the Chief Constable and PCC, were added to the monitoring portal.
- 2.12 23 recommendations and 11 AFIs were added to the portal during 2020/21<sup>2</sup>.
- 2.13 The Information Commissioner's Office (ICO) published its report in December 2020 following an audit of Northumbria Police to independently determine the extent to which the Force is complying with data protection legislation. An action plan is in place, monitored by the ICO.

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<sup>1</sup> Five AFIs relating to the report Fraud: Time to choose published in April 2019 were added retrospectively in October 2020.

<sup>2</sup> An additional six AFIs were added to the portal following the publication of 'A call for help - Police contact management through call handling and control rooms in 2018/19'. These were subsequently moved to closed by HMICFRS as it was determined that each will be assessed in 2021/22 and, if required, an AFI will be issued if services are not sufficient after that inspection.

## **Annex A – Inspection Reports**

- An inspection of undercover policing in England & Wales (October 2014) <sup>3</sup>
- PEEL Police legitimacy 2017 (December 2017)
- Fraud: Time to choose (April 2019)
- The poor relation: the police and Crown Prosecution Service's response to crimes against older people (July 2019)
- PEEL Police effectiveness, efficiency and legitimacy 2018/19 – Northumbria Police (September 2019)
- Shining a light on betrayal: Abuse of position for a sexual purpose (September 2019)
- Cyber: Keep the light on – An inspection of the police response to cyber-dependent crime (October 2019)
- Evidence led domestic abuse (DA) prosecutions (January 2020)
- Northumbria Police – Joint inspection of police custody (January 2020)
- National Child Protection Inspections: 2019 thematic report (February 2020)
- A joint thematic inspection of Integrated Offender Management (IOM) (February 2020)
- Counter-terrorism policing – An inspection of the police's contribution to the government's Prevent programme (March 2020)
- Roads Policing: Not optional – An inspection of roads policing in England and Wales (July 2020)
- PEEL spotlight report: The Hard Yards – Police to police collaboration (July 20)
- Pre-charge bail and released under investigation: striking a balance (December 2020)
- Safe to Share? Report on Liberty and Southall Black Sisters' super-complaint on policing and immigration status (December 2020)
- An inspection of the effectiveness of the Regional Organised Crime Units (February 2021)
- Disproportionate use of police powers – A spotlight on stop and search and the use of force (February 2021)
- Getting the balance right? An inspection of how effectively the police deal with protests (March 2021)

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<sup>3</sup> Seventeen recommendations remain open on the portal relating to the inspection and are on hold awaiting the outcome of a national inquiry. These recommendations have been completed by the Force.

**Annex B – Inspection Reports Finalised**

- Northumbria Police: Crime Data Integrity inspection 2016 (February 2017)
- Stolen freedom: the policing response to modern slavery and human trafficking (October 2017)
- PEEL Police effectiveness 2017 (March 2018)
- Understanding the difference: the initial police response to hate crime (July 2018)
- Northumbria – National child protection inspection and Post-inspection Review (June 2018); post-inspection review (April 2019)

## PRIMARY ASSURANCE FRAMEWORK ELEMENT

### GOVERNANCE ARRANGEMENTS

#### REPORT OF: CHIEF OF STAFF AND MONITORING OFFICER & JOINT CHIEF FINANCE OFFICER

#### 1. Overview of Area of Assurance

- 1.1 To obtain assurance that there were no governance issues arising during 2020/21 in relation to Legal and Regulatory services.

#### 2. Background

- 2.1 The key framework for Policing Bodies governance arrangements is the CIPFA publication 'Delivering Good Governance 2016'. This defines the principles that underpin the governance of each organisation, and provides a structure to help organisations with their approach to governance.

One of the key principles contained within the framework is that the organisation behaves with integrity, demonstrating a strong commitment to ethical values and respecting the rule of law. Assurance has been obtained to ensure there are no issues in respect of the legal and regulatory framework within which the Police and Crime Commissioner (PCC) and Chief Constable (CC) have operated.

- 2.2 Legal and regulatory assurance can be demonstrated by:

- Establishment of a Joint PCC/CC Governance Group which meets four times per year, at which during 2020/21 any governance or legal issues arising from the previous meetings are discussed and appropriate action taken.
- Compliance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
- Compliance with the The Elected Local Policing Bodies (Specified Information) Order 2021. This order sets out information that PCCs are required to publish on their website to allow the public to hold them to account.
- The establishment of a 'Governance Framework' including general principals of delegation, Financial Regulations, and Contract Regulations.
- Establishment of organisational policies and procedures in-line with legal and regulatory guidance. Publicised and maintained on the Force Instructional Information System (IIS).
- Assurance obtained from the Head of Legal Services that there are no legal issues arising during 2020/21 which the PCC and CC are not aware of or disclosed as part of the annual statement of accounts as a contingent liability.

#### 3. Findings

- 3.1 Based on the above procedures and assurances there are no issues to report which will have an impact on the Annual Governance Statements for 2020/21.



## **RISK MANAGEMENT ARRANGEMENTS – ANNUAL REPORT**

### **REPORT OF: HEAD OF CORPORATE DEVELOPMENT**

#### **I Overview of Area of Assurance**

- 1.1 To provide an overview on the management of strategic risk contained within the Police and Crime Commissioner (PCC) and Chief Constable's Joint Strategic Risk Register (JSRR).

#### **2 Summary of Assurance**

- 2.1 The PCC and CC have established a joint approach to the consideration and management of risk, which ensures both bodies have management arrangements in place. Each strategic risk is assigned an owner(s) from the Force's Executive Team or Office of the Police and Crime Commissioner (OPCC) as appropriate, who has responsibility for the management of existing controls and the implementation of new controls, where necessary.
- 2.2 Area Commanders, Department Heads and OPCC officers are responsible for the identification of emerging risks which cannot be controlled locally and have the potential to prevent the Force and PCC from achieving objectives.
- 2.3 The Force's strategic risks are monitored at the Executive Board and reported alongside those of the OPCC at the joint Business Meeting and to the Joint Independent Audit Committee on a quarterly basis. The Joint PCC/ CC Governance Group provides additional scrutiny and governance.
- 2.4 The JSRR identifies each risk, provides context to the risk and identifies current factors affecting thematic risk areas and captures the consequences if it were to happen. It also provides a summary of existing controls and rates risks on the likelihood of the risk occurring and the impact it would have.
- 2.5 All risks are regularly reviewed by their respective owners throughout the year in response to the changing environment to provide additional assurance and help to reduce the likelihood and impact of risks.

#### **Overview**

- 2.6 Following the 2020 Annual Review of Risk, a new JSRR was developed for 2020/21, which built upon the thematic risk areas already used in the previous register, capturing twelve strategic risk areas and the strategic risk(s) faced:
1. Finance
  2. Governance (new)
  3. Information and Communication Technologies (ICT)
  4. Information and Data Management (new)
  5. Information and Data Quality (new)
  6. Infrastructure & Assets
  7. Operational Policing
  8. Partnership & Collaboration
  9. Public Confidence

- 10. Regulation & Standards
- 11. Strategy
- 12. Workforce

(Risks are recorded alphabetically and numbered for ease of reference only.)

- 2.7 High risks recorded in the previous risk register provided context or were current factors contributing to the assessment and development of the new Force risks.
- 2.8 The previous risk, included within the thematic area of Regulation and Standards: Ineffective management of information and poor data quality affecting business and operational decision-making, was split, to recognise and respond to two new thematic areas and the risk to the Force in each; both were assessed as high risk:
  - Information and Data Management: Failure to implement and adhere to information and data management processes and legislation leading to data breaches; and
  - Information and Data Quality: Failure to improve data quality leading to a reduction in benefits realisation of new operating platforms.
- 2.9 One further thematic area and risk to the Force was added; this was assessed as a low risk:
  - Governance: Failures originating from a lack of scrutiny, oversight, transparency, internal controls and adherence to legislation.
- 2.10 The Force has recorded a risk in each of the twelve thematic areas. Five are assessed as high risk: Finance; ICT; Information and Data Management; Information and Data Quality; and Workforce.
- 2.11 The OPCC has four risks within the thematic areas of Finance; Governance; Partnership and Collaboration; and Public Confidence.
- 2.12 An audit of Governance was reported in February 2021, as part of the 2020/21 Audit Plan. The audit considered the Risk Management Policy and Framework and found control systems are operating well and no findings have been raised.

## OTHER THEMATIC SOURCES OF ASSURANCE

### PERFORMANCE MANAGEMENT AND DATA QUALITY – ANNUAL REPORT

#### REPORT OF: HEAD OF CORPORATE DEVELOPMENT

#### I Overview of Area of Assurance

- 1.1 A Force Performance Management Framework is in place to manage performance and achievement of Force priorities and delivery of the Police and Crime Plan. This also includes oversight by the Office of the Police and Crime Commissioner (OPCC). In addition, performance management and data quality forms part of the assurance of senior managers on the key controls operating in their areas.

#### 2 Summary of Assurance

##### Performance Management

- 2.1 The Strategic Performance Board is the Force's primary meeting to drive and manage performance and delivery of the Police and Crime Plan and achievement of the Force Priorities, and is chaired by the Deputy Chief Constable. The Strategic Performance Board is part of the Force's governance and decision-making structure, and is supported by a number of operational and business-related boards. The remit of boards is to manage performance, delivery against local plans, manage risk and review policy and procedure and consider ethics.
- 2.2 Performance is considered against the Force Priorities and the Police and Crime Plan and is presented using a Balanced Scorecard, which includes:
- Victim Service – victim service standards.
  - Operational Delivery – responding to and managing demand.
  - People – capability, capacity, wellbeing, leadership, diversity, equality and inclusion.
  - Assets – management and use of finance, physical and digital assets.
- 2.3 Performance is considered in a number of ways, for example:
- Performance compared to previous years.
  - Performance compared to agreed service standards.
  - Performance compared to peers (most similar family of forces or nationally).
  - Performance trend over time (typically a rolling 24 months).
- 2.4 A Scrutiny meeting is held by the Police and Crime Commissioner. These meetings provide the opportunity to monitor progress against the Police and Crime Plan, as well as consider other areas such as compliance with the Strategic Policing Requirement, compliance with standards, such as use of force and stop and search and

progress against improvement plans. Performance against the Police and Crime Plan is reported to the Police and Crime Panel on a quarterly basis.

- 2.5 As part of the Audit Plan, approved by the Joint Independent Audit Committee, the audit of performance management was carried out in July 2020, completed by the Gateshead Internal Audit Team. The audit found systems and controls are operating well and no findings were raised.
- 2.6 The objectives of the audit were to ensure:
- The timely provision of information for national and local performance indicators to meet publication dates for reports.
  - Formalisation of responsibilities for production and monitoring of the Force's performance indicators.
  - The accuracy of details provided and the existence of supporting documentation relating to monitoring and final outturn information.
  - Performance is monitored and managed during the year, with action being taken and monitored to address areas where targets are not being achieved.
  - Relevant information, data, documentation and IT systems are maintained securely.
  - Relevant findings from the most recent HMICFRS PEEL report are being reviewed and addressed in a timely manner.
- 2.7 The Force is implementing a business intelligence system, as part of the Force's Transformation Programme. This system will increase the accessibility and quality of meaningful and timely business and operational intelligence, supporting the ambition to transform the Force into a data-driven organisation. A number of Business Intelligence posts have been created to support the implementation of the Force's Business Intelligence Strategy and the implementation of the business intelligence system. This investment, together with an appropriate capital budget to utilise external consultancy support, will allow the project to develop at a pace that meets expectations and the ambition to become a data-driven organisation.
- 2.8 A Performance Task Force has been introduced to support all functions in further improving performance and service delivery with the introduction of a new Performance Management Framework. The Taskforce will develop the Performance Framework at a strategic level and ensure departmental and area command performance structures are effectively aligned and delivered in a consistent manner. These local performance structures will also set-out the roles and responsibilities for supervisors and managers and how they are expected to manage and improve performance.

#### Information Management

- 2.9 The Force has established an Information Management Unit (IMU) recognising the statutory requirement and underpinning business need for this provision. The unit has a range of responsibilities for both the Force and the OPCC, primarily relating to data

protection, information security and records management – this also extends to other key responsibilities for statutory functions such as subject access, freedom of information, family proceedings, the Disclosure and Barring service and the PNC Bureau.

- 2.10 The IMU also has responsibility for a number of other information management related functions, including:
- Records Management
  - Information Systems Audit
  - Records Review Team
  - Information Security
- 2.11 The demand and expectations on information management both within the organisation and also externally from regulatory bodies and partner agencies has grown significantly over the last three years in response to achieving compliance, and also professionalising and formalising business processes. Information management is acknowledged as a core component of operational delivery across the Force.
- 2.12 In parallel to the core operational delivery of the information management service, there is work ongoing to embed information management services within the Force's transformational change programmes. This extends to both technology and business change programmes operating within the Transformation 2025 Programme, and also locally at Department/Area Command Level.
- 2.13 There is significant investment in information technology to ensure there is the capability and capacity to maintain existing technology, and implement new technology, which forms part of the Transformation 2025 Programme. A critical element of this Programme is the data migration strategy to ensure data quality, accuracy and compliance with GDPR.
- 2.14 The Force is part of a national pilot to improve the quality and reduce effort required to produce the Annual Data Return (submission of data to the Home Office). The pilot uses a system called National Data Quality Improvement Service (NDQIS) which is an established data quality tool provided by Datactics, funded through the Serious Violence Fund.
- 2.15 Information Commissioner's Office (ICO) undertook an audit in 2020 to determine the extent to which the Force is complying with data protection legislation. The scope of the audit was:
- Data protection governance and accountability
  - Staff data protection training and awareness
  - Security of personal data
  - Requests for personal data and data portability
  - Information sharing

- Records management
- Data Protection Impact Assessments and information risk management

2.16 An action plan has been developed in response to the findings of the audit. The Force has implemented a working group to manage the implementation of the action plan; attended by key stakeholders and action owners. Ongoing weekly monitoring and management is in place within the Information Management Unit. Scrutiny and oversight of the action plan is carried out at the Operational Information Management Board.

2.17 As part of the 2020/21 Audit Plan, approved by the Joint Independent Audit Committee, the audit of Information Governance and Data Security has been completed. The audit found control systems are operating well and no findings have been raised. The objectives of the audit were to ensure:

- There are satisfactory controls in place to manage compliance with the Data Protection Act.
- There are adequate arrangements in place for secure storage, transport and maintenance of accurate and up-to-date data.
- Freedom of information requests are managed effectively.

**PRIMARY ASSURANCE FRAMEWORK ELEMENT**

**CIPFA FINANCIAL MANAGEMENT (FM) CODE**  
**SELF-ASSESSMENT**

**REPORT OF: JOINT CHIEF FINANCE OFFICER**

**1. Overview of Area of Assurance**

- 1.1. Compliance with the new CIPFA Financial Management Code self-assessment requirement.

**2. Background**

- 2.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code (FM Code) in October 2019 and detailed guidance was published in May 2020. Although it is not a statutory code public bodies are required to comply with the 6 principles and 17 standards it contains.
- 2.2. The FM Code was introduced to provide public sector bodies with a framework to guide sustainable financial management in response to concerns about the financial resilience of local authorities (including Police).
- 2.3. The FM Code does not come into effect until 2021/22, however, CIPFA are treating 2020/21 as a 'Shadow or Pilot', and if a public body does not comply this year then they have to state within the AGS the rationale for non-compliance.
- 2.4. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances, and manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.
- 2.5. In-line with the suggestion of carrying out a 'Shadow' assessment, a joint self-assessment for the PCC and CC as a group entity has been undertaken.

**3. Findings**

- 3.1. The assessment has been divided into 7 specific sections; each has been assigned a Red, Amber, or Green (RAG) rating in-line with the scale of the improvements required for full compliance. A Red rating indicates that significant improvements are required; an Amber rating indicates that moderate improvements are required; and a Green rating indicates that no improvements or minor improvements may be required. The RAG assessment ratings against each section are noted below:

- Responsibilities of the Chief Finance Officer and Leadership Team (Green)
- Governance and Financial Management Style (Green)

**AGENDA ITEM 5 d**  
**APPENDIX (viii)**

- Long to Medium Term Financial Management (Green)
  - The Annual Budget (Green)
  - Stakeholder Engagement and Business Plans (Green)
  - Monitoring Financial Performance (Green)
  - External Financial Reporting (Green)
- 3.2. The overall conclusion from the self-assessment is Green; however, the Code requires any areas for improvement to be disclosed within an action plan within the AGS.
- 3.3. The results of the self-assessment identified 3 areas for improvement, which once implemented will ensure the OPCC and Force fully comply with the Financial Management Code. This action plan is attached as Appendix A.

**APPENDIX A**

**2020/21 CIPFA - Financial Management Self-Assessment**

**Background**

Northumbria Police must comply with the new CIPFA Financial Management Code by 2021/22. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances of the Force, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

In preparation for the first full-year of compliance with the Code (2021/22) Northumbria Police has undertaken a self-assessment in-line with guidance issued by CIPFA.

	Question	Answer	RAG	Areas for improvement / Comments
<b>Section I - The Responsibilities of the Chief Finance Officer and Leadership Team</b>			<b>G</b>	
<b>A</b>	<b>The leadership team is able to demonstrate that the services provided by the authority provide value for money</b>			
I	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	<p>The Police and Crime Plan has a clear focus on ensuring the force has the resources it needs to keep communities safe, to ensure that Northumbria Police can deliver the Plan priorities that have been set in consultation with Northumbria residents.</p> <p>The key principles of the Commissioner’s Medium Term Financial Strategy have a clear focus on achieving VFM. Delivering the Police and Crime Plan priorities whilst ensuring that the achievement of Value for Money is prioritised by the Chief Constable, securing economy, efficiency and effectiveness in the use of resources.</p> <p>Delivery of VFM is a core theme across the key enablers and strategic priorities set out in the Northumbria Police Strategy 2025.</p>	<b>G</b>	

**AGENDA ITEM 5 d**  
**APPENDIX (viii)**

2	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	<p>The Governance Framework is known as the Commissioner’s Scheme of Governance and it comprises the systems, processes, culture and values by which the Commissioner operates. It enables the Commissioner to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services which provide value for money.</p> <p>Delivery of the Police and Crime Plan is the responsibility of the Chief Constable. Performance is monitored at the Strategic Performance Board (SPB), chaired by the Deputy Chief Constable, underpinned by a number of Delivery, Standards and Assurance boards. The Commissioner scrutinises progress, along with performance, and holds the Chief Constable and his team to account at a monthly Scrutiny meeting.</p> <p>Financial Regulations including contract regulations are also detailed within the Governance Framework. The force procurement policy sets out the processes to ensure that VFM is demonstrated through tenders and contracts.</p>	G	In order to achieve compliance with the FM Code, consideration of value for money should be an integral feature to the decisions made by the leadership team, especially those relating to the allocation of resources or to the delivery of services.
3	Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?	The Commissioners Statements of Account, MTFs, Annual Budget and Precept Report have provided stakeholders and members of the public with a continuous narrative on the financial challenge faced by Northumbria Police over the 2010 and 2015 CSR periods, updated on an annual basis. These have clearly demonstrated the Force’s strong history of achieving savings	G	

		<p>targets, managing financial performance within the annual budget and maintaining high standards of policing for Northumbria residents whilst being the hardest hit force over the prolonged period of austerity since 2010. This messaging has been reinforced by a number of independent reports by the National Audit Office (NAO) and HMICFRS.</p> <p>External auditors Mazars have issued an unqualified Value for Money opinion each year concluding that in all significant respects, the Chief Constable, PCC and Group has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.</p> <p>Procurement savings are reported to Blue Light Commercial on a quarterly basis.</p> <p>Budget savings and efficiencies continue to be delivered where ever possible as part of the annual budget and MTFS planning process, through continued scrutiny of non-pay budgets, continued use of national framework agreements and maximising income generation where ever possible.</p>		
<b>B</b>	<b>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</b>			
I	Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	The Commissioner and Chief Constable have a Joint CFO with responsibilities set out in the Scheme of Governance, which provides both the Commissioner and Chief Constable with a single efficient, effective and economic financial management lead.	G	

**AGENDA ITEM 5 d**  
**APPENDIX (viii)**

		The Joint CFO is both a member of the Commissioner's leadership team and a member of the Chief Constable's Executive Team.		
2	Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	<p>Yes, the CFO leads and champions good financial management across the Force.</p> <p>The CFO is a member of the Executive Team of the Chief Constable, is Treasurer to the PCC and sits on a number of Strategic Boards, and provides financial advice and guidance throughout the year on key decisions taken by the Chief Constable and Commissioner.</p>	G	
3	Is the CFO suitably qualified and experienced?	<p>Yes the CFO is suitably qualified and experienced as required by the CIPFA Statement on the Role of the CFO for the Chief Constable and PCC/ in Policing.</p> <ul style="list-style-type: none"> <li>• The CFO carries out a self-assessment on an annual basis against the CIPFA Statement on the Role of the CFO to ensure compliance with the requirements, standards and controls set out in the Statement.</li> <li>• The AGS confirms that the Commissioner and the Chief Constable are also satisfied that the role is working efficiently, that the responsibilities set out in the Scheme of Governance are being completed effectively.</li> </ul>	G	<p>To deliver the responsibilities set out in the CIPFA Statement on the Role of CFOs in Policing, the Chief Financial Officer must:</p> <ul style="list-style-type: none"> <li>• Lead and direct a finance function that is resourced to be fit for purpose</li> <li>• Be professionally qualified and suitably experienced.</li> </ul>
4	Is the finance team suitably resourced and fit for purpose?	<p>Yes, this is a requirement under the CIPFA Statement on the Role of the CFO – see B3 response also.</p> <p>The finance structure was reviewed in 2020/21 and proposed structure changes were approved in May 2021 which: take into account the development of systems and processes; increase</p>	G	

		capacity to support strategic governance; and increase professional resources to provide resilience, and to meet the increased internal and external demand on the Finance Department. The approved investment and structure realignment will enable the Finance Department to meet the challenges outlined in the Business Plan as well as identified emerging demands.		
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<b>Section 2 - Governance and Financial Management Style</b>			<b>G</b>	
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<b>C</b>	<b>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control</b>			
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I	Does the leadership team espouse the Nolan principles?	<p>Yes</p> <p>The Code of Conduct for the Police and Crime Commissioner is published on the PCC website. The Commissioner has adopted this Code which is based on the seven principles set out in Standards in Public Life: First Report of the Committee on Standards in Public Life, known as the Nolan Principles.</p> <p>The Code of Ethics is embedded in the leadership of the Force.</p> <p>The Force Instructional Information System (IIS) contains policies and procedures relating to Ethics and Codes of Conduct. The Force also operates a Confidence and Standards Board and Ethics Advisory Group. Professional Standards reporting procedures outline how staff wishing to report wrongdoing may do so, including a statement of expectation.</p>	<b>G</b>	
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2	Does the authority have in place a clear framework for governance and internal control?	<p>The Governance Framework is published on the PCC website. The Commissioners 6 principles of good governance are:</p> <ol style="list-style-type: none"> <li>1. Focusing on the purpose of the Commissioner, on the outcomes for the community and creating and implementing a vision for the local area.</li> <li>2. Ensuring the Commissioner, officers of the Commissioner and partners work together to achieve a common purpose with clearly defined functions and roles.</li> <li>3. Good conduct and behaviour.</li> <li>4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management.</li> <li>5. Developing the capacity and capability of the Commissioner and officers to the Commissioner to be effective.</li> <li>6. Engaging with local people and other stakeholders to ensure robust public accountability.</li> </ol>	G	
3	Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	<p>The assurance framework is made up from a number of sources that provide assurance on governance arrangements and that controls are in place to achieve each body's strategic objectives.</p> <p>The Joint Governance Group is responsible for assessing and reviewing evidence from a number of sources, which provide assurance that the systems of internal control are operating as planned:</p>	G	

		<ul style="list-style-type: none"> <li>• Governance arrangements.</li> <li>• Senior managers.</li> <li>• The system of internal audit.</li> <li>• Risk management arrangements.</li> <li>• Performance management and data quality.</li> <li>• The view of the external auditor, HMICFRS, and other external inspectorates.</li> <li>• The legal and regulatory framework.</li> <li>• Financial controls.</li> <li>• Partnership arrangements and governance.</li> <li>• Other sources of assurance as appropriate.</li> </ul>		
4	Does the leadership team espouse high standards of governance and internal control?	<p>See also C2 and C3 above.</p> <p>The AGS demonstrates how the Commissioner ‘Promotes Values of Good Governance Through Upholding High Standards of Conduct and Behaviour’.</p> <p>The Office of the Commissioner has a comprehensive website (Northumbria PCC) that includes:</p> <ul style="list-style-type: none"> <li>• Information about the Commissioner and office, required by the Specified information Order 2011.</li> <li>• Code of Conduct based on the Seven Principles of Public Life published by the Nolan</li> </ul>	G	

		<p>Committee, signed by the Commissioner.</p> <ul style="list-style-type: none"> <li>• The Commissioner’s disclosure of interest document which is updated annually.</li> <li>• An ‘Ethical Checklist’ signed by the Commissioner committing to standards required by the Committee for Standards in Public in Life.</li> <li>• A register of the Commissioner’s and the OPCC gifts, hospitality and business expenses.</li> </ul> <p>The core purpose of good governance in public services is to ensure public bodies take informed, transparent decisions and manage risk; the Commissioner has a Decision Making and Recording Policy that supports these principles.</p> <p>All key decisions that have significant public interest regarding policing, crime and community safety in Northumbria along with those about the estate of Northumbria Police are published on the Office of the Commissioner website.</p> <p>Decisions of the Force are also scrutinised by the PCC at the Scrutiny meetings which are detailed on the PCC website.</p> <p>Codes of conduct and business interests are declared and all senior leaders are required to complete a related party declaration annually which is subject to external audit.</p> <p>The governance of the Force is documented</p>		
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		annually in the Annual Governance Statement (AGS) which is approved by the JJAC.		
5	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	<p>Yes.</p> <p>Regular senior leadership meetings to provide support and input at a strategic level throughout the governance cycle, promote learning and development, as well as strategic direction of the force.</p> <p>There is a Joint Governance Framework that exists for the PCC and Chief Constable which includes Finance and Contract Regulations.</p>	G	
<b>D</b>	<b>The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)</b>			
1	Has the authority sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements?	The AGS is prepared in accordance with this Framework. The AGS for each of the Chief Constable and Commissioner explains how they have complied with the Framework and meet the statutory requirements of regulations.	G	
2	Does the authority have in place a suitable local code of governance?	The Governance Framework comprises the systems, processes, culture and values by which the Commissioner operates. The system of internal control is a significant part of that framework and is an on-going process designed to identify and prioritise the risks to achieving the Commissioner's and Chief Constable's aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently and economically.	G	
3	Does the authority have a robust assurance process to support its AGS?	The force undertakes a review of its governance arrangements on an annual basis to inform the AGS.	G	

		<p>All departments and area commands are required to conduct a self-assessment of the adequacy of internal control systems in place to manage principal business risks, evaluating the effectiveness of procedures, systems and controls and where applicable, highlighting areas for improvement and actions intended to address these. Each Area Commander / Head of Department completes an Annual Assurance Statement to inform the process and is accountable for implementing their respective action plans</p> <p>The AGS is subject to scrutiny and approval by the Joint Independent Audit Committee, both for publication in the draft accounts and again for the final audited accounts.</p>		
<b>E</b>	<b>The Financial Management Style of the authority supports financial sustainability</b>			
1	Does the authority have in place an effective framework of financial accountability?	<p>The Governance Framework sets out financial regulations including contract regulations, and all delegations from the Commissioner and Chief Constable.</p> <p>Financial systems operate workflow at transactional level which directs relevant authorisations to managers based on roles and responsibilities.</p>	G	
2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	<p>Yes, the force is committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services</p> <p>The force has re-introduced a formal business planning process whereby business planning reviews and proposals, including identification of</p>	G	

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		<p>efficiencies are carried out on annual basis. These are reviewed by the Executive team to identify areas for investment.</p> <p>The force has a Strategic Design Authority whereby any significant proposals for change to the force operating model are discussed and recommended where appropriate, for progression to the Executive Team for formal consideration.</p>		
3	Does the authority's finance team have appropriate input into the development of strategic and operational plans?	<p>The finance team lead on the setting of the annual budget and production of medium term forecasts and options which support, underpin and facilitate strategic decision making and operational planning.</p> <p>The Director of Finance is the Joint CFO for the Commissioner and Chief Constable and is a key member of the leadership team for both the Force and OPCC including:</p> <ul style="list-style-type: none"> <li>• Representation on Boards</li> <li>• Executive Team</li> <li>• JBM</li> <li>• OPCC Business Meeting</li> </ul>	G	
4	Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	<p>Each Area Commander and Head of Department has a dedicated finance contact.</p> <p>The Finance Lead for Budget Monitoring meets regularly with ACCs and Executive Level directors to discuss their portfolio/budget areas and agree forecasts for reporting.</p>	G	

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		<p>The changes approved to the finance structure in May 2021 will provide increased capacity and professional resources to support Strategic Governance, additional resilience, whilst meeting the increased internal and external demand on the Finance Department. Thus increasing governance and corporate oversight, moving to provision of a more focussed Finance Business Partner role and allowing dedicated senior resources to assist on critical areas that have grown significantly over the last few years.</p>		
5	<p>Has the authority sought an external view on its financial style, for example through a process of peer review?</p>	<p>Not currently.</p> <p>Finance intends to implement the CIPFA FM model/review during 2021/22. This will enable the force to:</p> <ul style="list-style-type: none"> <li>• Create an action plan for areas of improvement.</li> <li>• Review adequacy of financial management support to the organisation.</li> </ul> <p>(Note peer review is not a requirement for compliance with the FM Code.)</p>	A	<p>In CIPFA’s view, an assessment of an authority’s financial management style can best be undertaken by means of peer review. Whilst this is not a mandatory requirement for compliance with the FM Code, it can yield a more objective, more balanced and more insightful view than one resulting from an assessment undertaken by the authority itself.</p>
6	<p>Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?</p>	<p>Yes</p> <ul style="list-style-type: none"> <li>• The appropriate delegations and responsibilities are detailed in the Governance Framework, financial regulations and contract regulations.</li> <li>• Skills and training are reviewed through PDR process.</li> </ul>	G	

		<ul style="list-style-type: none"> <li>• TM training delivered to JIAC members.</li> </ul>		
<b>Section 3 - Long to Medium Term Financial Management</b>			<b>G</b>	
<b>F</b>	<b>The authority has carried out a credible and transparent Financial Resilience Assessment</b>			
1	Has the authority undertaken a Financial Resilience Assessment?	No, the CIPFA Financial Resilience Assessment toolkit has not been extended to cover local policing bodies.	A	The force will consider the requirements for an assessment once the CIPFA toolkit has been extended to cover local policing bodies as appropriate.
2	Has the Assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?	As above	A	As above
3	Has the authority taken appropriate action to address any risks identified as part of the assessment	As above	A	As above
<b>G</b>	<b>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members</b>			
1	Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	<p>A financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. The annual budget and precept report sets out the financial risk analysis to the budget approved for the year.</p> <p>In addition the Commissioner faces a number of significant financial pressures that could affect the position over the medium term. The MTFS 2021/22 to 2024/25 includes an assessment of those risks, the likelihood and impact of each risk and the relevant management controls in place.</p>	<b>G</b>	

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2	Does the authority have a strategic plan and long-term financial strategy that address adequately these risks?	<p>Medium Term Financial Strategy (MTFS) is reviewed and updated annually and aligned with other strategic plans, Capital Strategy, Reserves Strategy, Treasury Management Strategy.</p> <p>Specific earmarked reserves have been created to mitigate against specific financial risks identified over the medium term. The CFO has assessed the level of financial reserves as adequate.</p>	G	
3	Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)?	<p>Scenario planning is incorporated within the annual budget setting and MTFS planning process. A prudent approach is taken when adopting assumptions around material areas of expenditure and income, in particular increases to core funding sources such as government grant and local precept income.</p>	G	
4	Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making?	<p>These factors are considered across strategic level reporting which the leadership team are sighted on as appropriate:</p> <ul style="list-style-type: none"> <li>- Budget and Precept Report</li> <li>- MTFS</li> <li>- Capital Strategy</li> <li>- Reserves Strategy</li> <li>- Treasury Management Strategy</li> </ul> <p>Risks assessments are included in the Budget and Precept Report and MTFS which specifically address risks to financial forecasts, estimates and assumptions.</p> <p>During the year revenue and capital monitoring reports will highlight changes in significant risks and issues, and suggest appropriate action.</p>	G	

<b>H</b>	<b>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</b>			
1	Has the authority prepared a suitable capital strategy?	Yes, the Capital Strategy can be found at: <a href="#">Link to Capital Strategy 2021/22 to 2024/25</a>	G	
2	Has the authority set prudential indicators in line with the Prudential Code?	Yes the Prudential Indicators are published with both the Capital Strategy and the Treasury Management Strategy Statement. All Prudential Indicators are in-line with the Code requirements.	G	
3	Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?	The Prudential Indicators are monitored on a monthly basis as part of the Treasury Management reporting process. In addition they are reported in the mid-year and annual reports which are subject to scrutiny at the Joint Independent Audit Committee (JIAC) before being reported to the Commissioner.	G	
<b>I</b>	<b>The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans</b>			
1	Does the authority have in place an agreed medium-term financial plan?	Yes the Medium Term Financial Strategy (MTFS) 2021/22 to 2024/25 was published in March 2021 and can be found at: <a href="#">Link to MTFS 2021/22 to 2024/25</a>	G	
2	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	The MTFS is consistent with and fully aligned with the Capital Strategy, Reserves Strategy and Treasury Management Strategy.	G	
3	Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?	Yes, see responses to G1, G2 and G3 above. Senior leaders are fully involved in the budget setting process each year to ensure that changes in demand can be reflected in their respective	G	

		<p>areas of budget responsibility.</p> <p>People Services and Finance work closely throughout the budget setting process to ensure that the most significant cost base (workforce budget) is accurately forecast and throughout the year is effectively monitored to address variances at the earliest opportunity.</p>		
4	<p>Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?</p>	<p>Financial resilience is achieved through a combination of a prudent approach to budget setting and the significant assumptions relating to grant and precept, risk analysis incorporated within budget setting and MTFS planning processes, and the creation of earmarked reserves to mitigate specific financial risks over the medium term.</p>	G	
5	<p>Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?</p>	<p>Yes there is an Estates plan which is premised on a full buildings condition survey. As a result of Covid-19 there was a need to make all buildings Covid-secure and the plans are now on hold to establish the impact of Covid and force operating model.</p> <p>In-line with the 2025 Strategy there is a comprehensive Transformation Programme underway with the primary aim to improve all ICT infrastructure in order to achieve the force strategic aims.</p>	G	

<b>Section 4 - The Annual Budget</b>			<b>G</b>	
<b>J</b>	<b>The authority complies with its statutory obligations in respect of the budget setting process</b>			
1	Is the authority aware of its statutory obligations in respect of the budget-setting process?	<p>Yes, the statutory obligations in respect of budget setting are met each year as required by legislation.</p> <p>Statutory obligations, relevant legislation and statutory instruments are generally referenced within the reporting processes and key decision reports to highlight the legal responsibility which is satisfied by specific decisions and approvals.</p>	<b>G</b>	
2	Has the authority set a balanced budget for the current year?	<p>Yes, the budget and precept for 2021/22 was agreed by the Police and Crime Panel and approved by the Commissioner, the report can be found at:</p> <p><a href="#">Link to Precept and Budget Report 2021/22 to 2024/25</a></p>	<b>G</b>	
3	Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?	Yes, the Joint CFO is fully aware of the circumstances under which a Section 114 notice should be issued.	<b>G</b>	
<b>K</b>	<b>The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves</b>			
1	Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?	Yes	<b>G</b>	

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2	Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?	A risk assessment is included in the Budget Report 2021/22 and MTFS 2021/22 to 2024/25 that addresses the main risks to the financial position and forecast including impact assessment and mitigation.	G
3	Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	Yes  The Reserves Strategy Statement can be found at: <a href="#">Link to Reserves Strategy Statement March 2021</a>  The CFO considers that the level of financial reserves held at 31 March 2021 is adequate as confirmed by section 3 of the Reserves Strategy.	G
4	Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall?	The Reserves Strategy Statement sets out the current and forecast future levels of financial reserves and concludes at section 3 that:	G

<b>Section 5 - Stakeholder Engagement and Business Plans</b>			<b>G</b>
<b>L</b>	<b>The authority has engaged where appropriate with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget</b>		
I	How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?	Area Commanders and Heads of Departments are consulted on their respective budget areas.  People Services are fully engaged in setting the most significant budget area (workforce). Executive Team make decisions on workforce	G

		<p>profiles, authorised establishment levels and forecast officer recruitment.</p> <p>Capital investment requirements are determined by the Executive Team and approved by the Commissioner.</p> <p>The regional NERSOU budget is developed in partnership with Durham and Cleveland finance teams, the Head of NERSOU and NERSOU SMT, and agreed through the Management Board and Joint Committee.</p> <p>The Commissioner undertakes consultation with the public on the proposed council tax precept each year.</p> <p>The annual budget and precept proposals are subject to scrutiny by the independent Police and Crime Panel, on behalf of the public, the Councillor members of which represent all 6 local authorities across the Northumbria Police area.</p> <p>PACCTS/NPCC issue a number of surveys throughout the year to collate data and working assumptions for all Forces. The results of those surveys are subsequently shared with Forces to inform planning processes.</p>		
2	How effective has this engagement been?	Northumbria Police has a strong record of effective financial management, delivering planned savings and managing financial performance within budget.	G	

		<p>Unqualified external audit opinion on accounts every year and unqualified value for money opinion.</p> <p>Balanced budget set each year across the medium term.</p> <p>Public consultation on proposed precept increase each year by the PCC – support from the public each year for the increase.</p> <p>Performance - Victims of crime report high levels of satisfaction. There have been statistically significant improvements in response time, action taken and whole experience performance in 2020/21.</p>		
3	<p>What action does the authority plan to take to improve its engagement with key stakeholders?</p>	<p>Improving engagement with stakeholders is subject to continuous review to identify new opportunities to engage with the workforce, external agencies/partners and the public.</p> <p>Engagement with the workforce has included regular newsletters and publications such as ‘In the Know’ and ‘Force News’.</p> <p>The first edition of a new force publication “The Standard” has been distributed to the workforce. The Standard aims to influence organisational behaviour, drive standards and help avoid complaints / conduct matters; the first edition has received excellent feedback from officers and staff.</p>	G	

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		<p>The most recent data from the Crime Survey for England and Wales (CSEW) places Northumbria first nationally for many of the confidence and public perception measures.</p> <p>Confidence in Northumbria Police remains high according to insight data from the Safer Communities Survey for 2020/21. There has been a significant increase in the in percentage of residents who feel Northumbria Police do a good or excellent job in their local area.</p> <p>In March 2021, the Force undertook a peer review with Cleveland on neighbourhood policing including problem solving. Generally, feedback was very positive highlighting well-established Neighbourhood Policing Teams (NPTs), delivering a good service to their community.</p> <p>A review of the service models for Victims and Witnesses conducted by the PCC and Northumbria Police in 2020 led to the transfer of services of Victims First Northumbria to Northumbria Police from April 2021. A new service design is being implemented, increasing opportunities for contacting, listening to and engaging with Victims and Witnesses.</p>		
<b>M</b>	<b>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions</b>			
I	Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value	We now have a dedicated transformation team and Project Management Office (PMO) through which all new projects are evaluated.	A	Ensure that significant projects / Project Boards incorporate requirements for assessment of VFM.

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	Creation: Principles in Project and Investment Appraisal’?	<p>For all major capital schemes or changes to operational structure/infrastructure ad-hoc basis, the most appropriate format will be applied to evaluate those options identified.</p> <p>Option appraisals are carried out on significant schemes however there is not a single formal model that is documented by the force to be applied to all business cases.</p> <p>Most significant technology schemes are led nationally either by the service or HO, and we are not involved in the development and implementation of those schemes e.g. Emergency Services Network, National Monitoring Centre</p>		Ensure that option appraisal is built into processes where appropriate and be explicit about what is required and how this is to be measured.
2	Does the authority offer guidance to officers as to when an option appraisal should be undertaken?	<p>Relevant staff within Finance, Procurement, ICT and Estates understand the need to produce an appropriate level of option appraisal to support new growth bids.</p> <p>All major new schemes for the force are managed by the FMO and from a governance perspective taken through the Strategic Design Authority</p>	A	
3	Does the authority’s approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?	Where appropriate, qualitative and quantitative measures are included.	A	
4	Does the authority’s approach to option appraisal include suitable mechanisms to address risk and uncertainty?	Reports for decision making follow a corporate format which requires that risk is considered along with implications for consultation, resources, ethics, equality, legal, communication,	A	

		evaluation.	
5	Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?	Where option appraisal is included within business cases, the Transformation team and Project Management Office (PMO) provide relevant inputs to option presentation, methodology, and the financial implications of any recommendations and conclusions. This ensures that the content can be clearly understood to support effective decision making.	A

<b>Section 6 - Monitoring Financial Performance</b>			<b>G</b>
<b>N</b>	<b>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability</b>		
1	Does the authority provide the leadership team with an appropriate suite of reports that allows it to identify and to correct emerging risks to its budget strategy and financial sustainability?	<p>Financial performance reports are presented to each of the Commissioner and Chief Constable on a monthly basis. A combined Group financial monitoring report is presented to the Commissioner and Chief Constable's Joint Business Meeting on a quarterly basis, and published for wider scrutiny of financial performance by the public. The quarterly reports are 'key decisions'.</p> <p>The monthly revenue monitoring reports provide commentary on all significant budget areas and highlight material variations to budgets, whilst the appendices to the reports provide the detailed budget position for additional scrutiny.</p>	G
2	Do the reports cover both forward and backward looking information in respect of financial and operational performance?	Yes, reporting covers financial position as at the reporting date and year-end forecast.	G

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3	<p>Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data?</p>	<p>NERSOU is a significant collaboration with Durham and Cleveland with governance arrangements set out under a formal S22 Collaboration Agreement. Financial performance is reported to NERSOU Management Board and then to NERSOU Joint Committee. The Northumbria contribution to NERSOU is reported at force level within budget monitoring reports for the Chief Constable.</p> <p>Internal audit examines the arrangements in place for partnership working on an annual basis.</p> <p>There has been a significant volume of OPCC partnership working in recent years on funded multi-force/multi-agency projects, intended to transform policing for the future and to respond to the changing nature of crime. Partnership working has focused on prevention and early intervention tackling domestic abuse, serial perpetrators and serious violence, with governance and performance monitoring reported through the OPCC.</p>	G	
4	<p>Are the reports provided to the leadership team in a timely manner and in a suitable format?</p>	<p>Reports are monthly and circulated in advance of relevant meetings. Format is subject to review on an annual basis to ensure that a sufficient level of detail and transparency is provided to effectively support decision making and actions.</p>	G	
5	<p>Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?</p>	<p>Yes</p>	G	

<b>O</b>	<b>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability</b>			
I	<p>Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?</p>	<p>Reserves – the Commissioner’s reserves strategy is reviewed twice yearly:</p> <ul style="list-style-type: none"> <li>I. As part of the Medium Term Financial Strategy (MTFS), precept and budget setting process</li> <li>II. In the Commissioner’s Reserves Strategy Statement</li> </ul> <p>Borrowing, Investments and Cashflow – borrowing and investment activity and performance against treasury prudential indicators is monitored on a monthly basis by the Treasury Management (TM) function. Reports are provided monthly to the Head of Finance and CFO. Reporting is considered at monthly meetings with the Head of Finance and on a quarterly basis with the CFO. Cashflow forecasts are updated on a daily basis and considered monthly alongside planned investment and borrowing profiles. The Joint Independent Audit Committee (JIAC) provides scrutiny to the Treasury Management Policy and Strategy on an annual basis, and receives a mid-year and annual report on TM performance and activity. JIAC recommends the approval of those reports by the Commissioner.</p> <p>Trade Debtors and Creditors – monitored by Exchequer Services (Finance)</p> <p>Capital Investment – Capital Programme reviewed and agreed annually, budget monitoring</p>	G	

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		to the Commissioner on a quarterly basis and Capital Strategy published annually.		
2	Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?	Yes, the monitoring arrangements are described above and the mitigation of risk in the section below.	G	
3	Is the authority taking action to mitigate any risks identified?	<p>The Commissioner’s Reserves Strategy Statement sets out the approach to maintain reserve balances that mitigate specific risks identified over the medium term – Police Officer Pensions, implementation of ESN, Covid enforcement and operational policing, sustaining investment in local policing services in Northumbria.</p> <p>The Commissioner’s Treasury Management Policy and Strategy Statement sets out the approach to managing risk identified with borrowing and investment activities.</p> <p>The Capital Strategy and Treasury Management Strategy set out the Prudential Indicators used to monitor and control treasury performance.</p> <p>Finance policies and procedures mitigate risk associated with suppliers, debtors and cash.</p>	G	
4	Does the authority report unplanned use of its reserves to the leadership team in a timely manner?	The planned use of reserves for the year ahead and over the medium term are set out in the annual precept and budget report and four-year MTFS. Any changes required to the use of reserves as a result of in-year financial performance would be highlighted within budget reporting to the Commissioner. The final use of reserves for the year is approved by the Commissioner with the budget outturn report	G	

		for the Group position.		
5	Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes?	<p>Borrowing and Investment - Prudential indicators reported with capital budget monitoring reports, monthly treasury management reports, TM mid-year and annual reports.</p> <p>Capital Investment – monthly reporting of expenditure, capital receipts and capital financing.</p> <p>Reserves – specific consideration given where performance in-year requires a potential change to the planned use of reserves identified at budget setting.</p>	G	
<b>Section 7 - External Financial Reporting</b>			<b>G</b>	
<b>P</b>	<b>The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom</b>			
I	Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?	<p>Yes, the role, responsibilities and delegations are fully detailed in the Governance Framework published on the OPCC website.</p> <p>The Joint CFO signs the balance sheet to the accounts and approves the draft accounts for publication (both CC and PCC/Group).</p> <p>Responsibilities are fully detailed in the CIPFA Statement on the Role of the CFO. The CFO carries out a self-assessment on an annual basis to ensure compliance with the requirements, standards and controls set out in the Statement.</p>	G	

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2	Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?	Detailed in the CIPFA Statement on the Role of the CFO – see PI response.	G	
3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?	Yes, the Chief Constable, Commissioner and Group accounts have been published on-time each year since the PCC role was created, and the external audit of accounts has confirmed each year, an unqualified opinion, accounts of a high standard and prepared in-line with the Code, in addition to an unqualified value for money opinion each year.	G	
<b>Q</b>	<b>The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions</b>			
1	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	Both the Chief Constable and Commissioner are provided with outturn reports that are aligned with the level of detail monitored monthly throughout the year. Variances are reported monthly and detailed at the year-end within the appendices to the budget report.	G	
2	Is the information in these reports presented effectively?	The final outturn reports follow the structure of monthly budget reporting-level detail and form the basis of the outturn reporting within the Narrative Statement in Statements of Account for the Chief Constable and Commissioner.	G	
3	Are these reports focused on information that is of interest and relevance to the leadership team?	The revenue reports focus on the annual performance, key variances and significant changes since the previous quarterly/monthly position was presented, and impact on the	G	

**AGENDA ITEM 5 d**  
**APPENDIX (viii)**

		<p>financial position of the force –i.e. impact on the level of financial reserves.</p> <p>Capital outturn reports highlight variances against budget estimates in addition to ‘slippage’, those differences due to timing of expenditure. This allows for assessment of the impact on the following year’s capital programme as well as on the overall capital financing requirement for the year.</p>		
4	Does the leadership team feel that the reports support it in making strategic financial decisions?	Yes	G	



<b>JOINT INDEPENDENT AUDIT COMMITTEE</b>	<b>19 July 2021</b>
<b>DRAFT JIAC ANNUAL REPORT 2020 – 2021</b>	
<b>Report of Neil Mundy Chairman of the Joint Independent Audit Committee</b>	

**I. Introduction**

The Joint Independent Audit Committee (JIAC) provides independent assurance that adequate corporate and strategic risk management arrangements are in place for the Police and Crime Commissioner for Northumbria (PCC) and the Chief Constable (CC). It jointly advises the PCC and the CC on governance matters as well as good practices.

The Chartered Institute of Public Finance and Accounting (CIPFA) guidance, recommends that the JIAC report annually on how they have discharged their duties and responsibilities.

This report provides the PCC and CC with a summary of the Committee’s activities in the financial year 2020/21. It also seeks to provide assurance that the Committee has fulfilled its terms of reference, and added value to the overall governance arrangements that were in place for both the PCC and the CC.

This year has been exceptional in so many ways not least the impact of COVID-19, has exercised the full resources of this Force , the NHS and all Emergency services. The Local Resilience Forum has had a key role in coordinating the combined response to the Pandemic within Northumbria.

The Committee welcomes the re-election in May of our PCC Kim McGuinness

The Committee also wishes to record its gratitude to the CC Winton Keenan and DCC Debbie Ford and Ruth Durham for their constant support and to those Officers of the PCC and CC who have regularly attended JIAC throughout the year. Mike Tait , Kevin Laing and the Finance and Corporate Development teams have again facilitated the work of the Committee so well during the year, and along with the Internal Audit, External Audit have assisted the Committee to fulfil its role.

I pay tribute to Philip Angier our JIAC colleague who stepped down earlier this year

Thank you to him and my fellow JIAC members for their wise advice and invaluable efforts throughout this year. Steps are being taken to appoint a replacement for him and myself as I am at the end of my period of office. It has been a privilege to serve on the JIAC and to work with such dedicated and talented colleagues; police officers, executives and non-executives

**2. Committee Membership and Attendance.**

The members of the Committee during the year were as detailed in the table over the page, along with their attendance record.

Member	No of Meetings	% Attendance
Neil Mundy (Chair)	4	100%
Kushil Amiani	3	75%
Philip Angier	3	75%
Janet Guy	4	100%
Peter Wood	4	100%

### 3. Meetings

The Committee met on 4 occasions during the financial year with the meeting on 24 August 2021 scheduled to review financial, audit and governance performance for 2019/20. Meetings are open to the press and public with minutes being published on the PCC website.

Due to COVID restrictions this year we have been unable to meet with the PCC and CC. We have relied on helpful informal meetings online with officers of the PCC and CC, along with Internal and External Auditors. This gave the Committee the ability to ensure that work programmes met agreed deadlines, and to provide an opportunity to comment and raise any issues of concern.

### 4. Risk Management.

The Committee has a role to ensure that the PCC and CC have in place robust and effective arrangements for the identification and management of strategic risks. A joint strategic risk register is maintained, which is reviewed at each meeting of the Committee. Regular reports are received from the Head of Corporate Development on:

- Escalation and de-escalation of identified strategic risks.
- Additional strategic risks arising during the year and the likely effect to the organisation.
- Deletions of risks, which are deemed no longer to have a strategic relevance.
- In each case, a full explanation is provided for any change of risk status.

The Strategic Risk Register is aligned with the corporate Transformation 2025 agenda.

The reports received by the Committee during the year have given assurance that strategic risks reflect the current economic and operational environments. The Committee sought assurances throughout the period of the Pandemic so far, that those associated risks are appropriately managed. Her Majesty's Inspectorate of Constabulary

and Fire & Rescue Services (HMICFRS) inspections, and internal audit reports on areas such as business continuity; cyber security; financial and treasury management have provided further assurance. During the year there was a commendable new and more focussed format for the Risk Register. The Committee was pleased to note the more rapid pace that recommendations for some areas for improvement (AFIs) were actioned. The assurances of the Executive, together with triangulation of the risk register, with both internal and external audit reports, has provided reasonable assurance to the JIAC that strategic risks are managed effectively.

## **5. External Audit**

By the date of the next meeting, Mazars LLP will have completed the external audit for 2020/21 for both the PCC and CC.

As a consequence of the impact of COVID-19, the statutory deadline for the completion of the audit of the PCC and CC's Statements of Account and Value for Money assessments has been extended to 20 September 2021. The Audit Completion Reports for the financial year 2020/21 will be presented to the Committee on 27 September 2021, setting out the audit outcomes.

May I record the Committee's thanks to Cameron Waddell and his colleagues for their excellent support and advice throughout 2020/21 and look forward to receiving their completion report in November.

## **6. Internal Audit**

Gateshead Council continue to provide Independent Internal Audit services under the terms of a service level agreement with both the PCC and the CC.

The Annual Internal Audit Plan is determined after an assessment of the risks associated with the various activities of the PCC and CC. The Committee agrees the audit plan supporting the risk management process. This ensures that internal audit activity supports and provides appropriate assurance to Mazars.

COVID-19 lockdown started in March 2020 and it was clear that the approach to Internal Audit would be affected by the greater emphasis on remote working and that changes would be necessary in light of the unfolding situation. The adaptive focus was on the most efficient use of time and resources to reflect any emerging risk.

During the year the Committee has monitored progress against the Annual Internal Audit Plan receiving summaries of all completed internal audit reports setting out the findings, recommendations and updates on actions taken by management where necessary.

The Committee has challenged in some reports the sample size and scope within individual audits. The Committee has received in those cases assurances on their efficacy or has prompted a review.

IT and Cyber security were areas of heightened risk and therefore of particular focus by the JIAC. The Committee received helpful presentations and strong assurance from

## AGENDA ITEM 6

Executive colleagues and independent advisers regarding the positive actions and the investment the Force is making in addressing this priority.

The Committee is most appreciative of the efforts of Robert Bowmaker and his colleagues in Internal Audit for their efforts in fulfilling their role throughout 2020/201

### Internal Audit Plan 2020/21

Audits Planned	Audits Completed	Audits deferred to following year	Audit Reports Issued *	Operating Well	Satisfactory	Requires Improvement
23 (28)	14*(23)	0 (2)	23 (27)	14(20)	0 (3)	0 (0)

The Committee noted that:

- \* At least another 6 expected by the committee. The three remaining audits are the medium priority\*\* IT audits I updated as being delayed at the last JIAC (see note below) – it is anticipated that all of these will be underway by the next committee.
- No audits are being deferred as such, all are underway
- There were no in-year investigations.
- The Committee was satisfied with the findings and opinions within the reports

#### **\*\* IT provision note:**

- IT audit provision is supplied by Newcastle Council. Due to COVID related resource pressures and staff turnover we were notified of delays in meeting obligations for the 2020/21 plan. High priority audits have been completed and testing is underway on the remaining audits. Backlogs will be resolved over the next quarter and assurances have been given to completing the 2021/22 plan in year. Newcastle have identified additional resources to help deliver the audit programme and are currently recruiting to help provide additional resilience in this area.

Members of JIAC as part of continuous development and updating current knowledge attended CIPFA webinars on what to expect in terms of getting the Assurance the JIAC needed in the Covid situation and future changes including the impact of the Report by Sir Tony Redmond on External Audit and Financial Reporting.

## **7. Corporate Governance**

In reviewing the draft Annual Governance Statements, which accompany the Financial Statements the Committee, takes into consideration the following:

- **Senior Managers' Assurance Statements**  
Report of the Internal Audit Manager
- **The Reports of HMICFRS and other external inspectorates.**

- **Review of the Effectiveness of Internal Audit**  
Report of the Internal Audit Manager
- **Internal Audit Annual Report**  
Report and opinion of the Internal Audit Manager
- **External Audit Report**  
Report and opinion of the External Auditor
- **Corporate Risk Management - Annual Report**  
Report of the Head of Corporate Development
- **Performance and Data Quality Assurance - Annual Report**  
Report of the Head of Corporate Development
- **Self-assessment of the Chief Finance Officer**  
Report of the Joint Chief Finance Officer
- **Legal and Regulatory Assurance**  
Report of the Chief of Staff and Joint Chief Finance Officer
- **Other Thematic areas, including:** Partnership Arrangements; Business Planning; Wellbeing; ICT; and Fraud, Corruption and Money Laundering  
Reports of the Chief of Staff and Joint Chief Finance Officer

Recommendations for additions in the draft statements are made, to enable the Committee to recommend adoption.

## **8. Treasury Management**

The Committee is required to monitor and approve Treasury Management policies and strategy.

Link Asset Services are retained as Treasury service advisers.

The Treasury Management Strategy is agreed annually and reviewed during the year. Challenge is provided on borrowing and the timing of redemptions to ensure that the best use of reserves is made. The Committee has monitored progress throughout the year and are pleased to report that Treasury Management is operating well and within the agreed limits.

The Treasury Management Annual Report for 2020/21 has been reviewed and recommended to the PCC for publication.

## **9. JIAC Self-Assessment**

A self-assessment of the Committee's competencies was carried out in May 2021 and the following were highlighted:

- The Committee was operating well and meets the terms of reference. They demonstrate the necessary skills, knowledge and experience to perform their function.

- Where additional knowledge is required, both the PCC and CC representatives are able and willing to provide the necessary briefing/training.
- Support for the work of the Committee comes from the Joint Chief Finance Officer and his Team, Chief of Staff to the PCC, and the Deputy Chief Constable, which has greatly assisted the Committee in its work.

## **10. JIAC Membership and Development**

The Committee is committed to developing its skills and knowledge and constantly reviews its composition and need for additional information, briefing or training.

### **Recommendation**

The Committee is recommended to consider, comment on and note the above report and agree it as an appropriate summary of the activities of the Committee for financial year 2020/21. The report will be amended to include any changes arising from the meeting of the Committee on 19 July 2021; and subsequently any findings from the revised deadline for the completion of the Statements of Account and Value for Money assessment as a result of COVID-19, to be considered at its meeting on 27 September 2021.

**Neil Mundy**

**Chair of Joint Independent Audit Committee**

**28<sup>th</sup> June 2021**

# Audit Progress Report

Police and Crime Commissioner for  
Northumbria

Chief Constable for Northumbria

July 2021



1. Audit progress
2. National publications

# 01

Section 01:

**Audit progress**

# Audit progress

## Purpose of this report

This report provides the Joint Independent Audit Committee with an update on progress in delivering our responsibilities as your external auditors and also includes, at Section 2, for your information, a summary of recent national reports and publications.

## 2019/20 audit

Public Sector Audit Appointments (PSAA) Limited has recently confirmed its agreement of the fee variations related to the 2019/20 audit. We will arrange for billing in due course.

## 2020/21 audit

Members of the Joint Independent Audit Committee will note from our Audit Strategy Memorandum for 2020/21 that the planned timeline for completion of the audit is noted as November 2021 which is not aligned to the revised timetable for completion announced by MHCLG of the end of September 2021. This is a consequence of the continuing impact of the pandemic, particularly in light of the 2020/21 timetable for audit completion moving to 30 September 2021, whereas the timetable for 2019/20 had been 30 November 2020. We also note that the revised timetable announced by MHCLG includes an extension to the publication date of draft accounts, which is now the end of July 2021.

We have communicated to management that we will be unable to meet the end of September timetable due to a backlog of work, resource difficulties, the departure of staff, difficulties with recruitment and the shortened period in which to carry out the audit. We now plan to undertake the audit in October 2021, with completion by the end of November 2021 at the latest, subject to receipt of Pension Fund assurances from the auditor of Tyne & Wear Pension Fund. We will try and do some preliminary work earlier than this in relation to sample selection, so that when we start the work in earnest, management will have had time to gather the supporting information we need. If additional resources become available we will start earlier, subject to agreement of suitable dates with management.

As you are aware, the difficulties we are experiencing reflect the significant challenges in the local audit sector and are being experienced nationally by all audit firms working within the local audit regime. These issues were set out in the independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities which reported on 8 September 2020 and the National Audit Office (NAO) publication, Timeliness of Local Auditor Reporting on Local Government in England, 2020 published on 16 March 2021.

# Audit progress

Redmond concluded that the “local audit market is very fragile” and highlighted that 40% of 2018/19 audits had failed to meet the reporting timetable of 31 July 2019.

The position worsened in 2019/20 in part due to the pandemic. The NAO report highlights that only 45% of 2019/20 audits met the 30 November 2020 deadline, which had been extended as a result of the Covid-19 pandemic. Some of the relevant underlying weaknesses were summarised in the NAO report as follows:

14 The COVID-19 pandemic has exacerbated problems which already existed within the local audit landscape. Our previous reports and consultation with the sector identified several long-standing problems within local audit. There is insufficient staff with the relevant qualifications, skills and experience in both local finance teams and firms serving the local audit sector, and a net loss of qualified staff from both. The requirements of International Financial Reporting Standards, along with the increased expectations from the Financial Reporting Council (FRC) following the high-profile corporate failures such as Carillion, have combined to produce a significant increase in audit work, such as on asset and pensions valuations, which local authorities found less useful. The relative lack of attractiveness of the audit of local public bodies, compared with alternative audit opportunities available to staff, has contributed to a high staff turnover level.

Mazars has avoided the worst of these difficulties in the last two audit years (2018/19 and 2019/20) but we are now experiencing similar problems to the other audit firms.

One of the Government’s responses to the Redmond Review has been to extend the audit timetable for 2020/21 audits to 30 September 2021 on the grounds that 31 July is unrealistic at the current time. However, this is two months earlier than last year’s timetable of 30 November and fails to account for the continuing impact of the pandemic. The working restrictions imposed on all of us by Covid-19 has meant that work is taking longer to complete and this has also led to a backlog of 2019/20 audit work.

Our priority is to deliver a high quality audit and where we are unable, for reasons beyond our control, to work to the shorter timetable our only option is to deliver the work at a later date. We will keep management and the Joint Independent Audit Committee informed as we work through these difficulties.

We recognise that the position is not satisfactory, but we are doing everything possible to address the situation. We are actively recruiting new staff but they are unlikely to resolve the issues this year, although the steps we are taking will help prevent a recurrence in future years.

# 02

Section 02:

**National publications**

# National Publications

	Publication/update	Key points
<b>Chartered Institute of Public Finance and Accountability (CIPFA)</b>		
1.	<b>Consultation on stronger Prudential Code</b>	CIPFA is consulting on the Prudential Code, including proposals to strengthen the requirements for commercial investments.
2.	<b>Fraud and Corruption Tracker</b>	CIPFA's latest information has been published.
3.	<b>CIPFA Bulletin 06 – Application of the Good Governance Framework 2020/21</b>	Provides updated guidance and takes into account the introduction of the CIPFA Financial Management Code 2019 during 2020/21.
4.	<b>The Role of Chief Finance Officer's in Policing</b>	CIPFA statement on the role of the CFO in policing.
5.	<b>CIPFA Bulletin 09: Closure of the 2020-21 Financial Statements, 30 April 2021</b>	This bulletin provides guidance for local government bodies on a range of issues that may need to be considered as part of their 2020-21 accounts preparation.
<b>Ministry of Housing, Communities and Local Government (MHCLG)</b>		
6.	<b>MHCLG's Consultation on amendments to the Accounts and Audit Regulations 2015</b>	Consultation closed on the 1 <sup>st</sup> March 2021; the Accounts deadline was set as 31 July 2021 and Audit deadline of 30 September 2021.
7.	<b>MHCLG - Methodology for allocating £15 million to local bodies and review of Appointing Person regulations, 20 April 2021</b>	£15 million in additional funding in 2021/22 towards external audit fees. Consultation on amending the timescale for setting fee scales.
8.	<b>MHCLG - Local authority financial reporting and external audit: Spring update, 19 May 2021</b>	A new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC, preferred system leader. Public Sector Audit Appointments (PSAA) role to continue into next national procurement.

# National Publications

	Publication/update	Key points
<b>National Audit Office (NAO)</b>		
9.	<b>Local government finance in the pandemic, March 2021</b>	The report found that the Department's successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government.
10.	<b>Timeliness of local auditor reporting in England, 2020</b>	The report is based on published data, the views of local authority finance directors, key stakeholders in the audit landscape, and audit firms.
11.	<b>Public service pensions</b>	This report outlines how the public service pensions landscape has changed since the Hutton Review and highlights key challenges for the future.
12.	<b>NAO Updated Guidance for Auditors, April 2021</b>	Revised guidance for VFM arrangements work under the new Code of Audit Practice, including extended deadlines, and updated guidance on consideration of going concern in the public sector context.
13.	<b>NAO Report – <i>Initial learning from the government's response to the COVID-19 pandemic</i>, May 2021</b>	Latest NAO report on learning from the government response to the pandemic.
<b>Home Office</b>		
14.	<b>Home Office: Changes to the role of Police and Crime Commissioners</b>	Announcement of proposed changes.
<b>Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)</b>		
15.	<b>HMICFRS: Police Forces' Value for Money Profiles 2020, 12 March 2021</b>	Latest police VFM profiles.
16.	<b>HMICFRS: Policing inspection programme and framework 2020/21</b>	Approach to police inspection during 2020/21.
17.	<b>HMICFRS: Policing in the pandemic - The police response to the coronavirus pandemic during 2020, 20 April 2021</b>	An assessment of the police response to the pandemic.

# NATIONAL PUBLICATIONS

## CIPFA

### 1. CIPFA consults on a stronger Prudential Code, January 2021

CIPFA has launched a consultation on proposals to strengthen the Prudential Code, following growing concerns over local government commercial property investments. The Prudential Code is a professional code of practice that aims to ensure local authorities' financial plans are affordable, prudent and sustainable. To date, the provisions in the Code have not prevented a minority of councils from taking on disproportionate levels of commercial debt to generate yield. The proposed changes are intended to prevent future misinterpretations of the Code and strengthen the necessary regard to its provisions to protect local decision making and innovation. The consultation will be open for 10 weeks and responses must be submitted by 12 April 2021.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-consults-on-stronger-local-government-prudential-code>

### 2. Fraud and corruption Tracker, February 2021

The latest CIPFA Fraud and Corruption Tracker (CFaCT), which includes local government data between 1 April 2019 and 31 March 2020, provides a baseline illustration about the prevalence of grant fraud in the public sector, just before unprecedented levels of COVID-19 grant funding for councils were released by the government in March of last year. The report follows previous warnings from the National Crime Agency and other law enforcement bodies of an increase in cases related to suspected COVID-19 grant fraud. Valued at an estimated loss of £36.6m, the report reveals only 161 instances of grant fraud occurred in 2019/20.

The report also shows that council tax continued to be the largest area of identified fraud for councils, with more than 30,600 cases totalling £35.9m in 2019/20. This year, 32% of respondents also stated their organisation had been a victim of a Distributed Denial-of-Service (DDoS)/hacking attack in the last 12 months, a 5% increase from the previous year. Survey respondents also expressed concern about councils' inability to tackle usual areas of fraud due to resource being re-directed into the processing and review of COVID-19 business grants.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/grant-fraud-represented-less-than-of-uk-public-sector-fraud-pre-pandemic>

# NATIONAL PUBLICATIONS

## CIPFA

### 3. CIPFA Bulletin 06, Application of the Good Governance Framework 2020/21, February 2021

This bulletin covers the impact of the continuing COVID-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code 2019 (FM Code) during 2020/21.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-06-application-of-the-good-governance-framework-202021>

### 4. CIPFA The Role of Chief Finance Officer's in Policing, March 2021

The Role of CFOs in Policing sets out five principles that underpin the core activities and behaviours related to the role. The principles set out governance requirements, core responsibilities and the personal skills and professional standards aligned with each principle.

The five principles include:

#### **The chief financial officer to the Police and Crime Commissioner (PCC) and/or the chief constable:**

- is a key member of the leadership team
- must be actively involved in, and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the chief constable)
- must lead the promotion and delivery of good financial management so that public money is safeguarded at all times

#### **To deliver these responsibilities the chief financial officer to the PCC and/or the chief constable must:**

- ensure that the finance function is resourced to be fit for purpose
- be a professionally qualified accountant with suitable experience and ensure professional knowledge is kept current through continuing professional development

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-sets-out-principles-and-behaviours-for-police-cfos>

# NATIONAL PUBLICATIONS

## CIPFA

### 5. CIPFA Bulletin 09: Closure of the 2020-21 Financial Statements, 30 April 2021

Auditors will wish to be aware that CIPFA have published Bulletin 09: Closure of the 2020-21 Financial Statements. This bulletin provides guidance for local government bodies on a range of issues that may need to be considered as part of their 2020-21 accounts preparation.

Hot topics include accounting for grant funding in the pandemic, accounting for dedicated schools grant deficits and accounting for collection fund surpluses and deficits in 2020/21.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-09-closure-of-the-202021-financial-statements>

# NATIONAL PUBLICATIONS

## MHCLG

### 6. MHCLG's Consultation on amendments to the Accounts and Audit Regulations 2015, February 2021

MCHLG has consulted on its proposed changes to the accounts publication deadline for 2020/21 and 2021/22.

The draft regulations includes provisions, at regulation 2 to change the publication deadline for principal authorities from 31 July to 30 September as proposed in recommendation 10 by the Redmond review, but for 2 years - 2020/21 and 2021/22. The intention is for the amended deadline to be reviewed after that period when it will be clearer as to whether the audit completion rate has improved.

The draft regulations also enable principal bodies to publish their draft accounts for inspection, linked to the later publication deadline, by removing the fixed period for public inspection, to say instead that the draft accounts must be published on or before the first working day of August. This will allow authorities and audit firms more flexibility to schedule their audits in line with the later publication deadline but, importantly, will not prevent them from being signed off earlier. This mirrors the approach taken in the Accounts and Audit (Amendment) (Coronavirus) Regulations 2020.

MCHLG's consultation closed on 1 March 2021.

### 7. MHCLG - Methodology for allocating £15 million to local bodies and review of Appointing Person regulations, 20 April 2021

The Ministry of Housing, Communities & Local Government (MHCLG) announced as part of its response to the Redmond Review, that it would provide £15 million in additional funding in 2021/22 towards external audit fees and the development of the proposed new standardised statement of service information and costs. The department has now launched a short, four-week consultation, seeking views on the on the methodology for allocating these funds to local bodies.

<https://www.gov.uk/government/consultations/consultation-on-allocation-of-15-million-to-local-bodies-for-audit/redmond-review-response-changes-to-the-audit-fees-methodology-for-allocating-15-million-to-local-bodies>

Running alongside this, the department has also launched a separate six-week consultation on the implementation of changes to the fee setting process for principal bodies set out in the Local Audit (Appointing Person) Regulations 2015. The consultation primarily seeks views on amending the timescale for setting fee scales, enabling the appointing person to consult on and approve a standardised additional fee, and for such payments to be made in year rather than at the completion of the audit.

<https://www.gov.uk/government/consultations/amendments-to-local-audit-fee-setting-arrangements>

# NATIONAL PUBLICATIONS

## MHCLG

### 8. MHCLG - Local authority financial reporting and external audit: Spring update, 19 May 2021

In December 2020, MHCLG delivered its response to the Redmond Review. This report details the actions already taken to implement the Redmond Review recommendations, and also sets out the government's thinking on the recommendations relating to systems leadership.

In March 2021 the government published a White Paper setting out its plans to reform corporate audit, reporting and governance. The White Paper set out details of how the government proposes to establish a new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC. It also set out government plans to create a new audit profession that is distinct from the accountancy profession, and to encourage competition in the market for audit of large listed companies. We have looked at options for local audit in the context of these wider reforms.

In this context, it is our view that ARGA, the new regulator being established to replace the FRC, would be best placed to take on the local audit system leader role.

The Department welcomes the changes made in the latest Code of Audit Practice in relation to VFM reporting. Until recently, the Code required auditors to give a binary opinion on whether the proper arrangements were in place. However, this was revised in the recent update to the Code, which now requires auditors to provide a narrative statement on the arrangements in place. The department welcomes this change, as it is our view that the binary value for money judgement required under the previous Code did not provide sufficient information for taxpayers or local bodies, particularly in a context where the complexity and commercialisation of local authority finances has increased. The new value for money requirements in the updated Code including a new commentary on governance, arrangements for achieving financial sustainability, and improving economy, efficiency and effectiveness - should help to address this.

MHCLG has confirmed that PSAA is the organisation best placed to act as the appointing body, including overseeing the next procurement of audit contracts. There is a balance to be struck between cost and quality. Historically, there were concerns that fees were too high and it was right that real savings were delivered for the taxpayer following the abolition of the Audit Commission. However, the context has changed since 2014, including the structure of the market, plus new obligations and the complexity of the work. It is striking that local audit scale fees reduced by 40% between 2014/15 and 2018/19, while central government and FTSE100 fees have increased by 20%. We have been working closely with PSAA in recent months to develop our plans for allowing greater flexibility to reflect additional costs in audit fees, and are allocating £15m to local bodies to help with this and the additional requirements associated with implementing Redmond's recommendations.

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-spring-update/local-authority-financial-reporting-and-external-audit-spring-update>

# NATIONAL PUBLICATIONS

## National Audit Office

### 9. Local government finance in the pandemic, March 2021

The NAO published its report *Local government finance in the pandemic* in March 2021. Local authorities in England have made a major contribution to the national response to the pandemic. This has in turn placed significant pressure on finances, which in many cases were already under strain. The report examines if MHCLG's approach to local government finance in the COVID-19 pandemic enabled the Department to assess and fund the costs of the new services which local authorities have been asked to deliver. It also examines whether the Department fulfilled its responsibilities in securing financial sustainability across the sector. The report focuses on:

- the financial health of the sector before the pandemic and the financial impact of the pandemic in 2020/21;
- action taken by the government to support the sector in 2020/21, including its effectiveness; and
- action taken by government to support the sector's financial sustainability in 2021/22.

The report found that the Department's successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government. Action by the Department and wider government to support the sector averted system-wide financial failure at a very challenging time and means that the Department managed the most severe risks to value for money in the short term.

However, the financial position of local government remains a cause for concern. Many authorities will be relying on reserves to balance their 2020/21 year-end budgets. Despite continuing support into 2021/22, the outlook for next year is uncertain. Many authorities are setting budgets for 2021/22 in which they have limited confidence, and which are balanced through cuts to service budgets and the use of reserves.

<https://www.nao.org.uk/report/local-government-finance-in-the-pandemic/>

# NATIONAL PUBLICATIONS

## National Audit Office

### 10. NAO Report – Timeliness of local auditor reporting in England, 2020

On 16 March, the NAO published its report Timeliness of local auditor reporting on local government in England, 2020. Since 2015, the Comptroller and Auditor General (C&AG) has been responsible for setting the standards for local public audit in England, through maintaining a Code of Audit Practice and issuing associated guidance to local auditors. This report sets out the:

- roles and responsibilities of local auditors and national bodies to the local audit framework in England; and
- facts relating to the decline in the timeliness of delivering audit opinions on local government in England and the main factors contributing to that decline in timeliness.

The report is based on published data, the views of local authority finance directors, key stakeholders in the audit landscape, and audit firms. The report also considers the impact on central government. Given the increasing financial challenge and service pressures on local authorities since 2010, local councils need strong arrangements to manage finances and secure value for money.

The report concludes that the position for 2019/20, with 55% of local authorities failing to publish audited accounts by 30 November, is concerning, given the important part that external audit plays in assurance over taxpayers' money both centrally and locally.

Since the NAO reported on local authority governance and audit in 2019, and despite efforts by the various organisations involved in the local audit system and by the Ministry of Housing, Communities and Local Government, the report concludes that the situation has worsened. The increase in late audit opinions, concerns about audit quality and doubts over audit firms' willingness to continue to audit local authorities all highlight that the situation needs urgent attention, which will require co-operation and collaboration by all bodies involved in the local audit system, together with clear leadership from government.

<https://www.nao.org.uk/report/timeliness-of-local-auditor-reporting-on-local-government-in-england-2020/?slide=1>

# NATIONAL PUBLICATIONS

## National Audit Office

### 11. NAO Report – public service pensions, March 2021

As an employer, the government provides public service employees with access to occupational pension schemes. As at 31 March 2020, there were more than 8 million members of four of the largest public service pension schemes (the armed forces, civil service, NHS and teachers' pension schemes), of which 2.8 million were retired and receiving pension benefits and 5.2 million were either current or former employees. Around 25% of pensioners and 16% of the working-age population are members of a public service pension scheme.

In general, public service pensions have become more expensive over time as the number of people receiving them has increased, owing to more members entering retirement and living longer. This trend applies across public and private pensions and is consistent with international experience. In 2010 the government established the Independent Public Service Pensions Commission, chaired by Lord Hutton (the Hutton Review) to undertake a fundamental structural review of public service pensions. Following the Hutton Review final report in March 2011, and a period of negotiations with trade unions representing public service employees, the government introduced reforms intended to manage the future costs of providing pensions.

Public service pensions are a notable benefit to public servants. HM Treasury focuses on the affordability of these pensions and who pays for them. The total costs of providing pensions have been increasing over time, reflecting increasing numbers of pensioners. The government's pension reforms over recent years have contained the rise in future taxpayer costs by making pensions less generous and by increasing contributions from employees. However, taxpayer funding has increased and it will take decades for the full effects of the 2011/2015 reforms to be seen in the government's affordability measure. The balance of taxpayer funding has shifted from central payments by HM Treasury to employer contributions by departments and organisations to ensure that employers bear the consequences of their employment decisions.

However, HM Treasury needs to monitor more than just affordability. Government's approach to protecting those nearest retirement has been ruled unlawful and will cost time and money to resolve. The government's reforms also take no account of pensions as a recruitment and retention tool, with pensions continuing to be relatively inflexible; the only real choice for most employees is to stay in the scheme or opt out altogether.

<https://www.nao.org.uk/report/public-service-pensions/>

# NATIONAL PUBLICATIONS

## National Audit Office

### 12. NAO Updated Guidance for Auditors, April 2021

In April 2021, the Comptroller and Auditor General (C&AG) approved and published updated auditor guidance:

**Auditor Guidance Note 03 (AGN 03) - Auditors' Work on Value for Money Arrangements.** This has been updated to enable auditors to give their opinion on the financial statements if they have not yet completed all their VFM arrangements work (where there is no material impact on the opinion), including the approach to reporting any further issues if necessary by exception when auditors issue their certificate. The AGN also introduced revised deadlines for the Auditor's Annual Report, which includes the new commentary on VFM arrangements, of up to 3 months after issuing the audit opinion.

**Auditor Guidance Note 07 (AGN 07) – Auditor Reporting.** This was updated to bring it into line with AGN 03 as above.

**Supplementary Guidance Note 01 (SGN 01) - Going Concern – Auditors' responsibilities for local public bodies.** The SGN focus is primarily on *Practice Note (PN) 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2020)*, setting an expectation that auditors will follow the approach it sets out. This recognises that going concern in the public sector context includes the concept of the 'continued provision of services' and the legislative basis for public services, which means that the circumstances that will give rise to a material uncertainty in going concern are relatively limited and rare, and would normally require legislative changes. This view is also reflected in the CIPFA Code, which recognises that the financial statements are prepared on a going concern basis.

The NAO guidance does, however, highlight the wider issue of financial sustainability and funding for public services. Management will still need to undertake a going concern assessment, and disclose an appropriate narrative within its financial statements in relation to the impact of the pandemic and pressures on funding, and disclose any potential material uncertainties should they exist.

All of the NAO auditor guidance is publicly available at this link: <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

# NATIONAL PUBLICATIONS

## National Audit Office

### 13. NAO Report – *Initial learning from the government’s response to the COVID-19 pandemic, May 2021*

The NAO has recently published its *Initial learning from the government’s response to the COVID-19 pandemic* report, which is part of a programme of work the NAO is undertaking to support Parliament in its scrutiny of government’s response to COVID-19. The report finds that the COVID-19 pandemic has stress-tested the government’s ability to deal with unforeseen events and potential shocks. Government has often acted at unprecedented speed to respond to a virus which has caused dramatic disruption to people’s lives, public service provision and society as a whole. Government had to continue to deliver essential public services, while reprioritising resources to deliver its response to the COVID-19 pandemic and supporting staff to work from home. In its response, government has had to streamline decision-making, work across departments and public bodies and use a range of delivery structures.

Departments will need to reflect on the lessons learned to ensure that they capitalise on the benefits and opportunities these new ways of working have brought.

This report draws out learning from the reports that we have published to date, as well as other work we have published that covered the COVID-19 pandemic. It sets out this learning across six themes:

- risk management;
- transparency and public trust;
- data and evidence;
- coordination and delivery models;
- supporting and protecting people; and
- financial and workforce pressures.

The NAO will continue to draw out learning from the government’s response to the pandemic from our future work.

The full report is available from the NAO website. <https://www.nao.org.uk/wp-content/uploads/2021/05/Initial-learning-from-the-governments-response-to-the-COVID-19-pandemic.pdf>

# NATIONAL PUBLICATIONS

## Home Office / Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services

### **14. Home Office: Changes to the role of Police and Crime Commissioners, 16 March 2021**

The Home Secretary outlined plans on 16th March 2021 for Police and Crime Commissioners (PCCs) to be more accountable to the communities they serve by requiring them to explain their record on crime and strengthening their relationship with the Chief Constable and force. The review could also see PCCs lead a wider range of services including fire and rescue (subject to consultation) and more combined authority mayors with PCC and fire and rescue authority functions. A link to the statement by the Home Secretary can be found here:

<https://www.gov.uk/government/news/home-secretary-to-strengthen-police-and-crime-commissioner-role>

### **15. HMICFRS: Police Forces' Value for Money Profiles 2020, 12 March 2021**

HMICFRS has published the latest Value for Money profiles, which provide comparative data on a wide range of policing activities for each police force in England and Wales. Value for Money profiles intend to help forces make better decisions by identifying areas where improvements can be made in cost and performance. Data is presented as a series of interactive charts and graphs, allowing users to explore and tailor reports to their own interests.

<https://www.justiceinspectorates.gov.uk/hmicfrs/news/news-feed/value-for-money-profiles-2020/>

## Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services

### **16. HMICFRS: Policing inspection programme and framework 2020/21**

This report sets out the approach to police inspection in 2020/21.

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/policing-inspection-programme-and-framework-2020-21/>

### **17. HMICFRS: Policing in the pandemic - The police response to the coronavirus pandemic during 2020, 20 April 2021**

Based on an inspection of policing between March and November 2020, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) said that although there were some inconsistencies, in general police forces took immediate and decisive action to respond to the extreme circumstances of the pandemic.

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/the-police-response-to-the-coronavirus-pandemic-during-2020/>

# Contact

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# Audit Strategy Memorandum

Chief Constable for Northumbria

Year ending 31 March 2021



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- 02** Your audit engagement team
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- 04** Significant risks and other key judgement areas
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- 06** Fees for audit and other services
- 07** Our commitment to independence
- 08** Materiality and misstatements

Appendix – Key communication points

This document is to be regarded as confidential to Chief Constable for Northumbria. It has been prepared for the sole use of the Chief Constable as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.



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Police Force Headquarters  
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Mazars LLP  
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Bank Chamber  
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Newcastle upon Tyne  
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July 2021

Dear Mr Keenan

## Audit Strategy Memorandum – Year ending 31 March 2021

We are pleased to present our Audit Strategy Memorandum for Chief Constable for Northumbria (the Chief Constable) for the year ending 31 March 2021. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 8 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Chief Constable which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07813 752 053.

Yours faithfully

Signed: `{{_es_:signer1:signature}}`

Cameron Waddell

Mazars LLP

Mazars LLP – The Corner, Bank Chambers, 26 Mosley Street, Newcastle upon Tyne, NE1 1DF.

Tel: 0191 383 6330 – [www.mazars.co.uk](http://www.mazars.co.uk)

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We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001139861. VAT number: 839 8356 73

# 01

Section 01:

**Engagement and  
responsibilities summary**

# 1. Engagement and responsibilities summary

## Overview of engagement

We are appointed to perform the external audit of the Chief Constable for Northumbria (the CC) for the year to 31 March 2021. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.



### Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or the Chief Constable, as those charged with governance, of their responsibilities. We will also attend the Joint Internal Audit Committee (JIAC) to present our reports.



### Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.



### Going concern

The Chief Constable is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. The Chief Finance Officer is responsible for the assessment of whether it is appropriate for the Chief Constable to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements and the adequacy of disclosures made.



### Value for money

We are also responsible for forming a conclusion on the arrangements that the Chief Constable has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



### Reporting to the NAO

We report to the NAO on the consistency of the Chief Constable's financial statements with its Whole of Government Accounts (WGA) submission.



### Electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Chief Constable and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom

Engagement and responsibilities summary

Your audit engagement team

Audit scope, approach and timeline

Significant risks and key judgement areas

Value for money

Fees for audit and other services

Our commitment to independence

Materiality and misstatements

Appendices

# 02

Section 02:

**Your audit engagement team**

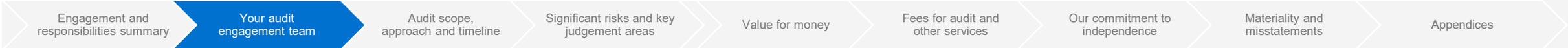
# 2. Your audit engagement team



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07387 242 038



# 03

Section 03:

**Audit scope, approach and timeline**

# 3. Audit scope, approach and timeline

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

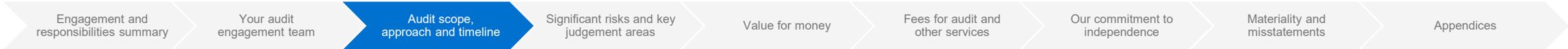
## Audit approach

Our audit approach is a risk based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



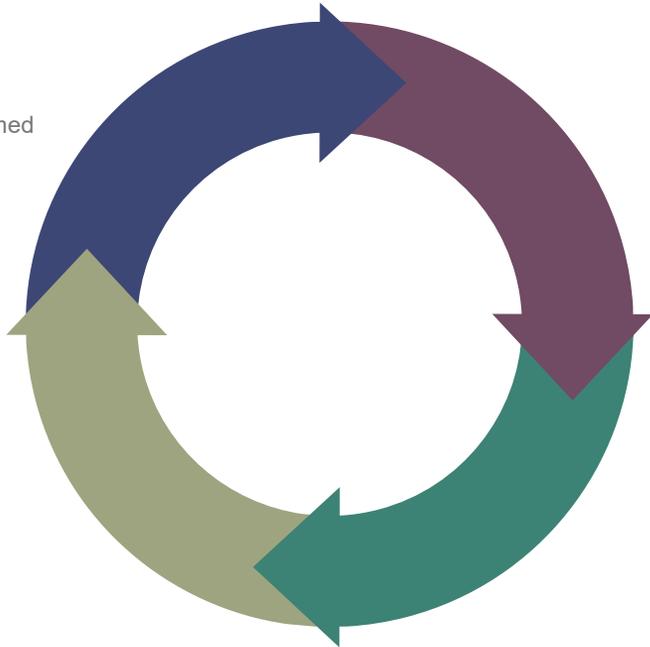
# 3. Audit scope, approach and timeline

## Planning February 2021

- Planning visit and developing our understanding of the CC
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

## Completion November 2021

- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the JIAC and the CC
- Reviewing subsequent events
- Signing the auditor's report

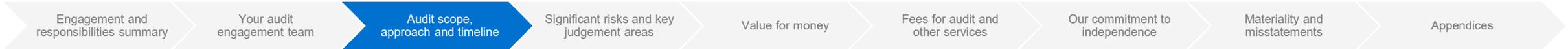


## Interim March 2021

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

## Fieldwork September / October 2021

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting



# 3. Audit scope, approach and timeline

## Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

## Management’s and our experts

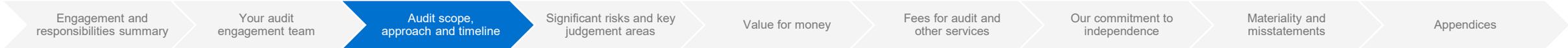
Management makes use of experts in specific areas when preparing the CC’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Defined benefit liability and associated IAS 19 entries and disclosures	Actuaries: <ul style="list-style-type: none"> <li>Government Actuary’s Department (GAD) for Police Officers; and</li> <li>AON Hewitt Limited for all other employees.</li> </ul>	National Audit Office, prepared by PwC.

## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the CC that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

There are no material entries in your financial statements where the CC is dependent on an external organisation.



# 04

Section 04:

**Significant risks and other key  
judgement areas**

# 4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

## Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.

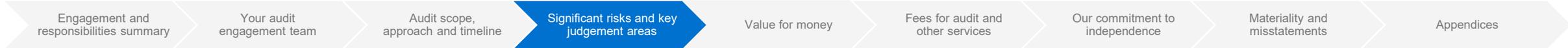
## Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement (‘RMM’) at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

## Standard risk

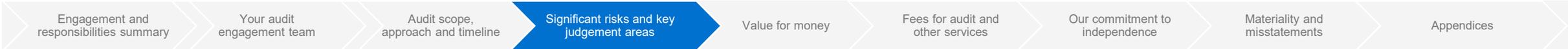
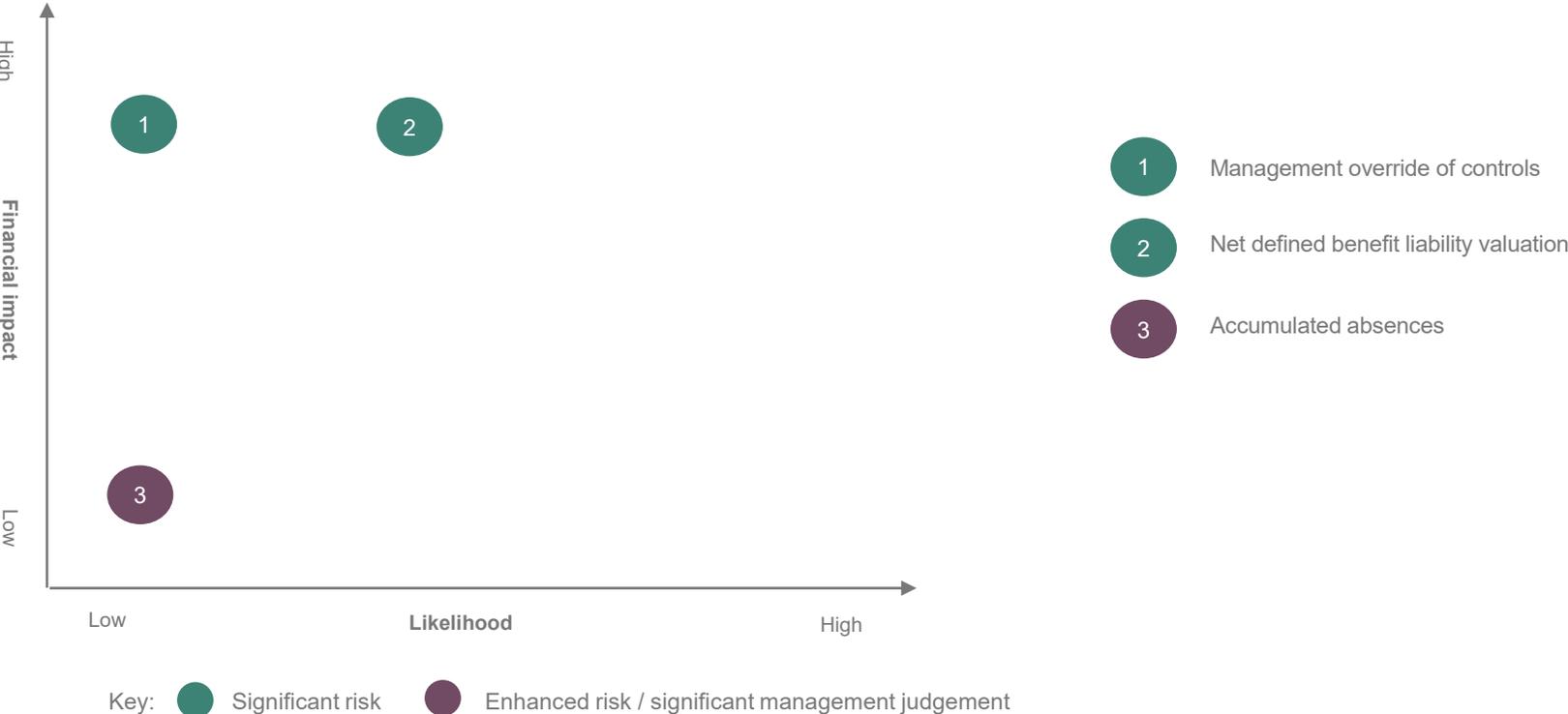
This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.



# 4. Significant risks and other key judgement areas

## Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the CC. We have summarised our audit response to these risks on the next page.



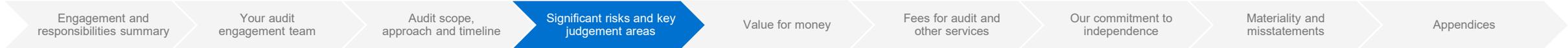
# 4. Significant risks and other key judgement areas

## Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Joint Independent Audit Committee.

## Significant risks

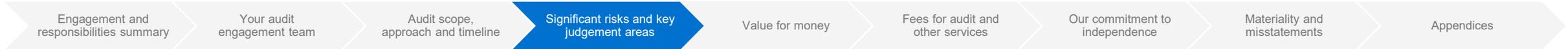
	Description	Fraud	Error	Judgement	Planned response
1	<p><b>Management override of controls</b></p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	<p>We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.</p>



# 4. Significant risks and other key judgement areas

## Significant risks

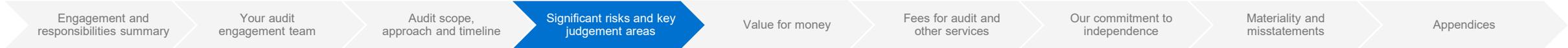
	Description	Fraud	Error	Judgement	Planned response
2	<p><b>Defined benefit liability valuation</b></p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	○	●	●	<p>We will discuss with key contacts any significant changes to the pensions estimates prior to the preparation of the final accounts. In addition to our standard programme of work in this area, we will:</p> <ul style="list-style-type: none"> <li>• evaluate the management controls you have in place to assess the reasonableness of the figures provided by the actuaries; and</li> <li>• consider the reasonableness of the actuaries outputs, referring to an expert's report on all actuaries nationally which is commissioned annually by the National Audit Office.</li> </ul>



# 4. Significant risks and other key judgement areas

## Other key areas of management judgement and enhanced risks

	Description	Fraud	Error	Judgement	Planned response
3	<p><b>Year end leave accrual</b> Accounting standards require that an estimate be made of the value of accumulated absences awarded but not taken as at 31 March 2021. We expect that, as in previous years, this will be a material estimate.</p> <p>As this is an area of significant management judgement we are required to regard this as an enhanced risk.</p>	○	○	●	We will evaluate the arrangements you have in place to produce the year end leave accrual estimate.



# 05

Section 05:

**Value for Money**

# 5. Value for Money

## The framework for Value for Money work

We are required to form a view as to whether the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

The new Code of Audit Practice (the Code) has changed the way in which we report our findings in relation to Value for Money (VFM) arrangements from 2020/21. Whilst we are still required to be satisfied that the Chief Constable has proper arrangements in place, we will now report by exception in our auditor's report where we have identified significant weakness in those arrangements. This is a significant change to the requirements under the previous Code which required us to give a conclusion on the Chief Constable's arrangements as part of our auditor's report.

Under the new Code, the key output of our work on VFM arrangements will be a commentary on those arrangements which will form part of the Auditor's Annual Report.

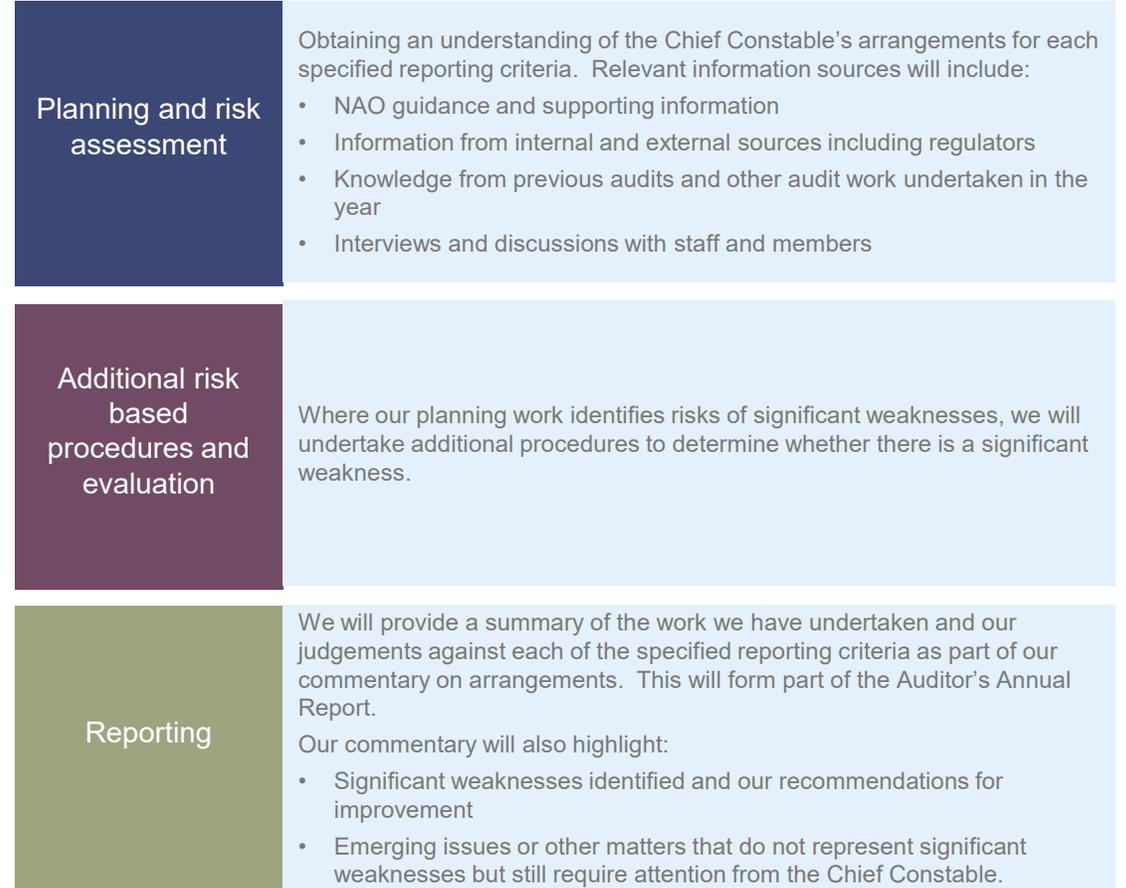
## Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Chief Constable plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the Chief Constable ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services

## Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Chief Constable's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Chief Constable and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

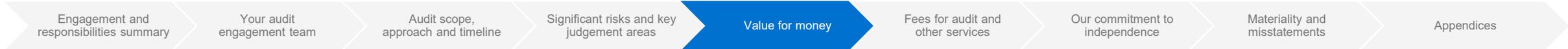


# 5. Value for Money

## Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Chief Constable's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Due to the late release of the NAO's Auditor Guidance Note and supporting information to auditors, we have not yet fully completed our planning and risk assessment work. We will report the results of our planning and risk assessment work to the Joint Independent Audit Committee as soon as they become apparent.



# 06

Section 06:

**Fees for audit and other services**

## 6. Fees for audit and other services

### Fees for work as the Chief Constable's appointed auditor

Area of work	2020/21 Proposed Fee	2019/20 Actual Fee
<b>Chief Constable</b>		
Code Audit Work <sup>1</sup>	£14,438	£14,438
Fee variations – opinion <sup>2</sup>	To be confirmed	£1,715
Fee variations – value for money <sup>2/3</sup>	To be confirmed	£2,633
<b>Total</b>	<b>To be confirmed</b>	<b>£18,785</b>
<b>Police and Crime Commissioner</b>		
Code Audit Work <sup>1</sup>	£28,529	£28,529
Fee Variations – opinion <sup>2</sup>	To be confirmed	£2,330
Fee Variations – value for money <sup>3</sup>	To be confirmed	£0
<b>Total</b>	<b>To be confirmed</b>	<b>£30,859</b>

<sup>1</sup> This scale fee was initially set by PSAA in 2018.

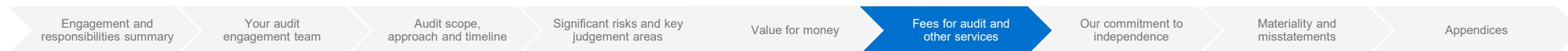
<sup>2</sup> The additional cost in 2019/20 for the CC is the result of additional work carried out with respect to the significant VFM risk and pensions, including the additional audit procedures required due to 2019/20 being a triennial valuation year, as well as in respect of the material valuation uncertainty raised in relation to certain Pension Fund assets.

The additional audit cost in 2019/20 for the PCC relates to additional work carried out on property valuations as a result of regulatory pressures and requirements and reporting of uncertainties in key estimates as a result of Covid-19.

<sup>3</sup> The new Code of Audit Practice will lead to a substantial amount of additional audit work to support the new value for money report. Our review of the Code and supporting guidance notes has led us to estimate that the additional fee impact for Code audits will be approximately 20% of the final 2019/20 fee. The actual fee will take into account the extent and complexity of any significant weaknesses in arrangements we identify

### Fees for non-PSAA work

At this stage, there is no non-PSAA work we plan to carry out. Before agreeing to undertake any additional work we would consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.



# 07

Section 07:

**Our commitment to independence**

# 7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

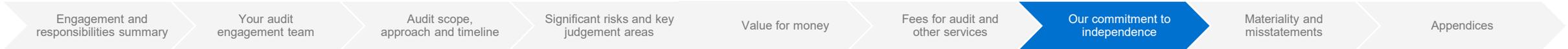
- All partners and staff are required to complete an annual independence declaration;
- All new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- Rotation policies covering audit engagement partners and other key members of the audit team; and
- Use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Cameron Waddell in the first instance.

Prior to the provision of any non-audit services Cameron Waddell will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

No threats to our independence have been identified.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



# 08

Section 08:

**Materiality and other misstatements**

# 8. Materiality and misstatements

## Summary of initial materiality thresholds

Threshold	Initial threshold £'000s
Overall materiality	9,170
Performance materiality	7,336
Specific materiality for Officer Remuneration and Exit Packages	1
Trivial threshold for errors to be reported to the Chief Constable	275

## Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- Will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

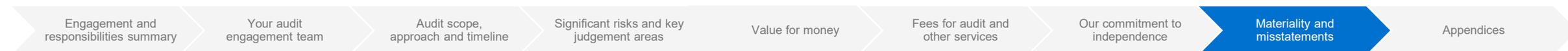
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of Gross Revenue Expenditure. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Chief Constable.

We consider that Gross Revenue Expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



# 8. Materiality and misstatements

## Materiality (continued)

We expect to set a materiality threshold at 2% of Gross Revenue Expenditure. Based on the 2019/20 audited financial statements, we anticipate the overall materiality for the year ending 31 March 2021 to be in the region of £9,170m ( £8,506m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

## Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

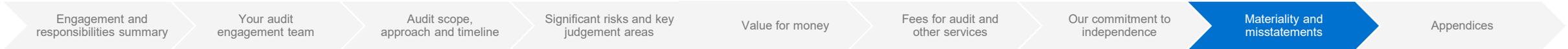
## Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Chief Constable that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £275k based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Cameron Waddell.

## Reporting to JIAC and the Chief Constable

The following three types of audit differences will be presented to JIAC and the Chief Constable:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).





## Appendix: Key communication points

# Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

## Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

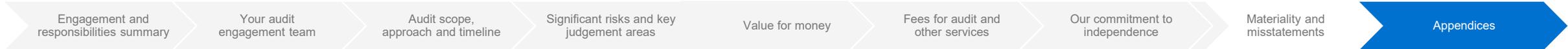
## Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;

- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

## Key communication points at the completion stage to be included in our Audit Completion Report

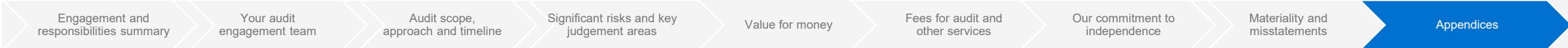
- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.



# Appendix: Key communication points

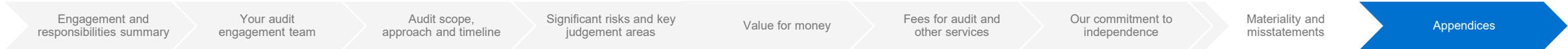
ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion;</li> <li>• The effect of uncorrected misstatements related to prior periods;</li> <li>• A request that any uncorrected misstatement is corrected; and</li> <li>• In writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> <li>• Enquiries of the CC, key management and Internal audit to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• A discussion of any other matters related to fraud.</li> </ul>	Audit Completion Report and discussion at JIAC, Audit Planning and Clearance meetings



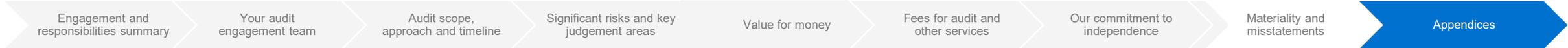
# Appendix: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>• Non-disclosure by management;</li> <li>• Inappropriate authorisation and approval of transactions;</li> <li>• Disagreement over disclosures;</li> <li>• Non-compliance with laws and regulations; and</li> <li>• Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• Significant difficulties, if any, encountered during the audit;</li> <li>• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>• Written representations that we are seeking;</li> <li>• Expected modifications to the audit report; and</li> <li>• Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the CC in the context of fulfilling their responsibilities.</li> </ul>	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during the audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>



# Appendix: Key communication points

Required communication	Where addressed
<p>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the CC into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the CC may be aware of.</p>	<p>Audit Completion Report and JIAC meetings</p>
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty;</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>• The adequacy of related disclosures in the financial statements.</li> </ul>	<p>Audit Completion Report</p>
<p>Indication of whether all requested explanations and documents were provided by the entity</p>	<p>Audit Completion Report</p>



## Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.



# Audit Strategy Memorandum

Police and Crime Commissioner for  
Northumbria

Year ending 31 March 2021



# Contents

- 01** Engagement and responsibilities summary
- 02** Your audit engagement team
- 03** Audit scope, approach and timeline
- 04** Significant risks and other key judgement areas
- 05** Value for Money
- 06** Fees for audit and other services
- 07** Our commitment to independence
- 08** Materiality and misstatements

Appendix – Key communication points

This document is to be regarded as confidential to Police and Crime Commissioner for Northumbria. It has been prepared for the sole use of the Police and Crime Commissioner as the appropriate person charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.



Miss Kim McGuinness  
Police and Crime Commissioner for Northumbria  
Victory House  
Balliol Business Park  
Newcastle upon Tyne  
NE12 8EW

July 2021

Dear Miss McGuinness

## Audit Strategy Memorandum – Year ending 31 March 2021

We are pleased to present our Audit Strategy Memorandum for the Police and Crime Commissioner for Northumbria (the PCC) for the year ending 31 March 2021. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 8 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the PCC which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07813 752 053.

Yours faithfully

Signed: `{{_es_:signer1:signature}}`

Cameron Waddell

Mazars LLP

Mazars LLP – 26 Mosley Street, Newcastle Upon Tyne, NE1 1DF

Tel: 0191 269 6989 – [www.mazars.co.uk](http://www.mazars.co.uk)

Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD.

We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001139861. VAT number: 839 8356 73

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# 01

Section 01:

**Engagement and  
responsibilities summary**

# 1. Engagement and responsibilities summary

## Overview of engagement

We are appointed to perform the external audit of the Police and Crime Commissioner for Northumbria (the PCC) for the year to 31 March 2021. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.



### Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or the PCC as those charged with governance, of their responsibilities. We will also attend the Joint Internal Audit Committee (JIAC) to present our reports.



### Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.



### Going concern

The PCC is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. The Chief Finance Officer is responsible for the assessment of whether it is appropriate for the PCC to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements and the adequacy of disclosures made.



### Value for money

We are also responsible for forming a conclusion on the arrangements that the PCC has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



### Reporting to the NAO

We report to the NAO on the consistency of the PCC's financial statements with its Whole of Government Accounts (WGA) submission.



### Electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the PCC and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Engagement and responsibilities summary

Your audit engagement team

Audit scope, approach and timeline

Significant risks and key judgement areas

Value for money

Fees for audit and other services

Our commitment to independence

Materiality and misstatements

Appendices

# 02

Section 02:

**Your audit engagement team**

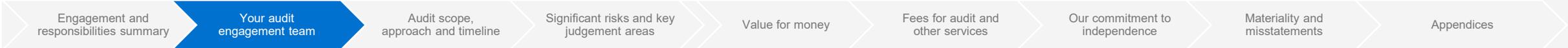
# 2. Your audit engagement team



**Cameron Waddell**  
  
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**David Hasnip**  
  
**Assistant Manager**  
  
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07387 242 038



# 03

Section 03:

**Audit scope, approach and timeline**

# 3. Audit scope, approach and timeline

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

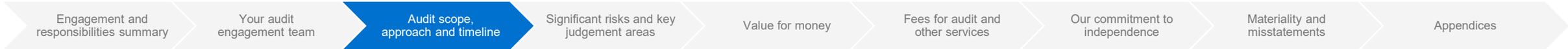
## Audit approach

Our audit approach is a risk based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



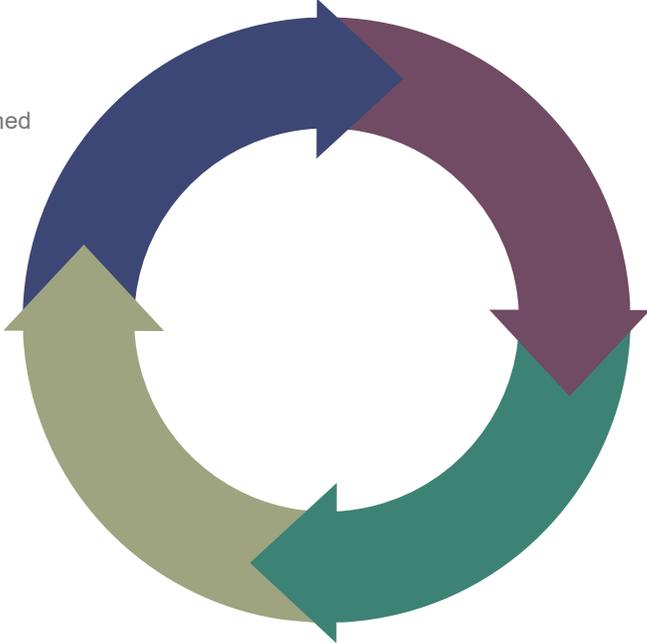
# 3. Audit scope, approach and timeline

## Planning February 2021

- Planning visit and developing our understanding of the PCC
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

## Completion November 2021

- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the PCC and JIAC
- Reviewing subsequent events
- Signing the auditor's report

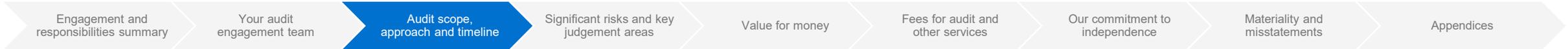


## Interim March 2021

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

## Fieldwork September/October 2021

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting



# 3. Audit scope, approach and timeline

## Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

## Management’s and our experts

Management makes use of experts in specific areas when preparing the PCC’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Defined Benefit Liability Scheme	Actuaries: - Government Actuary’s Department (GAD) for police officers; and - AON Hewitt Limited for all other employees	National Audit Office, prepared by PwC
Property, plant and equipment valuation	Your internal valuer	We will take into account any relevant information which is available from third parties
Financial instrument disclosures	Link Asset Services	National Audit Office

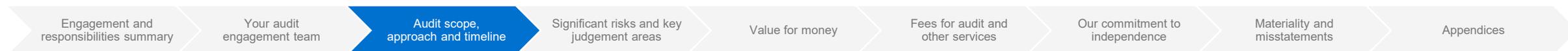
## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the PCC that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

There are no material entries in your financial statements where the PCC is dependent on an external organisation.

## Group audit approach

The group consists of the Police and Crime Commissioner and the Chief Constable. All entities in the group are subject to full scope audit. Mazars LLP is the auditor for the Police and Crime Commissioner and the Chief Constable and will be responsible for the overall direction, supervision and performance of the group audit.



# 04

Section 04:

**Significant risks and other key  
judgement areas**

# 4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

## Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.

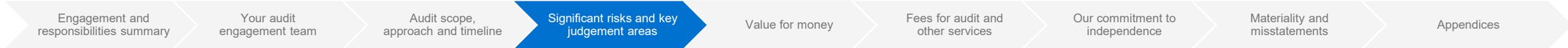
## Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement (‘RMM’) at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

## Standard risk

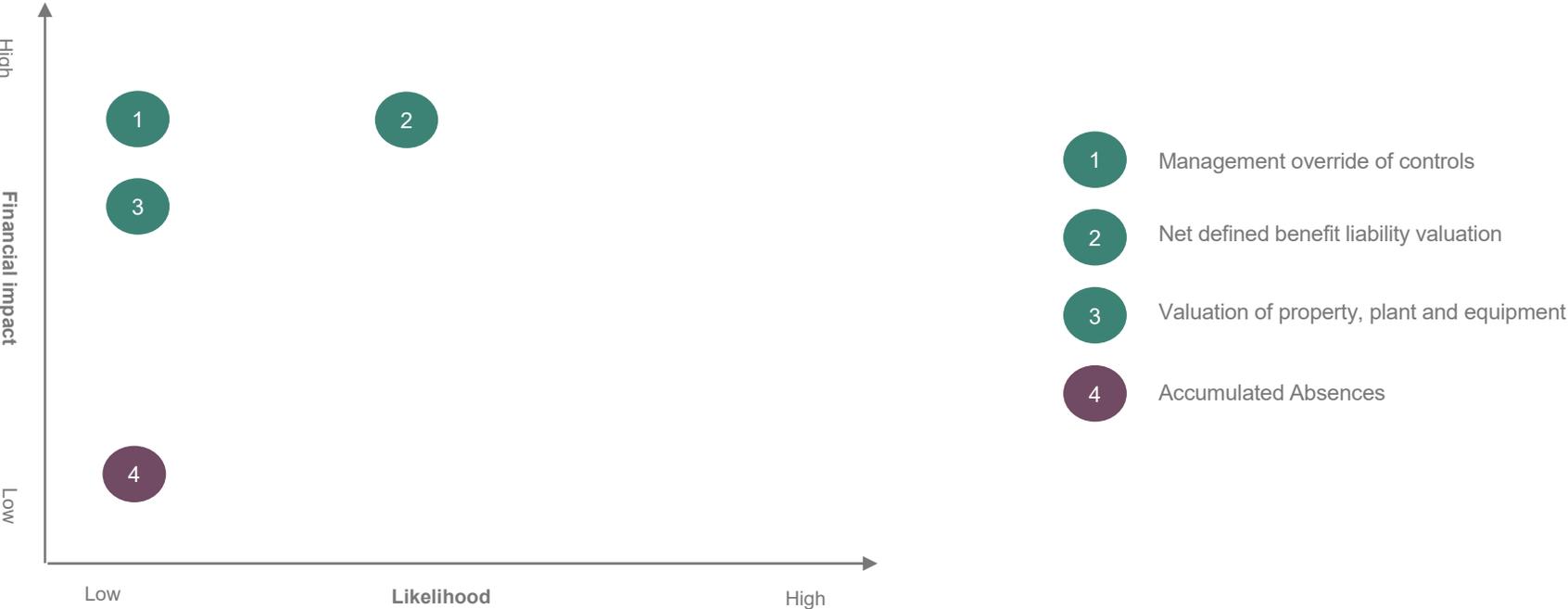
This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.



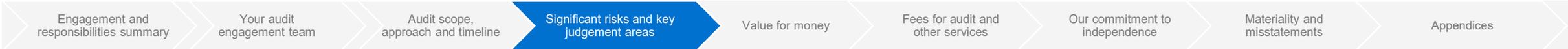
# 4. Significant risks and other key judgement areas

## Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the PCC. We have summarised our audit response to these risks on the next page.



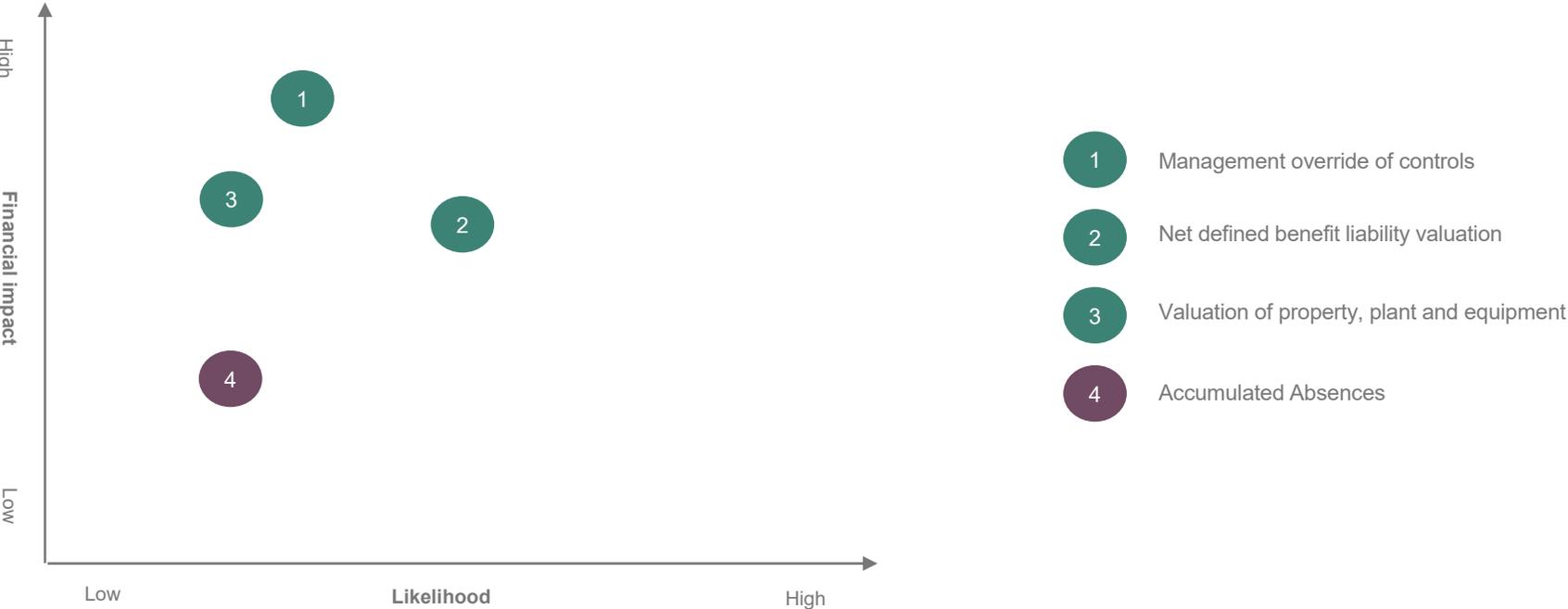
Key: ● Significant risk ● Enhanced risk / significant management judgement



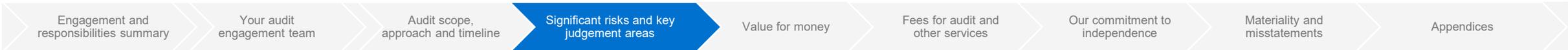
# 4. Significant risks and other key judgement areas

## Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the PCC. We have summarised our audit response to these risks on the next page.



Key: ● Significant risk ● Enhanced risk / significant management judgement



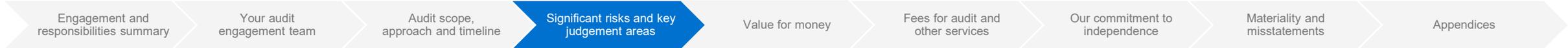
# 4. Significant risks and other key judgement areas

## Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the PCC.

## Significant risks

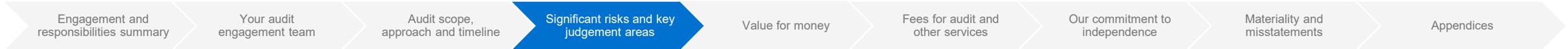
	Description	Fraud	Error	Judgement	Planned response
1	<p><b>Management override of controls (relevant to single entity and group accounts)</b></p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.



# 4. Significant risks and other key judgement areas

## Significant risks

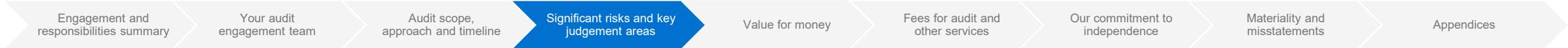
	Description	Fraud	Error	Judgement	Planned response
2	<p><b>Net defined benefit liability valuation (relevant to group accounts only)</b></p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	○	●	●	<p>We will discuss with key contacts any significant changes to the pensions estimates prior to the preparation of the final accounts. In addition to our standard programme of work in this area, we will:</p> <ul style="list-style-type: none"> <li>• evaluate the management controls you have in place to assess the reasonableness of the figures provided by the actuaries; and</li> <li>• consider the reasonableness of the actuaries outputs, referring to an expert's report on all actuaries nationally which is commissioned annually by the National Audit Office.</li> </ul>
3	<p><b>Valuation of property, plant and equipment</b></p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the PCC's holding of buildings.</p> <p>Although the PCC employs an internal valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of buildings due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the revaluation of buildings to be an area of increased risk of material misstatement.</p>	○	●	●	<p>We will consider the PCC's arrangements for ensuring that buildings values are reasonable and, if required, will engage our own expert to provide data to enable us to assess the reasonableness of the valuations provided by the PCC's valuer. We will also assess the competence, skills and experience of the valuer.</p> <p>Where necessary we will also perform further audit procedures on individual assets to ensure that the basis and level of valuation is appropriate.</p>



# 4. Significant risks and other key judgement areas

## Other key areas of management judgement and enhanced risks

	Description	Fraud	Error	Judgement	Planned response
4	<p><b>Year end leave Accrual (relevant to group accounts only)</b></p> <p>Accounting standards require that an estimate be made of the value of accumulated absences awarded but not taken as at 31 March 2021. As this is an area of significant management judgement we are required to regard this as an enhanced risk.</p>	○	●	●	We will evaluate the arrangements you have in place to produce the year end leave accrual estimate.



# 05

Section 05:

**Value for Money**

# 5. Value for Money

## The framework for Value for Money work

We are required to form a view as to whether the PCC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

The new Code of Audit Practice (the Code) has changed the way in which we report our findings in relation to Value for Money (VFM) arrangements from 2020/21. Whilst we are still required to be satisfied that the PCC has proper arrangements in place, we will now report by exception in our auditor's report where we have identified significant weakness in those arrangements. This is a significant change to the requirements under the previous Code which required us to give a conclusion on the PCC's arrangements as part of our auditor's report.

Under the new Code, the key output of our work on VFM arrangements will be a commentary on those arrangements which will form part of the Auditor's Annual Report.

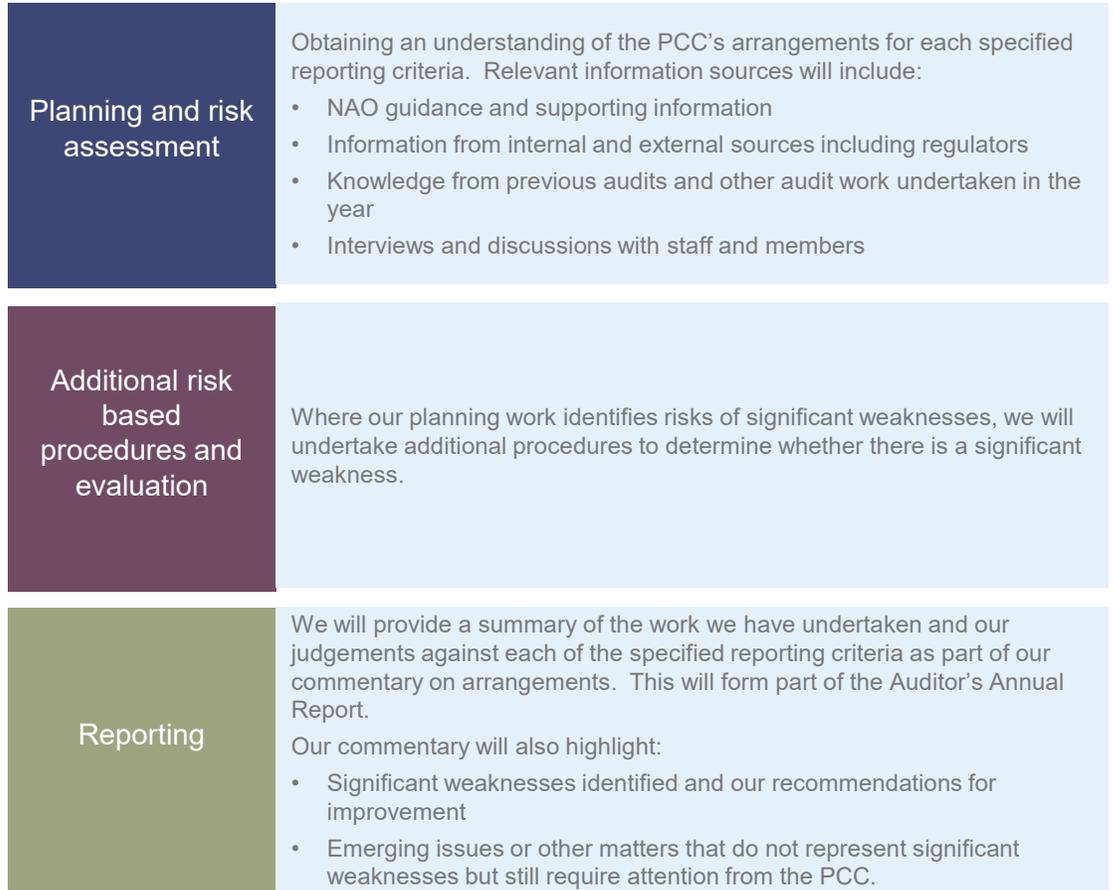
## Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the PCC plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the PCC ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the PCC uses information about its costs and performance to improve the way it manages and delivers its services

## Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the PCC's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the PCC and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

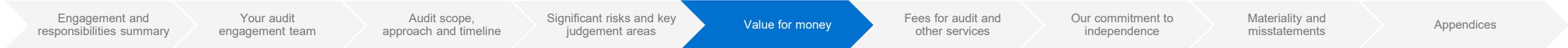


# 5. Value for Money

## Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the PCC's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Due to the late release of the NAO's Auditor Guidance Note and supporting information to auditors, we have not yet fully completed our planning and risk assessment work. We will report the results of our planning and risk assessment work to the Joint Independent Audit Committee as soon as they become apparent.



# 06

Section 06:

**Fees for audit and other services**

## 6. Fees for audit and other services

### Fees for work as the PCC's appointed auditor

Area of work	2020/21 Proposed Fee	2019/20 Actual Fee
<b>Police and Crime Commissioner</b>		
Code Audit Work <sup>1</sup>	£28,529	£28,529
Fee variations – opinion <sup>2</sup>	To be confirmed	£2,330 <sup>2</sup>
Fee Variations – value for money <sup>3</sup>	To be confirmed	£0
<b>Total</b>	<b>To be confirmed</b>	<b>£30,859</b>
<b>Chief Constable</b>		
Code Audit Work <sup>1</sup>	£14,438	£14,438
Fee variations – opinion <sup>2</sup>	To be confirmed	£1,715
Fee variations – value for money <sup>2/3</sup>	To be confirmed	£2,633
<b>Total</b>	<b>To be confirmed</b>	<b>£18,785</b>

<sup>1</sup> This scale fee was initially set by PSAA in 2018.

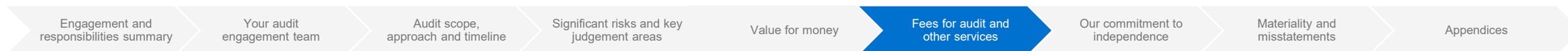
<sup>2</sup> The additional audit cost in 2019/20 for the PCC relates to additional work carried out on property valuations as a result of regulatory pressures and requirements and reporting of uncertainties in key estimates as a result of Covid-19.

The additional cost in 2019/20 for the CC is the result of additional work carried out with respect to the significant VFM risk and pensions, including the additional audit procedures required due to 2019/20 being a triennial valuation year, as well as in respect of the material valuation uncertainty raised in relation to certain Pension Fund assets.

<sup>3</sup> The new Code of Audit Practice will lead to a substantial amount of additional audit work to support the new value for money report. Our review of the Code and supporting guidance notes has led us to estimate that the additional fee impact for Code audits will be approximately 20% of the final 2019/20 fee. The actual fee will take into account the extent and complexity of any significant weaknesses in arrangements we identify

### Fees for non-PSAA work

At this stage, there is no non-PSAA work we plan to carry out. Before agreeing to undertake any additional work we would consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.



# 07

Section 07:

**Our commitment to independence**

# 7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

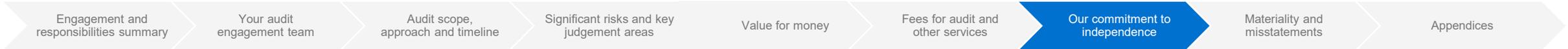
- All partners and staff are required to complete an annual independence declaration;
- All new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- Rotation policies covering audit engagement partners and other key members of the audit team; and
- Use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Cameron Waddell in the first instance.

Prior to the provision of any non-audit service Cameron Waddell will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

No threats to our independence have been identified.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



# 08

Section 08:

**Materiality and other misstatements**

# 8. Materiality and misstatements

## Summary of initial materiality thresholds

Threshold	Initial threshold PCC £'000s	Initial threshold Group £'000s
Overall materiality	6,208	9,308
Performance materiality	5,024	7,446
Trivial threshold for errors to be reported to the PCC	188	279

## Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- Will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

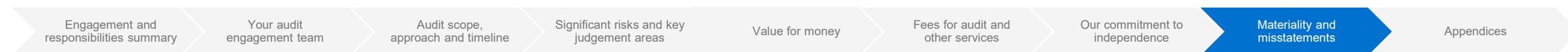
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of Gross Revenue Expenditure. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the PCC.

We consider that the Gross Revenue Expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



# 8. Materiality and misstatements

## Materiality (continued)

We expect to set a materiality threshold at 2% of Gross Revenue Expenditure. Based on the 2019/20 audited financial statements we anticipate the overall materiality for the year ending 31 March 2021 to be in the region of £6.208m for the PCC (£5.856m in the prior year) and £9.308m for the Group (£8.362m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

## Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

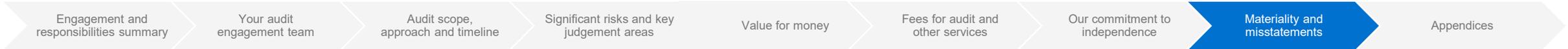
## Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the PCC that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £188k for the PCC and £279k for the Group based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Cameron Waddell.

## Reporting to the JIAC and the PCC

The following three types of audit differences will be presented to the JIAC and the PCC:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).





## Appendix: Key communication points

# Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

## Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

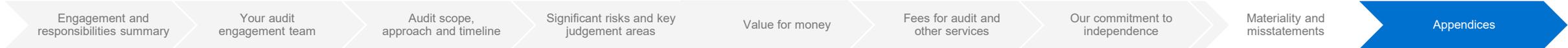
## Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;

- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

## Key communication points at the completion stage to be included in our Audit Completion Report

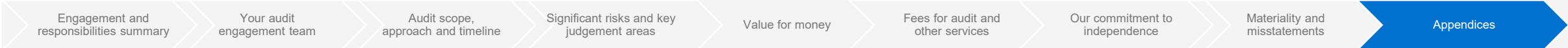
- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.



# Appendix: Key communication points

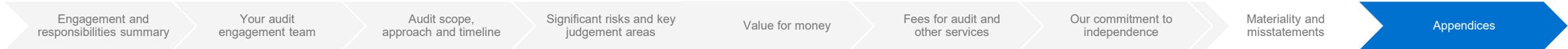
ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion;</li> <li>• The effect of uncorrected misstatements related to prior periods;</li> <li>• A request that any uncorrected misstatement is corrected; and</li> <li>• In writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> <li>• Enquiries of the PCC, key management and internal audit to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• A discussion of any other matters related to fraud.</li> </ul>	Audit Completion Report and discussion at JIAC Audit Planning and Clearance meetings



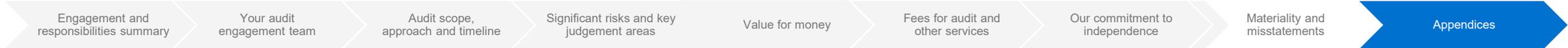
# Appendix: Key communication points

Required communication	Where addressed
Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> <li>• Non-disclosure by management;</li> <li>• Inappropriate authorisation and approval of transactions;</li> <li>• Disagreement over disclosures;</li> <li>• Non-compliance with laws and regulations; and</li> <li>• Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• Significant difficulties, if any, encountered during the audit;</li> <li>• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>• Written representations that we are seeking;</li> <li>• Expected modifications to the audit report; and</li> <li>• Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the PCC in the context of fulfilling their responsibilities.</li> </ul>	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report



# Appendix: Key communication points

Required communication	Where addressed
<p>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the PCC into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the PCC may be aware of.</p>	<p>Audit Completion Report and JIAC meetings</p>
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty;</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>• The adequacy of related disclosures in the financial statements.</li> </ul>	<p>Audit Completion Report</p>
<p>Indication of whether all requested explanations and documents were provided by the entity</p>	<p>Audit Completion Report</p>



## **Mazars**

The Corner  
Bank Chamber  
26 Mosley Street  
Newcastle upon Tyne  
NE1 1DF

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.

Joint Independent Audit Committee	19 July 2021
Summary of Recent External Inspection, Investigation and Audit Reports	
Paul Godden, Head of Corporate Development Department	

**1. PURPOSE**

- 1.1. To provide details of recent external inspection, investigation and audit reports and an overview of the process in place to manage the Force’s response to recommendations and findings.

**2. BACKGROUND**

- 2.1. The following inspection and investigation reports have been published by Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) since the last Joint Independent Audit Committee:

[An inspection of the effectiveness of the Regional Organised Crime Units](#)

[Disproportionate use of police powers - A spotlight on stop and search and the use of force](#)

[Getting the balance right? An inspection of how effectively the police deal with protests](#)

[Custody services in a COVID-19 environment](#)

[Policing in the pandemic - The police response to the coronavirus pandemic during 2020](#)

[Review of policing domestic abuse during the pandemic – 2021](#)

[Report on Hestia’s super-complaint on the police response to victims of modern slavery](#)

- 2.2. All HMICFRS reports and other external inspection, investigation and audit reports are considered by the Executive Team. A lead is appointed to consider the findings and identify actions in response to any recommendations and areas for improvement. The Force position is reported to the Police and Crime Commissioner at the Business Meeting to inform the statutory response required under section 55 of the Police Act 1996 where this is required.
- 2.3. All activity is regularly reviewed by the respective owners. Delivery is overseen by the Executive Team through the Force’s governance and decision-making structure and progress is reported to the Scrutiny Meeting of the Office of the Police and Crime Commissioner.
- 2.4. Corporate Development Department acts as the central liaison point for all HMICFRS related matters.
- 2.5. The HMICFRS Monitoring Portal includes causes of concern and recommendations made to police forces by HMICFRS since January 2013, and more recently (since September 2019) areas for improvement. Since the last meeting, a further 26 recommendations and three AFIs from eight reports have been added to the portal.
- 2.6. The position as at 28<sup>th</sup> June 2021 was:

	Recs	AFIs
<b>Total (HMICFRS Monitoring Portal)</b>	<b>270</b>	<b>55</b>
Total closed	188	6
<b>Total open</b>	<b>82</b>	<b>49</b>
<i>Awaiting national position</i>	17	0
<i>Considered complete by the Force, awaiting HMICFRS review</i>	20	25
<i>Reviewed by HMICFRS for closure, awaiting update on the portal</i>	4	6
<i>Considered complete by the Force, awaiting update to Scrutiny Meeting</i>	3	0
<b>Subject to ongoing Force activity</b>	<b>38</b>	<b>18</b>

- 2.7. Appendix A provides an overview of the outstanding recommendations and AFIs assigned to Northumbria Police by HMICFRS on the monitoring portal. It includes the number closed by HMICFRS alongside the number of recommendations or AFIs assessed as complete by the Force. A summary of progress, together with an expected delivery date and RAG status is also included.
- 2.8. A further two recommendations and one AFI have been assessed as complete by the Force and presented to the OPCC Scrutiny Meeting since the last JIAC. These relate to Roads Policing (one recommendation); Shining a Light (one recommendation) and PEEL Efficiency (one AFI).
- 2.9. A further three recommendations are assessed as complete in relation to Pre-charge bail, Safe to Share and Getting the Balance Right. These are scheduled for presentation to Scrutiny Meeting in-line with future reporting arrangements. The next reporting dates are provided in Appendix A, ahead of reporting at the following JIAC.
- 2.10. The Force is making progress in response to all the recommendations and AFIs. Particular focus and effort remain regarding incident and risk management where further improvements are required to meet the desired standards.
- 2.11. Improvements are being seen and a number of changes have been implemented including:
- the introduction of a consistent approach with the use of Performance Sergeants across the Force to objectively assess ‘Risk, Demand and Resources’ when there is a need to delay a priority response;
  - the conclusion of the pilot of the interim risk desk resulting in a permanent risk management desk now being established;
  - delivery of further training alongside the training for the new Force command and control system, SmartContact, which went live on 29<sup>th</sup> June 2021; and
  - regular performance monitoring and scrutiny at Force governance boards.
- 2.12. HMICFRS independently assesses the recommendations and AFIs either through further inspection or by undertaking reality testing. This activity has been impacted by the suspension of inspection activity during COVID-19 and Northumbria’s place in the forthcoming PEEL inspection schedule.
- 2.13. The following is an overview of the reports published since the last meeting:
- An inspection of the effectiveness of the Regional Organised Crime Units (ROCU) (10<sup>th</sup> February 2021)**
- 2.14. ROCUs were established in 2009 and their primary functions are to provide a range of specialist capabilities to forces and to lead the regional response to Serious and Organised Crime (SOC). ROCUs have evolved and grown considerably in response to the growth and complexity of SOC.

- 2.15. The inspection was designed taking account of the Strategic Policing Requirement and specifically the capability, capacity, consistency and connectivity of the ROCUs to tackle SOC.
- 2.16. The last inspection report on ROCUs was published in 2015 and since then, substantial progress has been made in some areas. Inspectors found evidence of good work but also found inconsistencies across England and Wales in the resourcing, leadership and operation of ROCUs. The major finding was the lack of a clear and sustainable funding model to make sure the ROCUs are a central part of achieving the 2018 SOC Strategy.
- 2.17. The inspection resulted in seven recommendations alongside one cause for concern. Two recommendations were specific to Forces: one regarding ensuring systems are in place for senior investigating officers and lead responsible officers to work effectively together; and the second highlighted the need for a chief officer to be appointed with responsibility for each ROCU, as far as practicable working autonomously of force responsibilities.

**Disproportionate use of police powers - A spotlight on stop and search and the use of force (26<sup>th</sup> February 2021)**

- 2.18. HMICFRS used information from Home Office data, 2018/19 PEEL inspections and stop and search audit data to produce a spotlight report that shows forces still do not fully understand the impact on individuals and communities of the use of police powers.
- 2.19. While some good and innovative practice is acknowledged, HMICFRS has concerns and advises further improvements are needed. The police need to do more to ensure they identify disproportionality, understand the reasons for it, take action to reduce it where required, and explain those reasons and actions to the public. HMICFRS intends to continue its focus on disproportionality in aspects of policing practice and is scoping a thematic inspection on diversity in policing and the wider criminal justice system, which will be carried out during 2021.
- 2.20. The report makes eight recommendations, six for forces and two for HMICFRS and the Home Office. It also reiterates recommendations made in 2015 and 2017. Force recommendations included: the need for effective communication skills; use of body-worn video for stop and search and use of force, alongside an effective audit review of the content both internally and via external scrutiny; effective internal monitoring processes and external scrutiny on use of force; and the need for the recording of self-defined ethnicity on all stop and search records unless the subject refuses to supply in which case the officer-defined ethnicity should be used.

**Getting the balance right? An inspection of how effectively the police deal with protests (11<sup>th</sup> March 2021)**

- 2.21. The Home Secretary commissioned HMICFRS to conduct an inspection into how effectively the police manage protests following several protests by groups including Extinction Rebellion, Black Lives Matter and many others. This was to assess the extent to which the police have been using their existing powers effectively, and what steps the Government could take to ensure the police have the right powers to respond to protests.
- 2.22. Ten forces with recent experience of policing protests were inspected; Northumbria was not included. This was complemented by consultation with a range of other bodies including protest groups and the general public.
- 2.23. In the public survey, for every person who thought it acceptable for the police to ignore protesters committing minor offences, twice as many thought it was unacceptable. The majority of respondents felt it was unacceptable for protests to involve violence or serious disruption to residents and business.

- 2.24. Among the police officers, protesters, business leaders and others interviewed, strong and often polarised views were presented illustrating just how much of a balancing act the police face when dealing with protests.
- 2.25. The report concluded that the police do not strike the right balance on every occasion. The balance may tip too readily in favour of protesters when – as is often the case – the police do not accurately assess the level of disruption caused, or likely to be caused, by a protest.
- 2.26. The inspectorate stated that a modest reset of the scales was needed and to help achieve this, 12 recommendations and four areas for improvement have been outlined. Two recommendations and three AFIs were for Forces.
- 2.27. Recommendations outlined the need for sufficiently robust governance arrangements to secure consistent, effective debrief processes for protest policing and also for Force legal services to subscribe to the College of Policing Knowledge Hub’s Association of Police Lawyers group.
- 2.28. AFIs highlighted the need for a stronger rationale for determining the number of commanders, specialist officers and staff needed to police protests; improvement in police’s protest-related community impact assessments; and in the quality of the protest-related intelligence provided to the National Police Coordination Centre’s Strategic Intelligence and Briefing team.

#### **Policing in the pandemic - The police response to the coronavirus pandemic during 2020 (20<sup>th</sup> April 2021)**

- 2.29. The report presents a snapshot of policing in the pandemic between March and November 2020 and assessed how policing: understood and prepared for the potential and actual impact of the pandemic; responded initially and continues to respond to the pandemic; and is evaluating the response to the pandemic using findings to shape how the service operates.
- 2.30. Information was gathered from all 43 forces in England and Wales as well as the Police Service of Northern Ireland, the State of Jersey Police and the British Transport Police. All forces supplied a document return and a self-assessment questionnaire. Nineteen forces were subject of a more detailed inspection, this did not include Northumbria.
- 2.31. The report highlighted that the police carried on protecting vulnerable people, answering requests for service, investigating crime, keeping people in custody and enforcing the law. They also stepped into the gaps left when some statutory agencies withdrew or reduced their frontline services.
- 2.32. Northumbria Police was highlighted for work undertaken through online meetings with local groups to understand the effect that the four E’s approach was having on communities.
- 2.33. HMICFRS determined that overall, the police reacted well to the difficult circumstances presented by the pandemic. Seven recommendations (five for forces and two for national bodies) and 22 learning points (eighteen for forces and four for Local Resilience Forums) have been assigned to help in the continuing response to the pandemic.

#### **Custody services in a COVID-19 environment (20<sup>th</sup> April 2021)**

- 2.34. This report supplements the ‘Policing in the pandemic’ report with more detailed findings on how custody services operated in a COVID-19 environment. It examined how the police: divert people from custody and minimise the time that detainees spend there; manage custody services during the pandemic, looking in particular for a strategic approach; manage detainees’ risks; care for detainees; meet detainees’ legal rights; and provide a safe custody environment for detainees, staff and visitors.

- 2.35. Fieldwork was carried out in five forces; not including Northumbria although, information was used from all forces' self-assessments and document returns.
- 2.36. Overall, forces stated that the total numbers of detainees decreased (slightly) between April and August 2020 when compared with the same period in 2019, particularly for detained children and there were fewer arrests during the first lockdown (April to May 2020) in the five fieldwork forces. After that, numbers returned to previous levels. The number of detainees with, or suspected of having, COVID-19 is not known but was reported as low.
- 2.37. HMICFRS stated that the police service is generally responding well to the problems COVID-19 presents and acted quickly to manage demand in custody suites. However, it faces significant problems arising from the use of virtual legal advice and representation for detainees rather than solicitors attending in person and forces are not doing enough to assess how COVID-19 is affecting custody services.
- 2.38. Additional recommendations were made within this supplementary report. One for forces related to tracking the numbers of detainees with, or suspected of having, COVID-19; recording and monitoring the length of time detainees remain in police custody; recording and monitoring the way in which detainees receive their legal rights; and recording the use of bail and released under investigation. A further recommendation suggested that the police service needed to evaluate the advantages and disadvantages of using virtual remand hearings.

**Review of policing domestic abuse during the pandemic – 2021 (22<sup>nd</sup> June 2021)**

- 2.39. This review looked at how the police responded to the unique challenges the COVID-19 pandemic placed on preventing and responding to domestic abuse.
- 2.40. It found that the police responded proactively to prevent domestic abuse and protect victims during the COVID-19 pandemic. Northumbria Police was cited within the report for positive practices undertaken throughout the pandemic.
- 2.41. While the police had innovated, HMICFRS still had some concerns about how the police responds to domestic abuse longer-term. It highlighted a worsening picture whereby on average three in every four domestic abuse crimes reported to the police are closed without the perpetrator being charged.
- 2.42. The inspectorate also expressed significant concerns about court backlogs, which whilst not for the police to solve, may increase the likelihood of victims disengaging from the criminal justice process.
- 2.43. Three recommendations have been made regarding: a review of discontinued cases; the safeguarding and support of victims awaiting court; breaking down barriers to reporting and ensuring that new practices adopted during the pandemic are properly monitored for quality and safety. These are aimed at ensuring forces continue to respond to the challenges of policing domestic abuse during the COVID-19 pandemic and beyond.

**Report on Hestia's super-complaint on the police response to victims of modern slavery (26<sup>th</sup> May 2021)**

- 2.44. This is the second published report following a super-complaint. This was by Hestia on the police response to victims of modern slavery.
- 2.45. The overall approach to the investigation used the 2017 HMICFRS thematic inspection examining how the police were tackling modern slavery and human trafficking crimes as a benchmark, and to assess at a high level what progress has been made and whether, in light of any progress made, the concerns set out in the super-complaint are justified.

- 2.46. A range of activities were carried out, including fieldwork in six forces; not including Northumbria, discussions with experts and organisations with extensive knowledge of modern slavery, and a review of information provided by police forces and other public bodies.
- 2.47. Findings indicate that the police approach to modern slavery has improved; however, more improvements are needed; low rates of prosecution that allow offenders to continue to exploit vulnerable people significantly harm the public interest.
- 2.48. As a result of the investigation, three recommendations have been made directly to Chief Constables, including a joint recommendation for Chief Constables and Police and Crime Commissioners (PCC). A further two recommendations have been made to the Home Office, and two actions allocated to the College of Policing and HMICFRS respectively.
- 2.49. Recommendations are made to ensure police officers and staff are adequately supported through access to learning, specialist policing resources and victim support arrangements; that resources are deployed to enable effective investigation; and that the needs of victims of modern slavery are supported.
- 2.50. An overview of the current reporting position for all recommendations and AFIs assigned to Northumbria Police by HMICFRS since the last JIAC is also included in Appendix A. No concerns have been identified and the RAG assessment is green.

**3. CONSIDERATIONS**

<b>Government Security Classification</b>	Official
<b>Freedom of Information</b>	Non-Exempt
<b>Consultation</b>	Yes
<b>Resources</b>	No
There are no additional financial considerations arising from this report.	
<b>Code of Ethics</b>	No
There are no ethical implications arising from the content of this report.	
<b>Equality</b>	No
There are no equality implications arising from the content of this report.	
<b>Legal</b>	No
There are no legal considerations arising from the content of this report.	
<b>Risk</b>	No
Activity in response to HMICFRS findings is monitored through the Northumbria Police governance structure and by the Office of the Police and Crime Commissioner.	
HMICFRS expects that progress is made in response to the recommendations and uses progress against previous recommendations to assess risk when considering future inspection activity.	
<b>Communication</b>	No
<b>Evaluation</b>	No

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs (& number closed on the HMICFRS Monitoring Portal)		Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
<p>PEEL: Police legitimacy 2017</p> <p>Published: 12/12/2017 CC response to PCC: 22/1/2018 PCC Section 55 response: February 2018 Reported to JIAC: 19/2/2018</p>	Stop and Search Lead/ Head of People Services	T/ACC (Communities)	Recommendation	1 (0)	0	<p>This is a national recommendation regarding the use of stop and search.</p> <p><b>Issue</b> Northumbria officers have been trained in unconscious bias. The findings from the Force's Legitimacy Inspection in 2017 determined that the Force was well placed, with officers receiving information about unconscious bias during stop and search training. HMICFRS also stated that the officers spoken to had a full and comprehensive understanding of how they should be treating people fairly and with respect in their interactions with the public and each other.</p> <p><b>Focus for Northumbria Police</b> Findings in the 2018/19 PEEL inspection acknowledged that the Force had complied with most of this recommendation; however, could not evidence sufficient understanding of unconscious bias and analysis of find rates for drug supply and possession. As a result, unconscious bias has been raised as an AFI within the 2018/19 PEEL inspection below.</p>	<p>Revised training delivery commenced in July 2020 and will form part of a longer term training input.</p>	<p>The training already provided alongside additional planned training and awareness sessions should help to further embed understanding of unconscious bias and strengthen the Force's position.</p> <p>Analysis of find rates for drug supply and possession is now being undertaken.</p> <p>A forcewide approach is being implemented for the delivery of unconscious bias and diversity training to support the workforce. This will form a module of the overall Diversity, Equality and Inclusion (DE&amp;I) training programme.</p> <p><b>Update: May 2021</b> The unconscious bias digital package was launched at the end of December 2020. 89% of staff, officers and volunteers have completed it.</p> <p>The Force is aware of the Written Ministerial Statement on Unconscious Bias which highlights 'there is currently no evidence that this training changes behaviour in the long term or improves workplace equality in terms of representation of women, ethnic minorities or other minority groups. It also states that there is emerging evidence of unintended negative consequences'. Ministers have now concluded that unconscious bias training does not achieve its intended aims and will therefore be phased out in the Civil Service. The government now expects other parts of the public sector, including local government, the police, and the NHS, to review their approaches in light of the evidence and the developments in the Civil Service.</p> <p>The plan has always been to ensure that DE&amp;I is incorporated into core training and to move away from delivery as an isolated module. The initial Unconscious Bias training was an introduction to raise awareness, with a view to merge into the wider training programme and therefore the emerging research findings should not impact on the Force's planned approach.</p> <p>Encouraging the appropriate and legitimate use of the S&amp;S power is a key focus. The stop and search lead provides inputs on stop and search, the impact of unconscious bias when applying the tactic and its use in line with the force strategic priorities as part of the newly promoted Sergeants and Inspectors programme. It is also included within the PCDA programme and a further session is being developed for delivery to sergeants' development day. This</p>		28/01/2021	The PCC was satisfied with the progress made.	29/07/2021
<p>PEEL Effectiveness</p> <p>PEEL: Police effectiveness, efficiency and legitimacy 2018/19 - Northumbria Police</p> <p>Published: 27/9/19 CC response to PCC: 14/11/19 PCC Section 55 response: November 2019 Reported to JIAC: 18/11/19</p>	Multiple	ACC (Force Coordination)	Recommendation	2 (0)	0	<p>The recommendations related to response to incidents. The Force needed to ensure that response was determined by the initial assessment of risk rather than the availability of response officers and that in the event that incidents to vulnerable victims were delayed, to ensure full justification for the delay with supervisory oversight.</p> <p>The AFIs related to: the process for commissioning and analysis of problem profiles; consistency of engagement approach; understanding and use of problem solving; evaluation and sharing of effective practice; understanding of the nature and scale of vulnerability; and review of the domestic abuse risk assessment grading policy.</p> <p>These were about improving current practices to extend understanding of communities, uncovering hidden demand and having effective and consistent processes to problem solve and share learning. The domestic abuse risk assessment grading process was already a recognised issue and was under review at the time of the inspection.</p>	<p>Apr-21 (revised from December 2020)</p>	<p>The Force has progressed all of the recommendations and AFIs and improvements are evident in all areas.</p> <p>Activity in response to the AFIs includes the implementation of: - A revised process for the commissioning and analysis of problem profiles. Further work is ongoing to improve partnership involvement in the process. - An engagement strategy with engagement toolkits and plans for engagement throughout the year. Effective use of digital methods have assisted with engagement since the onset of COVID-19. - Work is progressing well to embed problem solving across the force and problem solving inputs now feature on student officer training courses.</p> <p>The problem solving plan process has been established alongside quality assurance mechanisms. POP on a page documents were completed for violence hot spots identified within the Violence Reduction Unit Insight Report and this approach was commended by the Home Office with Force examples disseminated to other forces across the country as good practice.</p> <p>An examination of the data quality issues that impact upon our ability to fully assess the nature and scale of vulnerability has been undertaken. Whilst best use of information will be made within the constraints of the current systems, full benefits may not be achievable until implementation of the new IT systems.</p> <p>The domestic abuse risk assessment grading policy has been revised and implementation of a new procedure and training has been undertaken which is compliant with 'safelives' MARAC guidelines. Changes as a result of the new procedure are being monitored. The HMICFRS Force Liaison Lead has assessed the AFI in relation to this update as complete.</p> <p><b>Update: May 2021</b> Neighbourhood profiles have been developed within each sector and quality assurance has been undertaken to ensure standardisation of the product and consistency across the organisation. A QlikSense application is also available to the neighbourhood teams to provide officers and staff with the capability to view performance metrics, demand data and other analysis. QlikSense is also being used in support of the Force's understanding of vulnerability through the Missing Persons and Domestic Abuse applications.</p> <p>Online partnership training events commenced in January 2021 to facilitate joint learning and sharing of good practice between NPTs and partners from all six local authorities. 556 officers (91%) have now been trained. Over 50 partner agency staff have attended to share best practice and learning from external organisations.</p> <p>The third review of the effectiveness of THRIVE alongside risk management, response and allocation processes for grade 2 calls for service for vulnerable, non-vulnerable and domestic abuse cases determined that some improvement had been made in the use of THRIVE by call takers, use of the escalation process and evidence of ongoing risk assessment/ management on delayed incidents. However, further improvements were required in the management of the caller's expectations and quality of the rationale being applied to the THRIVE assessment.</p> <p>A number of activities are being undertaken to address performance including: the implementation of a Team Leader functional model to ensure focus and consistency across all teams and functions; the rollout of bite-sized THRIVE videos; inclusion of a THRIVE input into the current SmartContact training package; and dedicated THRIVE champions within Communications Department providing one to one support and coaching to staff with identified performance issues or knowledge gaps. Following the successful pilot of the risk management desk, a permanent risk management desk is now being established.</p>		03/06/2021	The PCC raised a concern that these issues were now three years old.	23/09/2021
<p>PEEL Efficiency</p> <p>PEEL: Police effectiveness, efficiency and legitimacy 2018/19 - Northumbria Police</p> <p>Published: 27/9/19 CC response to PCC: 14/11/19 PCC Section 55 response: November 2019 Reported to JIAC: 18/11/19</p>	Multiple	DCC Ford	AFI	9(0)	3	<p>There were nine AFIs regarding understanding of current and future demand including analysis of data from partners; making best use of resources to meet the needs of the public; and understanding the capacity and capability of the workforce.</p> <p>The Force had recently undertaken a review of resources to inform the new Force Operating Model (FOM); however, recognises the need for further work to understand demand across all services, including hidden demand.</p> <p>Whilst the Force recorded operational skills and qualifications obtained by officers/staff during their police career, information was not held relating to academic, professional or personal skills. This is necessary in order to better understand the capacity and capability of the workforce and identify any gaps/ opportunities to support future development.</p> <p><b>Focus for Northumbria Police</b> To further improve understanding of demand, capacity and capability.</p>	<p>Jun-21 (revised from December 2020)</p>	<p>Work has been undertaken in response to all of the AFIs. Three AFIs are considered complete regarding the awareness of officer and staff workload when allocating and deploying resource; the alignment of strategic plans with financial planning; and ensuring assumptions in relation to future demand are based on sound evidence and analysis so that resources can be best allocated. These have been reported to Scrutiny Meeting.</p> <p>Activity to support understanding of demand is progressing well. A business intelligence function has been created and a new business intelligence tool (QlikSense) has been implemented. Local business plans include information on current and future demand alongside analysis of capacity and capability. Whilst there is additional longer term work ongoing to further improve understanding, the Force is in an improved position.</p> <p>A survey was undertaken to collate all academic, professional and personal skills information and this is being combined with operational skills data to provide a richer picture of capacity and capability. This will allow a gap analysis to be undertaken and planned activity to mitigate any identified gaps.</p> <p>One AFI regarding ensuring that resource allocation allows appropriate response to urgent calls for service, particularly for incidents concerning vulnerable persons, is in part linked to the previous response recommendations in PEEL effectiveness, but has also been part mitigated by the introduction of the new Force Operating Model that has enabled improved response times.</p> <p><b>Update: May 2021</b> Business planning has been completed for 2021/2022 and outcomes and priorities have been captured within the Medium Term Financial Strategy. The Governance structure has now been revised and provides a structure to consider demand challenges and future plans.</p> <p>A Leadership Development Framework has been established with leadership profiles across five levels of leadership: Service Delivery (e.g. Constable, PCSO); Team Leader/ Technical Lead (e.g. Sergeant, Team Leader); Manager/ Expert Advisor (e.g. Insp - C/Insp, Specialist Manager); Service Function Leader (e.g. Supt - C/Supt, Service/ Function Leader); Force Leader (e.g. Executive).</p>		03/06/2021	The PCC raised a concern that these issues were now three years old.	23/09/2021

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								<p>The implementation of the new HRIT system will enable regular management of an individual's operational, business, technical and additional skills to maintain accuracy and relevance on an ongoing basis.</p> <p>The amber RAG status reflects delays in delivery as a result of Covid-19 with regard to the skills audits and activity relating to THRIVE and Incident response.</p>				

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PEEL Legitimacy  PEEL: Police effectiveness, efficiency and legitimacy 2018/19 - Northumbria Police  Published: 27/9/19 CC response to PCC: 14/11/19 PCC Section 55 response: November 2019 Reported to JIAC: 18/11/19	Multiple	ACC (Force Coordination)	Recommendation	2(0)	0	<b>Issue</b>  Two recommendations regarding understanding, analysis and scrutiny of use of force and three AFIs regarding: training and understanding of unconscious bias; proactive approach to counter corruption; and confidential reporting mechanisms.  The inspection highlighted that whilst good at recording use of force, it needed to make better use of this to understand how force is being used. The Force had identified a requirement for increased scrutiny and transparency regarding use of force prior to the inspection.  <b>Focus for Northumbria Police</b> It is important that the Force is seen to operate legitimately to maintain public confidence. The Force must demonstrate an understanding of disproportionality in the use of police powers to mitigate risk.	Nov-20	Significant activity has been undertaken throughout the year to gain a far better understanding of use of force and to establish improved governance with internal and external scrutiny. Whilst there are factors that impact our understanding of how officers and staff are using force such as recording compliance and quality of data, the Force is in a much stronger and improving position. Some of the data issues are as a result of waiting for requested changes to the national Chronicle system where use of force information is recorded.  A confidential reporting mechanism for the workforce to report potential corruption and inappropriate behaviour of colleagues is now in place and forcewide communications are ongoing to increase awareness of it.  A review of force policy and procedure on use of force has been undertaken; quarterly data has been published on the Force website.  <b>Update: May 2021</b> A monthly internal scrutiny panel is established to discuss current performance data; compliance; disproportionality data; HMICFRS recommendations; and also to review BVV where force has been used to inform organisational learning. An external Scrutiny panel is being established through the OPCC.		28/01/2021	The PCC was satisfied with the progress being made.	29/07/2021
The poor relation: the police and Crown Prosecution Service's response to crimes against older people  Published: 17/7/19 CC response to PCC: 22/8/19 PCC Section 55 response: September 2020 Reported to JIAC: 18/11/19	Head of Safeguarding & Head of Prosecution & Victim Services	T/ACC (Crime and Safeguarding)	Recommendation	4 (0)	3	<b>Issue</b>  National recommendations regarding adult safeguarding: victim support services; victim needs assessments; referrals; and the analysis of current and future demand.  The report highlighted the need for better services for older people subject of crime.  <b>The Force already has a safeguarding policy and a robust system for reporting concerns for adults, Force policy and guidance in respect of vulnerable adults outlines the requirement for safeguarding referrals. There is no particular threshold for the submission of an Adult Concern Notification (ACN). Submission is based on the officer's assessment of risk, in particular, risk of abuse or neglect. Victim needs assessments are submitted for all crime victims.</b>	Oct-20	The Force was already in a strong position with regard to these recommendations as mechanisms were already in place for all adult crime victims irrespective of age. Once a national definition of 'adults at risk' is defined, current practices will be adapted accordingly.  Analysis regarding adult safeguarding has been incorporated into the Force Management Statement.  <b>Update: May 2021</b> In conjunction with the OPCC the Force has completed an option appraisal exercise in March 2020 that determined the preferred delivery model for cope and recovery services for victims would be a transfer of service to Northumbria Police. As of April 2021 the Cope and Recovery service for victims of crime transferred to Northumbria Police, this includes the specific resource and pathways dedicated to the support of Older People who have been a victim of crime.  Alongside the transfer of Victims First Northumbria a wider review into the overall provision of victim services has been conducted. The proposed new service will have individual pathways tailored to either the crime type or the individual with a wide range of support designed to deliver the right level of service to the individual. In terms of older people champion roles have been developed specific for elderly victims of crime who provide training to staff (such as dementia training) and receive support direct from both Age UK and a specific working group specifically for the needs of the elderly.		25/02/2021	The PCC was satisfied with progress and no issues were raised.	23/09/2021
Shining a light on betrayal: Abuse of position for a sexual purpose  Published: 27/9/19 CC response to PCC: 14/11/19 PCC Section 55 response: November 2019 Reported to JIAC: 18/11/19	Head of Professional Standards Department	DCC Ford	Recommendation	3 (0)	2	<b>Issue</b>  National recommendations regarding: abuse of authority; counter corruption; and vetting.  The Force was already well placed in this area and received a 'good' grading overall for Legitimacy within the PEEL inspection, which includes those areas under consideration within this inspection.  <b>Focus for Northumbria Police</b> To ensure all staff vetting statuses are reviewed and are up to date.	Jan-21	Northumbria's legitimacy inspection suggested that the Force was already well positioned with regard to these recommendations. One of the recommendations is considered complete regarding having enough people with the right skills to look proactively for intelligence about those abusing their position for a sexual purpose.  The majority of the counter corruption recommendation is complete. Whilst ATA monitoring software is available on all desktop devices, a roll out of ATA onto handheld devices is scheduled for July 2021.  Whilst vetting was positively reviewed within PEEL 2018/19 with inspectors highlighting great improvements in vetting the workforce, the current uplift of police officer numbers coupled with contractor vetting linked to the large scale estate refurbishment and IT systems renewal impacted on the ability of the vetting department to complete all requirements as defined by the recommendation.  Changes to structure, resourcing and working practices have been implemented to facilitate vetting requirements.  <b>Update: May 2021</b> Whatsapp has now been removed from Northumbria Police devices. There are no other encrypted apps on Northumbria Police devices.  The Force has implemented appropriate monitoring software to all desktop devices and technical issues in deploying the software to handheld devices have been overcome.  The levels of outstanding renewal vettings are now considered 'business as usual' and backlogs have been cleared. The recommendation regarding vetting is considered complete by the force.		01/04/2021	The PCC was satisfied with progress.	29/07/2021
Evidence led domestic abuse (DA) prosecutions  Published: 23/1/20 CC response to PCC: 24/3/20 PCC Section 55 response: March 2020 Reported to JIAC: 24/2/20	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendation	5(0)	4	<b>Issue</b>  National recommendations regarding a review of training plans for DA: use of DA champions; clear guidance that evidence led investigations should be afforded the same quality of investigations as other investigations; decisions to take no further action in DA cases receive the same robustness of supervisory oversight as other DA cases and that police and CPS share examples of good work and successful outcomes.  <b>Domestic abuse is a force priority and is closely monitored; evidence-led investigations form part of this.</b>	Oct-20	Activity is progressing well.  Appropriate training will be delivered via CPD.  Performance management arrangements are in place.  A process has been put in place to identify and share learning with the CPS. This consists of a regular meeting between the force DA lead and the CPS DA lead who will examine recent cases, identify learning, then feed the learning back into each organisation.  Four recommendations are considered complete by the Force. An update was provided to the HMICFRS Liaison Lead in December 2020 and to date, two recommendations have been marked as complete on the portal but need to be ratified before closure. Further updates are awaited.  <b>Update: June 2021</b> Training has now been delivered to all 42 identified DA Champions and the role was promoted through the Force 'In the Know' Bulletin on the 25th May 2021.		29/04/2021	The PCC was satisfied with progress.	16/11/2021

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs ( & number closed on the HMICFRS Monitoring Portal)		Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
Northumbria Police - Joint inspection of police custody  Published: 23/1/20 CC response to PCC: 20/2/20 PCC Section 55 response: March 2020 Reported to JIAC: 24/2/20	Head of Custody	ACC (Force Coordination)	Recommendation	3(0)	3	<b>Issue</b> Three recommendations regarding the consistent application of legislation and guidance; the full and accurate recording of information on custody records; and ensuring dignity of detainees when using toilet facilities.  Nineteen AFIs in relation to performance information and quality assurance; full and accurate recording of information on records; use of force; approach to the dignity and meeting the individual and diverse needs of detainees; notices highlighting CCTV in operation; adherence to legal requirements for fire regulations; the provision of a wider diet, nicotine replacement products and better blankets; and strengthening work with local authority partners to monitor children entering custody and the provision of appropriate adults.	Sep-20	A review of the Force action plan in response to the inspection was undertaken by HMICFRS on 7th September 2020. Feedback was positive on the progress made, however, the monitoring portal will not be updated until a new custody follow-up process on the portal has been implemented.  Significant progress has been made and all recommendations and 18 of the AFIs are considered complete.  <b>Update: May 2021</b> The remaining AFI pertains to the provision of specialist support for detainees with alcohol and drug dependencies.  Whilst all suites offer a standard level of support to those with drug or alcohol problems, such as signposting to external support agencies when they leave custody, only Forth Banks custody suite has a dedicated drug and alcohol support worker. The widening of provision is dependent on external organisations. Although it has not yet been possible to replicate the role in Northern or Southern areas, funding has been obtained to reintroduce Drug Testing On Arrest, initially also at Forth Banks, prior to being rolled out force-wide.		28/01/2021	No issues were raised.	29/07/2021
A joint thematic inspection of Integrated Offender Management (IOM)  Published: 28/2/20 CC response to PCC: 16/4/20 PCC Section 55 response: May 2020 Reported to JIAC: 22/6/20	ACC Hutchison	T/ACC (Communities)	Recommendation	4(0)	3	<b>Issue</b> National recommendations regarding defining the IOM operating models; improving the quality and accuracy of recording in IOM cases; analysis of training needs; and to ensure that service users are kept informed, as much as possible, about the benefits of inclusion in IOM.  Northumbria had already reviewed its IOM provision and established new policy and procedures prior to the publication of this report.  <b>The Force is well positioned with regard to IOM.</b>	Sep-20	The Force was already in a strong position with regard to IOM. Policy and process for the IOM operating model including recording activity was in place prior to the findings of this inspection. Service users are now informed via a notification letter of their selection and deselection within the IOM cohort.  Northumbria Police dedicated IOM officers have been in role for a number of years and have considerable experience as well as having benefited from participation in NPS/ CRC training inputs and support. All are part embedded with CRC teams.  Updates were presented to Scrutiny Meeting in August 2020 outlining the proposed closure of three of the recommendations.  <b>Update: May 2021</b> A training needs assessment has been completed and is documented in a 4P Plan. Joint training is established between Northumbria Police and Probation and this will be further expanded upon following the merger of CRC in to Probation where quarterly joint training will be established.		25/02/2021	No issues were raised.	23/09/2021
Roads Policing: Not optional - An inspection of roads policing in England and Wales  Published 15/07/2020 CC response to PCC: 27/08/20 PCC Section 55 response: September 2020 Reported to JIAC: 24/08/20	Head of Operations Department	ACC (Force Coordination)	Recommendation	6(0)	3	<b>Issue</b> National recommendations stating that with immediate effect: roads policing should be included in the force's strategic threat and risk assessments; that there is enough analytical capability to identify risks and threats on the road network within the force area and that this is used to reduce risks; forces should comply with Department for Transport Circular 1/2007 in relation to the use of speed and red-light cameras; forces where Operation Snap (the provision of digital video footage by the public) has been adopted, should make sure that it has enough resources and process to support its efficient and effective use; forces should satisfy themselves that the resources allocated to policing the strategic road network within their force areas are sufficient; and chief constables should make sure that appropriate welfare support is provided to specialist investigators and family liaison officers involved in the investigation of fatal road traffic collisions.  AFIs with regard to force-level support to national roads policing operations and intelligence structure; the efficient and effective exchange of all collision data with other relevant bodies; and the awareness and understanding of the changes in the Professionalising Investigation Programme within police forces.	Mar-21	The Force was already compliant with two of the recommendations. It complies with Department for Transport circular 1/2007 and whilst the Force does not have Operation Snap, it has a similar scheme that is suitably resourced. In addition, two of the AFIs are also considered complete. These were presented to Scrutiny Meeting in November 2020.  There is a well-established process in place for managing welfare of Investigating Officers and Family Liaison Officers with plans in place to maintain profiles and provide additional wellbeing support. A wellbeing action plan is in place and the Federation has agreed to provide mental health first aid courses to all Motor Patrol Supervisors.  <b>Update: May 2021</b> A local STRA has been developed and is being updated to reflect the national STRA.  All national and local initiatives for road safety are being mapped out and overseen by the Road Safety Sergeant and Inspector who are coordinating investment with partners. Analysis is underway to improve our understanding of road safety risks with a problem solving approach. The Force is progressing the recruitment of a Road Safety Apprentice to support in the co-ordination of this activity alongside engagement and education around road safety matters.  HGV PG9 training was completed in February 2021 providing the Force with 10 specialist trained officers for the management of commercial vehicles. A number of successful operations involving partners and volunteers have been carried out to embed the recent training with positive results. The recommendation regarding the resources allocated to policing the SRN in the Force area is now considered complete.  Five officers are now trained to PIP Level 2 and a further eight are sitting exams between June and September 2021. A rolling program is now in place for all investigators to qualify for PIP level 2 and officers have been selected to ensure representation in all ranks and across all teams.		03/06/2021	No issues were raised.	16/11/2021
PEEL spotlight report: The Hard Yards – Police to police collaboration  Published 21/07/20 CC response to PCC: 27/08/20 PCC Section 55 response: September 2020 Reported to JIAC: 24/08/20	Funding and Innovation Manager	DCC Ford	Recommendation	1(0)	0	<b>Issue</b> The report highlighted one national recommendation for forces suggesting that if forces had not yet implemented an effective system to track the benefits of their collaborations, they should use the methodology created by the NPCC, the College of Policing and the Home Office.  <b>Focus for Northumbria Police</b> To improve ability to track the benefits of collaborations.	Date to be determined once methodology shared by NPCC.	<b>Update: April 2021</b> The Force's strategy is to seek formal collaborative opportunities when there are clear business benefits and efficiencies to be achieved. The North East Transformation, Innovation and Collaboration (NETIC) was dissolved on 31st March 2021 although the regional North East forces meeting structure will remain in place as a platform to consider collaborative working. The future operating model to support North East forces in collaboration is under consideration.  The Force has a methodology for monitoring benefits realisation which will be applied to track collaboration benefits. A review of the methodology due to be created by the NPCC, the College of Policing and the Home Office will be conducted once published. This was expected to be shared in March 2021; however, this is still awaited.		03/06/2021	No issues were raised.	16/11/2021
Pre-charge bail and released under investigation: striking a balance  Published 08/12/2020 CC response to PCC: 28/01/21 PCC Section 55 response: March 2021 Reported to JIAC: 22/02/21	To be confirmed	T/ACC (Crime and Safeguarding)	Recommendations	2(0)	0	<b>Issue</b> The report highlighted two national recommendations suggesting that forces should develop processes and systems to clearly show whether suspects are on bail or RUI and that forces should record whether a suspect is on bail or RUI on the MG3 form when it is submitted to the CPS.  <b>The Force is already able to differentiate between those suspects on bail and those RUI. Whilst systems currently allow the recording of bail details for a suspect within the functionality of the MG 3, it does not ask for details of RUI; officers in charge have a responsibility to update the CPS in relation to any changes to Bail or RUI</b>	Apr-21	Northumbria Police is able to differentiate between those cases on bail and those released under investigation from existing systems recognising if bail conditions are in place and the associated impact on safeguarding and controls. This is considered complete by the Force and will be reported to the next Scrutiny Meeting.  <b>Update: June 2021</b> There are systems in place to document whether a suspect is on bail or RUI to share this information with the CPS. Guidance has been communicated to officers. The requirement for this functionality is being communicated with the project team for the new Force system.		N/A	N/A	23/09/2021
Fraud: Time to choose  Published: 2/4/19 CC response to PCC: 16/5/19 PCC Section 55 response: August 2019 Reported to JIAC: 13/5/19	Head of Crime	T/ACC (Crime and Safeguarding)	AFI	5(0)	4	<b>Issue</b> National AFIs regarding improving the way the force uses the National Fraud Intelligence Bureau monthly victim lists to identify and support vulnerable victims and others who require additional support; ensuring forces improve the identification and mapping of organised crime groups in which the principal criminality is fraud; increased use of ancillary orders against fraudsters; compliance with the Code of Practice for Victims of Crime when investigating fraud; and ensuring that fraudsters are included among those considered for serious organised crime 'prevent' tactics, including by local strategic partnership boards and through integrated offender management processes.  <b>Focus for Northumbria Police</b> Continue to improve VCOP compliance	Mar-21	An action plan was created following publication of this report and numerous activities have been undertaken to improve performance. Northumbria was selected as one of eleven forces to be part of the HMICFRS revisit of the 2019 fraud inspection report in January 2021. Feedback following the inspection was very positive and as a result, four of the five AFIs were considered complete by the HMICFRS Force Liaison Lead (FLL). The fifth AFI regarding compliance with VCOP has remained open to be assessed through the continuous monitoring regime.  <b>Update: June 2021</b> Compliance with the Code of Practice for Victims (VCOP) has been identified as a priority for the Force and inspectors found this was evident during the re-visit. HMICFRS is satisfied the Force is taking appropriate action to address this area for improvement and this will be assessed through the HMICFRS continuous monitoring regime, to ensure that the positive early results become established and embedded.		03/06/2021	The PCC was satisfied with progress.	16/11/2021

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs (& number closed on the HMICFRS Monitoring Portal)		Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
Safe to share? Liberty and Southall Black Sisters' super-complaint on policing and immigration status Published 17/12/2020 CC response to PCC: 28/01/2021 PCC Section 55 response: N/A Reported to JIAC: 22/02/2021	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	4(0)	0	<b>Issue</b> This super-complaint considers the treatment of victims of crime and witnesses with insecure immigration status. It focuses on how information is passed to the HO for immigration enforcement (IE). It concerns two features of policing: the passing of victim and witness data to the HO by the police for immigration enforcement purposes; and the operation of and/or perception of a culture of police prioritising immigration enforcement over safeguarding and the investigation of crime. The national recommendations request that information sharing with IE on domestic abuse victims is stopped and that forces ensure that all migrant victims and witnesses of crime are effectively supported through safe reporting pathways to the police and other statutory agencies.  <b>Focus for Northumbria</b> To ensure that victims with insecure immigration status are confident to report crimes to the Force and that they are appropriately safeguarded.	To be determined once timescales for the Home Office review findings are known.	<b>Update: June 2021</b> The Force has reviewed Force procedure and is compliant with the existing NPCC guidance. Procedures will be updated as necessary following the release of national guidance.  Work is being undertaken by the Force and Northumbria OPCC, the Halo Project and the Angelou Centre to jointly map provision and pathways and develop consistent public-facing messages, given many victims are supported across boundaries. This task and finish group will also examine how best to encourage reporting and provide victim reassurance.  National guidance is awaited following a review by the Home Office regarding information sharing with IE.  One of the recommendations was to provide an update to HMICFRS within six months of publication. This has been undertaken and therefore one of the recommendations is considered complete by the Force and an update will be provided to Scrutiny Meeting.		03/06/2021	The PCC was satisfied with progress.	16/11/2021
An inspection of the effectiveness of the Regional Organised Crime Units Published 10/02/2021 CC response to PCC: 01/04/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021	Head of Crime	T/ACC (Crime and Safeguarding)	Recommendations	2(0)	0	<b>Issue</b> Inspectors found inconsistencies across England and Wales in the resourcing, leadership and operation of ROCUs. The major finding was the lack of a clear and sustainable funding model to make sure the ROCUs are a central part of achieving the 2018 Serious and Organised Crime Strategy. The national recommendations for forces suggest that systems should be in place for senior investigating officers (SIOs) and lead responsible officers (LROs) to work effectively together and that a chief officer should be appointed with responsibility for each ROCU, as far as practicable working autonomously of force responsibilities.	Feb-22	<b>Update April 2021</b> The force is working towards a much closer alignment of its intelligence resources to the SOC threat areas, and this includes oversight by regional governance groups underpinned by coordinated 4 P plans to ensure local and regional delivery for all OCG disruption(s). This in turn will improve effective working relationships.  Currently, the Northumbria Assistant Chief Constable (Crime & Safeguarding) also acts as SRO for NERSOU while the regional tasking is chaired by Assistant Chief Constable Durham Constabulary resulting in ACC Northumbria being separate from decisions.		N/A	N/A	23/09/2021
Disproportionate use of police powers - A spotlight on stop and search and the use of force Published 26/02/2021 CC response to PCC: 01/04/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021	Mixed	T/ACC (Communities)	Recommendations	6(0)	0	<b>Issue</b> HMICFRS produced a spotlight report that shows forces still do not fully understand the impact on individuals and communities of the use of police powers.  Inspectors highlighted the need for the police to do more to ensure they identify disproportionality, understand the reasons for it, take action to reduce it where required, and explain those reasons and actions to the public.  The focus of the report was on stop and search and use of force; however, it also highlighted that the HMICFRS PEEL programme will continue to inspect disproportionality in other specific areas of policing such as recruitment, retention and vetting  <b>Focus for Northumbria Police</b> To ensure legitimate use of powers and an understanding of any disproportionality in order to address this where necessary.	To be determined	<b>Update: May 2021</b>  As highlighted in updates on Use of Force and Stop and Search under PEEL, the Force is using data analysis to understand any disproportionality and internal and external scrutiny to review this. The use of body worn video is not currently mandated for all stop and search and use of force but this is now being progressed.  The Force continues to use the opportunities presented by the National Uplift Programme to focus positive action activity on the most underrepresented groups within the workforce, with an aim to increase female and BAME police officers.  The Vetting Unit monitors vetting applications relating to officer recruitment, at all levels, against Protected Characteristics to obtain an understanding of whether there is any disproportionate impact on particular groups.		N/A	N/A	29/07/2021
Getting the balance right? An inspection of how effectively the police deal with protests Published 11/03/2021 CC response to PCC: 29/04/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021	Head of Operations Department	ACC (Force Coordination)	Recommendations	2 (0)	0	<b>Issue</b> The Home Secretary commissioned HMICFRS to conduct an inspection into how effectively the police manage protests following several protests, by groups including Extinction Rebellion, Black Lives Matter and many others. This was to assess the extent to which the police have been using their existing powers effectively, and what steps the Government could take to ensure that the police have the right powers to respond to protests.  There were two national recommendations regarding access to the College of Policing Knowledge Hub's Association of Police Lawyers group and to ensure that the Force has sufficiently robust governance arrangements in place to secure consistent, effective debrief processes for protest policing. The AFIs suggested the development of a stronger rationale for determining the number of commanders, specialist officers and staff needed to police protests; improvement in the police's protest-related community impact assessments; and improvement in the quality of the protest-related intelligence provided to the National Police Coordination Centre's Strategic Intelligence and Briefing team.	Dec-21	<b>Update: April 2021</b>  A national position statement is being produced by NPCC leads for Public Order which will respond to the recommendations and AFIs within the report.  Within Northumbria Police an organisational learning plan has been created to capture the national recommendations and AFIs in respect of this thematic inspection. Governance and reporting on progress is via FCC / Operations Performance meetings. Specifically succession planning, reaccreditation and continual professional development of Public Order Commanders will be reported on within this meeting.  A Public Order working group will include intelligence functions, legal and Communities to holistically create the new Northumbria Police Public Order Strategic Risk Assessment (SRA) based upon the new National SRA.  Regional participation in North East Public Order Public Safety Working Group (NEPOPSWG) and as the regional representation on national Tactics, Training & Equipment Working Group (TTWEG) to continue so Northumbria Police is best positioned and linked to public order partners and stakeholders.  Legal Services already have access to the College of Policing Knowledge Hub's Association of Police Lawyers group within the Department, therefore this recommendation is considered complete and will be reported to Scrutiny Meeting in September 2021.		N/A	N/A	23/09/2021
Policing in the pandemic - The police response to the coronavirus pandemic during 2020 Published 20/04/2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021	Multiple	DCC Ford	Recommendations	5 (0)	-	<b>Issue</b> The report highlighted five national recommendations regarding ensuring that officers understand and correctly implement the guidance for managing registered sex offenders during the pandemic; that they can manage their responses to changes in coronavirus-related legislation; that a policy is in place to make sure that the guidance and self-isolation directions when members of the workforce come into contact with someone with coronavirus symptoms are followed; that custody records are updated with information about how/when/if detainees are informed of the temporary changes to how they can exercise their rights to legal advice and representation; and to assess the sustainability of any temporary measures introduced during the pandemic that change the way they work.  <b>The Force is well positioned with regard to the recommendations made.</b>	To be determined	The report has been reviewed and an update of the Force position presented to the PCC on 3rd June 2021.		N/A	N/A	23/09/2021
Custody services in a COVID-19 environment Published 20/04/2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021	Head of Custody	ACC (Force Coordination)	Recommendation	1(0)	-	<b>Issue</b> This was a supplemental report to 'Policing in the Pandemic' with a further national recommendation providing detail of the custody information that they recommend forces should collect and use.	To be determined	The report has been reviewed and an update of the Force position presented to the PCC on 3rd June 2021.		N/A	N/A	29/07/2021
Report on Hestia's super-complaint on the police response to victims of modern slavery Published 26/05/2021 CC response to PCC: 07/07/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021	Head of Crime	T/ACC (Crime and Safeguarding)	Recommendations	3 (0)	-	<b>Issue</b> Three national recommendations highlighting the requirement for the support of police officers and staff (including non-specialist staff, as appropriate) through access to learning, specialist policing resources and victim support arrangements; to ensure that resources are being deployed to enable effective investigation of modern slavery offences; and to support the needs of victims of modern slavery by providing appropriate support to augment the national provision so that victims feel safe and empowered to remain involved in any investigations..	To be determined	The report has been reviewed and an update of the Force position will be presented to the PCC on 7th July 2021.		N/A	N/A	To be determined

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs (& number closed on the HMICFRS Monitoring Portal)		Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
Review of policing domestic abuse during the pandemic – 2021 Published: 22nd June 2021 CC response to PCC: 29/07/2021 PCC Section 55 response: Reported to JIAC: 19/07/2021	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	3 (0)	-	<b>Issue</b> The report highlighted three national recommendations regarding a review of discontinued cases; the safeguarding and support of victims awaiting court; breaking down barriers to reporting and ensuring that new practices adopted during the pandemic are properly monitored for quality and safety.	To be determined	The report is being reviewed and the force position will be presented to the PCC on 29th July 2021.]		N/A	N/A	To be determined
An inspection of undercover policing in England & Wales Published: 13/10/14		T/ACC (Crime and Safeguarding)	Recommendation	17(0)	17	Awaiting the outcome of a national inquiry.	N/A					-
National Child Protection Inspections: 2019 thematic report Published: 27/2/20 CC response to PCC: 16/4/20 PCC Section 55 response: May 2020 Reported to JIAC: 22/6/20	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendation	3(0)	3	<b>Issue</b> National recommendations to reduce the unnecessary criminalisation of children; to review performance management and quality assurance approaches; and for forces not yet inspected by the NCPI or JTAI to take steps to identify and implement good practice and the learning highlighted from these programmes. <b>The Force was already responding to the force specific recommendations and is, therefore, in a positive position with regard to the national recommendations.</b>	N/A	<b>Update July 2020</b> All recommendations are considered complete and are awaiting HMICFRS review.		28/07/2020	The PCC was satisfied with action taken and supported the closure of recommendations.	-
Fraud: Time to choose Published: 2/4/19 CC response to PCC: 16/5/19 PCC Section 55 response: August 2019 Reported to JIAC: 13/5/19	Head of Crime	T/ACC (Crime and Safeguarding)	Recommendation	2 (0)	2	<b>Issue</b> National recommendations regarding the publication of fraud policy for responding to and investigating allegations of fraud and the reporting of fraud outcomes to the National Fraud Intelligence Bureau. <b>Focus for Northumbria Police</b> Ensuring the process for reporting of fraud outcomes is robust.	N/A	<b>Update May 2020</b> Both of these recommendations are considered complete. One has been reviewed and is awaiting update on the HMICFRS monitoring portal and the other is awaiting HMICFRS review. <b>Both recommendations have been reviewed by HMICFRS, assessed as complete and are awaiting closure on the portal.</b>		14/05/2020	The PCC was satisfied with action taken and supported the closure of recommendations.	-
Cyber: Keep the light on - An inspection of the police response to cyber-dependent crime Published: 24/10/19 CC response to PCC: 12/12/19 PCC Section 55 response: December 2019 Reported to JIAC: 18/1/19	Head of Crime	T/ACC (Crime and Safeguarding)	AFI	1(0)	1	<b>Issue</b> National AFI regarding an assessment of the use of cyber specials and volunteers. <b>Use of cyber volunteers is already established.</b>	N/A	<b>Update May 2020</b> This AFI is considered complete and is awaiting review by HMICFRS. The force was inspected as part of this thematic inspection and feedback on the Force's use of cyber volunteers was positive. <b>This AFI has been reviewed by HMICFRS as complete and is awaiting ratification by HMI Chief of Staff before closure.</b>		14/05/2020	The PCC was satisfied with the position and supported closure of the AFI.	-
Counter-terrorism policing - An inspection of the police's contribution to the government's Prevent programme Published: 9/3/20 CC response to PCC: 16/4/20 PCC Section 55 response: May 2020 Reported to JIAC: 22/6/20	Head of Crime	T/ACC (Crime and Safeguarding)	Recommendation	1(0)	1	<b>Issue</b> A national recommendation to review the attendance of force representatives at Channel panels so that police are correctly represented by decision makers who can contribute to managing risk. <b>The Force is already compliant.</b>	N/A	<b>Update July 2020</b> The review is complete - a Prevent specialist attends every Channel Panel; this was in place prior to the recommendation. An update was presented to Scrutiny Meeting in August 2020 outlining the proposed closure of this recommendation .		27/08/2020	No issues were raised with the proposed closure of the recommendation.	-
<b>Report Title</b>	<b>Business Lead</b>	<b>Executive Lead</b>	<b>Recommendation/ Area for Improvement (AFI)</b>	<b>Number of recommendations/ AFIs (Note: not included on the HMICFRS Monitoring Portal)</b>		<b>Context</b>	<b>Anticipated completion date</b>	<b>Progress on delivery</b>	<b>RAG</b>	<b>Reported to Scrutiny Meeting</b>	<b>PCC response</b>	<b>Next report to Scrutiny Meeting</b>
Information Commissioner's Office data protection audit report – Northumbria Police Published 18/12/2020 Reported to JIAC: 22/02/2021	Head of Information Management & Data Protection	DCC Ford	Recommendations	Governance and Accountability (31) Training and Awareness (11) Information Risk Management (18)	Governance and Accountability (15) Training and Awareness (3) Information Risk Management (10)	<b>Issue:</b> ICO audit to independently determine the extent to which the Force, within the scope of the agreed audit, is complying with data protection legislation. Where weaknesses were identified recommendations have been made, primarily around enhancing existing processes to facilitate compliance with data protection legislation. Assurance ratings were attributed as follows: Governance and Accountability (Limited – 31 recommendations); Training and Awareness (Reasonable – 11 recommendations); and Information Risk Management (Reasonable – 18 recommendations). In addition seven AFIs were allocated. <b>Focus for Northumbria Police</b> To deliver against the action plan created in response to the findings to ensure compliance with data protection legislation..	A final review of the audit is scheduled for September 2021	An initial action plan in response to the findings was submitted to the ICO on the 21st January 2021 and an update provided week commencing 15th February. Action owners have been assigned and timescales for delivery agreed. An Information Management Working Group has been established to deliver the plan, which reports directly to the Operational Information Management Board on progress and also to the ICO in line with their recommendations. <b>Update: June 2021</b> Overall, 46% of all recommendations across the three audit areas are now considered complete by the Force and progress has been made across all business areas. 32 recommendations are still in progress at this time. Ongoing weekly monitoring and management by the Information Management Unit is ensuring compliance with the recommendations made by the Information Commissioners Office. The Information Management Unit will continue to prioritise recommendations based on risk to the organisation to ensure mitigation and compliance at the earliest opportunity. The Information Management Unit will support Action Owners to ensure suitable evidence is produced for the ICO according to organisational need and external requirements – in addition continued feedback will be sought from the ICO and a further interim review of progress will be requested by the Information Management Unit to help to track progress, prior to the final review of the audit scheduled for September 2021.		N/A	N/A	23/09/2021

■ On track - no concerns  
■ Progressing - additional action required to ensure delivery/delivery delayed  
■ Risk to completion

<b>Joint Independent Audit Committee</b>	<b>19 July 2021</b>
<b>Joint Strategic Risk Register</b>	
<b>Report of Ruth Durham, Chief of Staff and Monitoring Officer and Debbie Ford, Deputy Chief Constable</b>	
<b>Author: Tanya Reade, Corporate Governance Manager, Corporate Development</b>	

## **1. PURPOSE**

- 1.1 To present the current Joint Strategic Risk Register (JSRR); this incorporates the strategic risk(s) faced by the Force and OPCC within twelve thematic areas.

## **2. BACKGROUND**

- 2.1 The Office of Police and Crime Commissioner (OPCC) and Northumbria Police share a JSRR. Each strategic risk is assigned an Executive or OPCC owner, who has responsibility for the management of controls and the implementation of new controls where necessary.

### **Governance of the Joint Strategic Risk Register**

- 2.2 The JSRR identifies the strategic risk(s) within a thematic area, provides context to the risk, identifies current factors affecting the thematic area and captures the consequences of the risk if it were to happen. It also provides a summary of existing controls and rates risks on the likelihood of the risk occurring and the impact it would have. All risks are regularly reviewed by the respective owners and updated, where necessary.
- 2.3 Area Commanders, Department Heads and the OPCC are responsible for the identification of emerging risks which cannot be controlled locally and have the potential to prevent the Force and PCC from achieving objectives. Recommendations and areas for improvement following external inspections are considered to ensure they are adequately reflected in current risks. Risks are escalated to the Executive Team in-line with the governance and decision-making structures and recorded on the JSRR. PCC risks are reviewed locally by the OPCC.
- 2.4 The JSRR is presented to the joint Business Meeting between the PCC and the Chief Constable on a quarterly basis. The Joint PCC/ Chief Constable Governance Group and Joint Independent Audit Committee provide additional scrutiny and governance, also on a quarterly basis.
- 2.5 The JSRR is reviewed annually; this year's review took place in May 2021.
- 2.6 The JSRR captures risk(s) in twelve thematic areas: Finance; Governance; Information and Communication Technologies (ICT); Information and Data Management; Information and Data Quality; Infrastructure & Assets; Operational Policing; Partnership & Collaboration; Public Confidence; Regulation & Standards; Strategy; and Workforce.
- 2.7 Appendix A provides an overview of the current RAG status of the thematic risk areas for Northumbria Police, alongside the Force strategic risk register (thematic risk areas are recorded alphabetically and numbered for ease of reference only).
- 2.8 Appendix B provides an overview of the current RAG status of the risks for the OPCC, alongside the register.

**Key Updates following the Annual Review**

**1 - Finance (Force)**

**A - Reduction in funding and/or the arising of additional funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.**

**B - Failure to effectively manage the allocated annual budget.**

- 2.10 The ongoing uncertainties and financial impacts relating to COVID-19, including enforcement and operational policing in 2021/22, along with lack of detail regarding the Comprehensive Spending Review reinforce the requirement for risk scoring to remain high.
- 2.11 Additionally, other Public Sector funding reductions may reduce services provided, leading to increased service pressure on Northumbria Police, and a need to look at potential collaboration opportunities; recognising the Force's position to seek to develop partnerships only where there are operational or organisational benefits which lead to improvements in effectiveness, efficiency and legitimacy in service delivery.
- 2.12 Implications of the pension remedy have been acknowledged as a current factor and are being progressed based on national guidance.
- 2.13 Likelihood remains medium (3) and impact high (4).

**2 - Governance (Force)**

**Failures originating from a lack of scrutiny, oversight, transparency, internal controls and adherence to legislation.**

- 2.16 Current factors have been included: significant transformation programme, including delivery of new ICT platforms and service improvement for victims and witnesses; preparation and response to external inspection and investigation activity by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS); response to the findings of the Information Commissioner's Office audit; and understanding and responding to disparity.
- 2.17 Likelihood remains very low (1) and impact low (2).

**Governance (OPCC)**

**Existing arrangements for the PCC to carry out robust scrutiny and hold the Chief Constable to account for efficient and effective delivery of the Police and Crime Plan are ineffective or inconsistent.**

- 2.18 The current factors have been updated to reflect the national PCC review and the potential expansion of powers; devolution discussions; introduction of new national outcome measures for policing; and the policing protocol review.
- 2.19 Likelihood remains very low (1) and impact low (2).

**3 - Information and Communications Technology (Force)**

**Loss or failure to provide the core ICT solutions and functions that support and enable the Force service delivery.**

- 2.20 There has been significant investment in ICT over the last 12 months to provide core IT services. Part of this investment included an ICT recruitment programme to ensure the Digital Policing Department is operating at full capacity and capability to deliver the IT

transformation programme; recruitment to structure is on target and robust governance is in place via a new Digital Policing Board.

- 2.23 Likelihood remains medium (3) and impact high (4).

**4 - Information and Data Management (Force)**

**Inability to implement consistent and sustainable data management processes and standards to prevent data breaches.**

- 2.24 The risk has been slightly reworded from '*Failure to implement and adhere to information and data management processes and legislation leading to data breaches*'; however, its focus remains. This continues to be a significant area of risk for the Force, which is attributed to the data held by the organisation, forthcoming system changes (NPICCS replacement) and residual activity from the Information Commissioner's Office audit recommendations.
- 2.25 The risk context now establishes more specific areas and acknowledges the replacement of force legacy systems; building of smart processes to ensure interoperability; and the requirement for recognition of the current position of the force data infrastructure to identify associated data usage risks and compliance to prevent a breach of legislation.
- 2.26 Likelihood remains very high (5) and impact high (4).

**5 - Information and Data Quality (Force)**

**Inability to intelligently use data through the technical and cultural implementation of control measures, storage and practice in support of existing and new operating platforms.**

- 2.27 The previous risk '*Failure to improve data quality leading to a reduction in benefits realisation of new operating platforms*' has been revised to focus on using data intelligently to support both existing and new Force systems and operating platforms.
- 2.28 Information and Data Quality remains a significant area of risk. This is based on legacy systems in operation and the risks presented by competing data collection processes. The implementation of new operating platforms will require significant cultural change and the application of control measures to ensure successful delivery. Formal training provision is being provided for all staff to ensure accurate data entry and use of the new systems which will ultimately improve data quality.
- 2.29 Likelihood remains high (4) and impact high (4).

**6 - Infrastructure and Assets (Force)**

**Failure to effectively manage assets to ensure continued effective service delivery through provision of equipment and facilities which keep the workforce capable; able to respond to the public and maintain the physical security and safety of our estate.**

- 2.30 Current factors have been updated to acknowledge the Force estate has been significantly impacted by COVID-19, requiring a whole scale review and re-profiling of its use and purpose to ensure the infrastructure and assets are COVID secure and fit for future requirements, and are cognisant of the New Ways of Working (NWOW) programme.
- 2.31 Availability of fleet has also been included.
- 2.32 Additional controls reflect: the review and re-profile of building refurbishment programme in-line with COVID secure and NWOW requirements; all buildings are COVID secure with

enhanced cleaning regimes in place and investment in health and safety products; and a new fleet purchasing framework has been agreed.

- 2.34 Likelihood remains low (2) and impact medium (3).

**7 - Operational (Force)**

**Inability to implement centralised force coordination ensuring sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and responsibilities from the Strategic Policing Requirement.**

- 2.35 This risk previously focussed upon the impact of COVID-19 and the inability to deliver services across some or all business areas. This has been reassessed to consider the potential impact for the organisation post-COVID; and realigned to reflect the need for centralised force coordination to meet statutory requirements under the Civil Contingencies Act (CCA). Reference to '*preparedness for civil emergencies; and ability to maintain core policing functions in times of emergency*' has been removed from the risk title.

- 2.36 The context of the risk has been revised to recognise: the implementation of a new Force Operating model; the impact of COVID-19 on resource and training availability; the need to review the CCA and the way CAT1 and CAT2 responders work together; a focus on JESIP principles and preparedness planning to manage major incidents; the identification of shifting threats from extremist groups and learning from public enquiries; and the gap in experience and skill base in specialist areas of investigation and TL2.

- 2.37 Likelihood remains low (2) and impact high (4).

**8 - Partnership and Collaboration (Force)**

**Reduction in or withdrawal of current and/or future partnership arrangements or collaborations leading to impact on service delivery or ineffective management of these arrangements including commercial partnerships (management of commercial contracts).**

- 2.38 Engagement and interaction with partners has increased over the last 12 months due to the requirement for a joined-up approach to dealing with the COVID-19 pandemic.
- 2.39 The reduction in provision of services supporting Out of Court Disposals (OOCs) and Restorative Justice options is no longer a current factor as the number of early interventions and OOCs for young people is increasing, and proposals are being developed to address the gap in OOCs for adult offenders.
- 2.40 Likelihood remains low (2) and impact high (4).

**Partnership and Collaboration (OPCC)**

**Reduction in or withdrawal of partnership working for the OPCC leading to a failure to identify, develop and retain collaborative arrangements that support communities with sustainable multi agency responses.**

- 2.41 The risk has been slightly reworded from '*Reduction in or withdrawal of current and future partnership arrangements for the OPCC and force lead to the need to identify, develop and retain partnerships and inability to support communities with sustainable multi agency responses*'; however, its focus remains.

- 2.42 The current factors have been updated to remove reference to implementation of the victim service review. The PCC review has been implemented and the OPCC and Force are working closely to ensure improved outcomes for victims.
- 2.43 Likelihood remains low (2) and impact high (4).

**Public Confidence (OPCC)**

**Loss of public confidence in the PCC resulting from a lack of engagement and communication, leading to a failure to reflect public priorities in the Police and Crime Plan. Failure to hold the Chief Constable to account on behalf of the public for delivery of their priorities or other statutory obligations.**

- 2.46 Following the re-election of the PCC in May 2021, the context of the risk has been updated to reflect the need for the PCC to deliver manifesto promises and continually listen to communities to ensure an appropriate response to their needs.
- 2.47 The new national outcome measures for policing has been added to current factors and Brexit has been removed as this no longer poses a strategic risk to the OPCC as new ways of working become business as usual.
- 2.48 A range of new controls have been added that will lead to strengthened public confidence. These include scrutiny of the PCCs work by the Police and Crime Panel, reporting back to the public on crime data, their concerns and progress towards the Police and Crime plan; external evaluation of major projects; and a rolling programme of engagement across demographics and issue based topics.
- 2.49 Likelihood remains low (2) and impact high (4).

**10 - Regulation and Standards (Force)**

**Northumbria Police and / or its staff fail to operate within the regulatory framework applicable to policing activity as defined by law or by Northumbria Police and in doing so create risks which may result in harm to individuals, groups or organisations.**

- 2.50 Delays, access to and inability to share information and intelligence effectively across European countries has been acknowledged as a potential consequence following the EU Exit, and to mitigate this, contingency plans in response to the loss of EU policing tools have been prepared; however, the full impact is still unknown.
- 2.51 The increased scrutiny and challenge on police powers and super complaints has been acknowledged as a current factor; mitigated by the introduction of a scrutiny panel for use of police powers.
- 2.52 Likelihood remains medium (3) and impact medium (3).

**11 - Strategy (Force)**

**Northumbria Police fails to deliver its strategic objectives and those of the Police and Crime Plan, due to ineffective business planning, including effective management of performance, risk, demand, transformation, workforce and finance.**

- 2.53 Implementation and impact of Northgate RMS Connect over the coming year, and the increased demand as the Force implements the Transformation Programme have been incorporated as current factors.

2.54 Likelihood remains low (2) and impact high (4).

**12 - Workforce (Force)**

**A - Attraction, recruitment and retention of a workforce with the right skills, resilience, and diversity to deliver effective policing service, and who demonstrate the Northumbria Police/policing values and standards of professional behaviour.**

**B - Ensuring the workforce has the appropriate capacity and capability in order to meet the current and future requirements of an effective policing service.**

- 2.55 The previous workforce risk ‘*Recruitment and retention of a skilled, capable, resilient and diverse workforce with capacity and capabilities required to deliver current and future policing effectively and efficiently*’ has been revised to provide more specific focus upon two identified risks.
- 2.56 The risk previously focussed upon the uplift programme and COVID-19; however, has been repurposed to include current factors such as NWOW, post-pandemic pressures, Business Planning, and OFSTED inspection.
- 2.57 Attraction and Recruitment addresses the risks faced by the Force to attract and maintain a diverse workforce and deliver the national uplift programme, whilst addressing the wellbeing needs of officers and staff through minimising turnover and vacancy levels.
- 2.58 Capacity and capability issues, specifically the impact of uplift and inexperienced student officers within teams, were captured on several of the local risk registers. A clear workforce plan and Resourcing Strategy, alongside leadership development programmes, career pathways and effective succession planning will mitigate these issues.
- 2.59 Summary of controls have been based on the five pillars of the Wellbeing & People Plan: Health, Safety, Work, Development and Environment.
- 2.60 Likelihood remains medium (3) and impact high (4).

**3. CONSIDERATIONS**

<b>Government Security Classification</b>	Official
<b>Freedom of Information</b>	Non-Exempt
<b>Consultation</b>	Yes
<b>Resources</b>	No
There are no additional financial considerations arising from this report.	
<b>Code of Ethics</b>	No
There are no ethical implications arising from the content of this report.	
<b>Equality</b>	No
There are no equality implications arising from the content of this report.	
<b>Legal</b>	No
There are no legal considerations arising from the content of this report.	
<b>Risk</b>	No
There are no additional risk management implications directly arising from this report.	
<b>Communication</b>	No
<b>Evaluation</b>	No

**AGENDA ITEM 11 - APPENDIX A**  
**Overview of the RAG status of Strategic Risk – Northumbria Police**

<b>LIKELIHOOD</b>	<b>Very High (5)</b>			4 Information and Data Management	
	<b>High (4)</b>			5 Information and Data Quality	
	<b>Medium (3)</b>		10 Regulation and Standards	1 Finance 3 ICT 12 Workforce	
	<b>Low (2)</b>		6 Infrastructure and Assets	7 Operational 8 Partnership and Collaboration 9 Public Confidence 11 Strategy	
	<b>Very Low (1)</b>	2 Governance			
	<b>Very Low (1)</b>	<b>Low (2)</b>	<b>Medium (3)</b>	<b>High (4)</b>	<b>Very High (5)</b>
	<b>IMPACT</b>				

**Assessment of Risk**

Risks are rated on the basis of the likelihood of the risk materialising and the impact this would have. It is recognised rating risk is not an exact science and should be informed by evidence where possible.

Professional knowledge, judgement and active consideration are applied in assessing the likelihood and impact of a risk materialising; this is more important than the nominal rating itself.

The purpose of the rating of risk is to focus attention to ensure appropriate and proportionate mitigation plans and controls are in place.

<b>L i k e l i h o o d</b>	<b>5. VERY HIGH</b>	5	10	15	20	25
	<b>4. HIGH</b>	4	8	12	16	20
	<b>3. MEDIUM</b>	3	6	9	12	15
	<b>2. LOW</b>	2	4	6	8	10
	<b>1. VERY LOW</b>	1	2	3	4	5
		1. VERY LOW	2. LOW	3. MEDIUM	4. HIGH	5. VERY HIGH
	<b>Impact</b>					

The overall outcome of a risk rating assessment will identify the risk as being **very low / low (Green)**, **medium (Amber)** or **high / very high (Red)**. The residual risk rating is included on the Force Strategic Risk Register as a single overall score (identified by multiplying the impact by the likelihood rating) after controls/ mitigations have been put in place.

**Key:**

- Green: Very Low / Low -** Unlikely to occur or the risk is fully manageable. Likely to lead to no or only tolerable delay in the achievement of priorities.
- Amber: Medium -** The Force is actively managing the risk as is practicable. The risk may lead to moderate impact on the achievement of priorities.
- Red: High / Very High -** The Force has only limited ability to influence in the short term; however, is actively managing. The risk may lead to considerable impact on the achievement of priorities.

<b>I</b>	<b>Strategic Risk – Finance</b>	
<b>A</b>	<b>Reduction in funding and / or the arising of additional funding pressures which require changes to financial planning and / or a change to the resourcing of service delivery.</b>	
Owner(s)	Chief Constable and Director of Finance	
Governance and Oversight	Executive Board / Business Meeting	
Context	<ul style="list-style-type: none"> <li>▪ Reduction in central government funding as announced in the annual Home Office (HO) Police Funding Settlement.</li> <li>▪ The funding settlement currently provides certainty for only one financial year and carries continued long-term uncertainty over several funding strands, including Uplift and Pensions.</li> <li>▪ The next Comprehensive Spending Review (CSR), which is yet to be confirmed, is expected to include a review of the Police Funding Formula.</li> <li>▪ Other public sector funding reductions may reduce services provided, leading to increased service pressure on Northumbria Police and a need to look at potential collaboration opportunities.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Potential uncertainty of future implications / cost pressures / timescales relating to COVID-19 including costs of COVID-19 enforcement and operational policing in 2021/22.</li> <li>▪ Implications of the pension remedy, which are currently being progressed based on national guidance.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Short notice change to national funding may require a change in short and medium term force financial planning, including a need to deliver unplanned savings thereby impacting on service delivery.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Transparent ownership of financial matters between the PCC and Chief Constable.</li> <li>▪ Home Office reimbursement of costs relating to COVID-19: Personal Protective Equipment (PPE) medical grade; non-medical grade PPE and logistics cost; a proportion of irrecoverable income loss; a one off general COVID-19 grant.</li> <li>▪ Creation of a one-off ‘COVID-19 Enforcement and Operational’ reserve.</li> </ul>	
Likelihood	3	<b>12</b>
Impact	4	

<b>I</b>	<b>Strategic Risk – Finance</b>	
<b>B</b>	<b>Failure to effectively manage the allocated annual budget.</b>	
Owner(s)	Chief Constable and Director of Finance	
Governance and Oversight	Executive Board / Business Meeting	
Context	<ul style="list-style-type: none"> <li>▪ An in-year event or change, outside of Northumbria Police's control, may lead to unbudgeted costs that cannot be met from within the annual budget.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ There is still potential uncertainty of future implications / cost pressures / timescales relating to COVID-19</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Any in-year pressures which become a forecast overspend must be addressed through consideration of in-year savings and discussion with the Police and Crime Commissioner (PCC).</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Transparent ownership of financial matters between the PCC and Chief Constable.</li> <li>▪ Well understood in-year financial monitoring and reporting governance.</li> <li>▪ An effective Reserves Strategy to provide mitigation against known and potential future events (COVID-19 Enforcement and Operational Reserve, Emergency Services Network (ESN), Pension etc.), plus reserves providing financing to planned future investments.</li> </ul>	
Likelihood	3	<b>12</b>
Impact	4	

<b>2</b>	<b>Strategic Risk – Governance</b>	
	<b>Failures originating from a lack of scrutiny, oversight, transparency, internal controls and adherence to legislation.</b>	
Owner(s)	Deputy Chief Constable	
Governance and Oversight	Executive Board	
Context	<ul style="list-style-type: none"> <li>▪ Chief Constable is unable to account to the PCC for the exercise of his functions and those under his direction and control.</li> <li>▪ There is a breakdown in relationship between the Force and Office of the Police and Crime Commissioner.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Significant Transformation 2025 Programme including delivery of new ICT platforms and Victims &amp; Witnesses service improvement.</li> <li>▪ Preparation for, and response to external inspection and investigation activity by Her Majesty’s Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS).</li> <li>▪ Response to the findings of the October 2020 Audit by the Information Commissioner’s Office.</li> <li>▪ Understanding and responding to disparity.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Inability to identify and respond to deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ Inability to work effectively in partnership to provide services to victims and witnesses.</li> <li>▪ Slippage / failure of projects, which hamper the achievement of objectives.</li> <li>▪ A decline in quality and service delivery, leading to a reduction in satisfaction levels.</li> <li>▪ Adverse external inspection reports, leading to recommendations and wider escalation.</li> <li>▪ Loss of public confidence.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Regular review of the governance and decision-making structure to ensure it provides appropriate governance arrangements.</li> <li>▪ Annual Governance Statement is prepared setting out the Force’s current governance arrangements.</li> </ul>	
Likelihood Impact	1 2	2

<b>3</b>	<b>Strategic Risk – Information and Communications Technology (ICT)</b>	
	<b>Loss or failure to provide the core ICT solutions and functions that support and enable the Force service delivery.</b>	
	Owner(s)	Chief Information Officer
	Governance and Oversight	Transformation Board / Strategic Resourcing Board
	Context	<ul style="list-style-type: none"> <li>▪ Limitations of current ICT systems and the impact on service delivery.</li> <li>▪ Loss of Critical ICT Services.</li> <li>▪ Significant IT transformation programme.</li> <li>▪ A malicious intent to compromise or access information or data.</li> <li>▪ Failure of national projects to deliver on time and to specification.</li> </ul>
	Current factors	<ul style="list-style-type: none"> <li>▪ New technology / new working practices being introduced.</li> <li>▪ Masons Advisory risk assessment and identification.</li> <li>▪ Major IT Transformation now running (recruitment phase).</li> <li>▪ Impact internally and externally of second / further COVID-19 waves.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Ineffective IT system to support business processes.</li> <li>▪ Inability to effectively communicate with partners and the public.</li> <li>▪ Loss of information from systems as a result of a cyber-attack.</li> <li>▪ Loss of confidence in systems and the organisation from users, the public and partner organisations.</li> </ul>	

Summary of Controls	<ul style="list-style-type: none"> <li>▪ Significant investment in place to provide core IT services.</li> <li>▪ Digital policing senior leadership now fully recruited and robust governance via the Digital Policing Board.</li> <li>▪ Contracted advisory service in place.</li> <li>▪ Centralised hardware security monitoring now fully operable via the National Management Centre provided by the National Enabling Programme.</li> <li>▪ Greater security enhancement via enhanced Firewalls and access controls.</li> <li>▪ Annual and ad-hoc penetration testing regime embedded.</li> <li>▪ Recruitment and retention arrangements being finalised over transition period.</li> <li>▪ Recruitment to structure on target and to plan to achieve required capacity and capability.</li> <li>▪ Dedicated Solution Delivery function focussed on project delivery of the transformation programme.</li> <li>▪ Renegotiation of both Northgate and Sopra Steria contracts with more delivery focus via contract change notes (CCNs).</li> <li>▪ Improved remote working capabilities for project delivery staff in place and effective.</li> </ul>	
Likelihood	3	<b>12</b>
Impact	4	

<b>4</b>	<b>Strategic Risk – Information and Data Management</b>	
	<b>Inability to implement consistent and sustainable data management processes and standards to prevent data breaches.</b>	
	Owner(s)	Assistant Chief Constable (Force Coordination)
	Governance and Oversight	Operational Information Management Board
	Context	<ul style="list-style-type: none"> <li>▪ The replacement of Force legacy systems presenting competing data management processes.</li> <li>▪ The build of smart processing activities through the alignment of business leads, data and ICT architecture ensuring interoperability.</li> <li>▪ Developing workforce and the role of Information Asset Owner.</li> <li>▪ New audit and organisational learning process to identify inappropriate handling and management of information.</li> <li>▪ A recognition of the current position of the force data infrastructure is required to identify associated data use risks, compliance and ethical issues to prevent a breach of relevant legislation and / or non-compliance with statutory guidance.</li> </ul>
	Current factors	<ul style="list-style-type: none"> <li>▪ Information Commissioner’s Office Data Protection Audit (October 2020)</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Corruption or loss of Force systems.</li> <li>▪ Loss of data and information assets.</li> <li>▪ Failure to comply with both Force policy and procedure and MoPI statutory guidance relating to the retention and destruction of data.</li> <li>▪ Force policy and procedure processing, storing and handling of data not followed.</li> <li>▪ Mishandling of information through a lack of understanding of relevant legislation (DPA 2018).</li> <li>▪ Failure to comply with Information Commissioner’s Office (ICO) best practice, standards and relevant codes of practice.</li> <li>▪ Litigation, legal action against the Force leading to enforcement action and monetary penalties.</li> <li>▪ Limited ability to access information and / or respond to requests for information.</li> <li>▪ Loss of confidence due to inappropriate or unlawful disclosures of personal data (internally and externally).</li> <li>▪ Compromise of operational activity and / or covert tactics.</li> <li>▪ Compromise of physical and technical security controls which would impact information assets and / or systems if vulnerability is exploited.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Information Management Unit with capability, including the roles of Data Protection &amp; Disclosure Adviser (DPDA) and Information Security &amp; Assurance Manager (ISAM).</li> <li>▪ Oversight and management through the Governance and Decision-making structure – Operational Information Management Board.</li> <li>▪ Plan for the implementation of formal Information Asset Registers in place.</li> <li>▪ Existing procedures in respect of data breaches ensure obligations placed on the organisation in such instances are met.</li> <li>▪ Monthly meeting with Senior Information Risk Owner to formally assess and govern risk.</li> <li>▪ Comprehensive response to the ICO’s audit recommendations.</li> </ul>	
Likelihood Impact	5 4	<b>20</b>

<b>5</b>	<b>Strategic Risk – Information and Data Quality</b>	
	<b>Inability to intelligently use data through the technical and cultural implementation of control measures, storage and practice in support of existing and new operating platforms.</b>	
Owner(s)	Assistant Chief Constable (Force Coordination)	
Governance and Oversight	Operational Information Management Board	
Context	<ul style="list-style-type: none"> <li>▪ A recognition of the force’s ability to accurately collect and present data required to support decision making in all areas of business, whilst ensuring statutory data returns to relevant bodies are concise, accurate and timely.</li> <li>▪ The replacement of Force legacy systems presenting competing data collection processes.</li> <li>▪ The ability to assign accountability / ownership of data assets to ensure data is collected, stored and used appropriately.</li> <li>▪ The application of control measures that affect the way staff interact with data is needed to support the cultural change required to successfully deliver the new operating platforms.</li> <li>▪ The implementation of data storage, audit and access capability that is complimentary across all new platforms is essential to ensure compliance, analysis and quality information readily accessible to staff to advise organisational and operational delivery.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Migration to new operating platforms, including Northgate Connect and Steria – Storm.</li> <li>▪ Ability to respond to external inspection findings.</li> <li>▪ Information Commissioner’s Office Data Protection Audit – October 2020.</li> <li>▪ Legacy data and systems.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Inaccessible / inaccurate intelligence.</li> <li>▪ Up-to-date crime and intelligence data is not available to officers / staff or data is stored in various locations and formats.</li> <li>▪ Inaccurate crime recording or held data leading to non-compliance with regulations, a negative impact upon investigations and loss of public confidence.</li> <li>▪ Reduction in force performance and delivery.</li> <li>▪ Failure to identify risk of vulnerability, officer, public safety.</li> <li>▪ Inaccurate data returns to the Home Office and other bodies e.g. HMICFRS.</li> <li>▪ Implications of inaccurate crime recording or held data.</li> <li>▪ Poor data quality affecting business decisions, meaning that critical risk factors may be missed or not fully understood.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Investment in information technology aligned to Masons Advisory review.</li> <li>▪ Migration strategy as part of the Transformation 2025 programme IT strand to ensure data quality, accuracy and compliance with GDPR.</li> <li>▪ Quality Assurance &amp; Audits; identification of documentation and standards.</li> <li>▪ Introduction of the Quality Standards Delivery Team.</li> <li>▪ Self-service updates (i.e. HRMS).</li> <li>▪ Use of the QlikSense Business Intelligence tool to identify compliance and data quality issues.</li> <li>▪ Engagement with the Home Office / NPCC National Data Quality Improvement Service (NDQIS).</li> <li>▪ Formal training provision for all staff and officers on new force systems.</li> </ul>	
Likelihood Impact	4 4	<b>16</b>

**AGENDA ITEM 11 - APPENDIX A**

<b>6</b>	<b>Strategic Risk – Infrastructure and Assets</b>	
	<b>Failure to effectively manage assets to ensure continued effective service delivery through provision of equipment and facilities which keep the workforce capable; able to respond to the public and maintain the physical security and safety of our estate.</b>	
	Owner(s)	Director of Finance
	Governance and Oversight	Strategic Resourcing Board ( <b>Asset Management, Fleet Management</b> ) / Operational Information Management Board ( <b>Physical Security</b> ) / Wellbeing and Leadership Board (Force Safety Group and subgroups).
	Context	<ul style="list-style-type: none"> <li>▪ Failure to appropriately maintain assets may result in critical failure.</li> <li>▪ Failure to comply with building regulations and legislation regarding the safety of our estate.</li> <li>▪ Failure to ensure officers and staff have the right assets and equipment available to perform their role.</li> </ul>
	Current factors	<ul style="list-style-type: none"> <li>▪ Impact of post COVID-19 on force infrastructure, estate and assets.</li> <li>▪ Implementation of New Ways of Working programme.</li> <li>▪ COVID-19 - Delays in new supply of vehicles / availability of fleet.</li> <li>▪ Physical security.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Injury to users of assets or the public.</li> <li>▪ Reduced availability of assets impacts on services across some or all business areas.</li> <li>▪ Litigation and civil claims.</li> <li>▪ Negative impact on the workforce and on public confidence.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Review and re-profile of building refurbishment programme in-line with COVID Secure and New Ways of Working requirements.</li> <li>▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes / refreshes on the business.</li> <li>▪ Business Continuity Plans, Estate Strategies and policies and procedures in place, including organisational learning from COVID-19.</li> <li>▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety.</li> <li>▪ Fire risk assessments in place.</li> <li>▪ Asbestos management plan in place.</li> <li>▪ All buildings are COVID Secure including enhanced cleaning regimes and investment in health and safety products.</li> <li>▪ Health and Safety management embedded at tactical and strategic level.</li> <li>▪ New fleet purchasing framework agreed. Vehicle purchases will be made using this framework once award of contracts to suppliers has been concluded.</li> <li>▪ Vehicle maintenance, transportation and installation partners are vetted to ensure security and continuity of service.</li> <li>▪ Internal fuel stock maintained.</li> <li>▪ Asset management software.</li> <li>▪ Telematics installed in all cars providing management oversight with timely maintenance and usage data.</li> <li>▪ Operational equipment requirements are managed via the Force Safety Group and reported to the Wellbeing and Leadership Board.</li> </ul>	
Likelihood	2	<b>6</b>
Impact	3	

<b>7</b>	<p><b>Strategic Risk – Operational</b></p> <p><b>Inability to implement centralised force coordination ensuring sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and responsibilities from the Strategic Policing Requirement.</b></p>
	<p>Owner(s) Assistant Chief Constable (Force Coordination)</p>
<p>Governance and Oversight</p>	<p>Strategic Performance Board</p>
<p>Context</p>	<ul style="list-style-type: none"> <li>▪ The implementation of a new Force Operating model, demographic and operational placement of officers and staff.</li> <li>▪ The impact of the COVID-19 pandemic has led to a change to resource availability and capability due to the implementation of an exigency shift pattern and training ability.</li> <li>▪ Lessons learned from the multiagency response to the pandemic have highlighted the need to review the CCA and the way CAT 1 and 2 responders work together.</li> <li>▪ A specific focus on JESIP principles and preparedness planning through the LRF to manage Major Incidents.</li> <li>▪ The national STRA in specialist areas of POPS, FA and MP has led to the identification of shifting threats from extremist groups and associated learning from public inquiries.</li> <li>▪ The uplift of staff and coordinated work force plan has predicted a significant gap in experience and skill base, particularly in specialist areas of investigation and TL2.</li> <li>▪ A recognition of the Force’s ability to effectively deal with Societal Risks; Diseases; Natural Hazards; Major Accidents; Malicious Attacks to protect the public and comply with statutory requirements in these circumstances.</li> </ul>
<p>Current factors</p>	<ul style="list-style-type: none"> <li>▪ Impact post COVID-19.</li> <li>▪ Current review of the CCA.</li> <li>▪ Proposed wider remit of Local Resilience Forums.</li> <li>▪ Statutory guidance for JESIP.</li> <li>▪ Force Operating Review.</li> <li>▪ Interim exigency RPT shift pattern.</li> <li>▪ Work Force Plan.</li> <li>▪ Significant Events.</li> </ul>
<p>Potential consequence</p>	<ul style="list-style-type: none"> <li>▪ Inability to meet core policing requirements.</li> <li>▪ Inability to respond effectively to Major Incidents.</li> <li>▪ Reduced staffing and service provision.</li> <li>▪ Inability to deliver services across some or all business areas.</li> <li>▪ Inability to project accurate resourcing to meet future demand.</li> <li>▪ Ability to meet mobilisation commitment.</li> <li>▪ Negative impact on public confidence.</li> </ul>

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<p>Summary of Controls</p>	<ul style="list-style-type: none"> <li>▪ Robust business continuity plans in place across all area commands and departments which have been reviewed in light of COVID-19 and EU Exit.</li> <li>▪ COVID-19 Response plan and local response plan prepared for localised lockdowns.</li> <li>▪ PMART Plan with partners and ability to activate in response to excess death management.</li> <li>▪ Concept of Operations developed in line with the States of Policing Matrix to support resourcing decisions in order to maintain critical functionality for the force.</li> <li>▪ Close working with National Police Coordination Centre (NPoCC) and the Regional Information and Coordination Centre (RICC) to test and exercise mobilisation commitment and provide and request mutual aid as appropriate.</li> <li>▪ Mobilisation plan includes changes to NPoCC mobilisation commitment and deployments to British Overseas Territories with COVID-19 considerations.</li> <li>▪ Ability to implement agile ways of working and COVID Secure estate.</li> <li>▪ Northumbria Police currently chairs the Northumbria Local Resilience Forum (LRF) and work closely with partners on preparedness for civil emergencies and the testing and exercising of the multi-agency response.</li> <li>▪ LRF Strategic Coordination Group (SCG) and Tactical Coordination Group (TCG) currently activated with Vice Chair status on each group.</li> <li>▪ At Chief Constable level Recovery Plan and Recovery Coordination Group (RCG) participation.</li> <li>▪ Ability to revise shift pattern to facilitate mobilisation of specialist staff, particularly in respect of Tier 2 assets.</li> <li>▪ Force Coordination Centre and daily pace setter meetings to align demand and resources.</li> </ul>	
<p>Likelihood Impact</p>	<p style="text-align: center;">2 4</p>	<p><b>8</b></p>

<b>8</b>	<b>Strategic Risk – Partnership &amp; Collaboration</b>	
	<b>Reduction in or withdrawal of current and/or future partnership arrangements or collaborations leading to impact on service delivery or ineffective management of these arrangements including commercial partnerships (management of commercial contracts).</b>	
Owner(s)	Deputy Chief Constable	
Governance and Oversight	Business Meeting	
Context	<ul style="list-style-type: none"> <li>▪ Lack of scoping and user requirements at the outset of partnerships / collaboration or commercial interest.</li> <li>▪ Future financial constraints on public services.</li> <li>▪ Lack of integrated planning with partners.</li> <li>▪ Reduction in partnership services.</li> <li>▪ Failure of significant collaborative agreement.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Reduction in safeguarding activity and preventative work, particularly relating to domestic abuse.</li> <li>▪ Limited Out of Court Disposals and Restorative Justice options for adults.</li> <li>▪ Commercial contract management capability and capacity.</li> <li>▪ Missed opportunities for further partnership collaboration with partners.</li> <li>▪ Impact of post COVID-19 on current partnerships.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Gaps in services and support to communities.</li> <li>▪ Missed opportunities to prevent and reduce crime and disorder.</li> <li>▪ Reduced public confidence.</li> <li>▪ Reduced opportunities for more efficient and effective services.</li> <li>▪ Increased costs due to poor scoping and / or contract management.</li> <li>▪ Missed learning opportunities for partner agencies from serious case reviews.</li> </ul>	

Summary of Controls	<ul style="list-style-type: none"> <li>▪ Effective partnership governance arrangements and joint partnership plans through Community Safety Partnerships.</li> <li>▪ Force wide business planning cycle and delivery of local business plans.</li> <li>▪ Strategic Design Authority and Transformation Programme.</li> <li>▪ Improving understanding of demand and external influences of demand enabling effective management of response.</li> <li>▪ Business continuity plans between relevant partners.</li> <li>▪ Access to local and / or national support programmes.</li> <li>▪ Introduction of Chief Information Officer functions and change lead to oversee ICT projects and contracts.</li> <li>▪ Internal review of commercial contract arrangements in Northumbria Police by Director of Finance.</li> <li>▪ Adoption of recommendations made in HMICFRS Thematic report ‘The Hard Yards’.</li> <li>▪ Joint work between agencies e.g. Newcastle Safeguarding Children’s and Adults Boards and Safer Newcastle to produce a Serious Violence and Criminal Exploitation Strategy.</li> <li>▪ Ability to introduce and maintain joint Criminal Justice Impact and Recovery working exercises when required, utilising resources across disciplines to meet demand.</li> <li>▪ Increased early interventions and out of court disposals in place for young people.</li> </ul>	
Likelihood Impact	2 4	<b>8</b>

<b>9</b>	<b>Strategic Risk – Public Confidence</b>	
	<b>The loss of public confidence in Northumbria Police due to the behaviour, conduct, actions or inaction of Northumbria Police as an organisation or individuals representing the Force, including reduced legitimacy due to poor engagement, abuse of powers and disproportionality in practices.</b>	
Owner(s)	T/Assistant Chief Constable (Communities)	
Governance and Oversight	Confidence and Standards Board / Diversity, Equality, Inclusion and Legitimacy Board / Organisational Learning Board / Ethics Advisory Board	
Context	<ul style="list-style-type: none"> <li>▪ Force or an associated individual acts, in an inappropriate, discriminatory way or demonstrates corrupt behaviour.</li> <li>▪ Death or serious injury following police contact, or following other adverse or critical incident, as a result of police action or omission.</li> <li>▪ Misuse or deliberate disclosure of sensitive data or information.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Current operating context and legitimacy in use of police powers.</li> <li>▪ Disproportionality in use of powers.</li> <li>▪ Embed organisational learning across the Force.</li> <li>▪ Compliance with Authorised Professional Practice (APP) on Vetting.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Abuse of authority for financial or sexual purpose, fraud or theft.</li> <li>▪ Litigation, legal action against the Force.</li> <li>▪ Reduced public confidence.</li> <li>▪ Increased civil interest.</li> <li>▪ Perception of disparity damaging confidence of minority groups.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Governance arrangements.</li> <li>▪ Completion of Equality Impact and Community Tension Assessments.</li> <li>▪ External advisory groups.</li> <li>▪ Dedicated Counter Corruption Unit with appropriate capacity and capability to deliver a full range of covert tactics.</li> <li>▪ Forcewide internal communications to increase awareness of behaviour and standards, such as corruption, ethical dilemmas, understanding boundaries.</li> <li>▪ Vetting procedures in-line with APP on Vetting with full compliance achieved over the coming months.</li> <li>▪ Identification and review of organisational learning, with organisational learning a standing agenda item within the Governance and Decision-making structure and oversight by the force Organisational Learning Board.</li> <li>▪ Utilisation of information from abuse of authority problem profile.</li> <li>▪ Unconscious bias training for all staff.</li> <li>▪ Focus on diversity in recruitment, attraction, selection and retention.</li> <li>▪ Development of formal external public confidence meeting.</li> <li>▪ Continued appraisal and development of staff via performance management frameworks.</li> </ul>	
Likelihood Impact	2 4	<b>8</b>

<b>10</b>	<b>Strategic Risk – Regulation &amp; Standards</b>	
	<b>Northumbria Police and / or its staff fail to operate within the regulatory framework applicable to policing activity as defined by law or by Northumbria Police and in doing so create risks which may result in harm to individuals, groups or organisations.</b>	
Owner(s)	Deputy Chief Constable	
Governance and Oversight	Confidence & Standards Board / Operation Talla Gold	
Context	<ul style="list-style-type: none"> <li>▪ Litigation, legal action and / or prosecution of the Force and / or individuals by former officers or staff members.</li> <li>▪ Failure to comply with regulatory frameworks.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Operational risks affecting international policing arrangements following exit from the European Union.</li> <li>▪ Application of legislation under Health Protection Regulations during COVID-19.</li> <li>▪ Increased scrutiny and challenge on police powers and super complaints.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Litigation, legal action and / or prosecution of the Force and / or individual staff.</li> <li>▪ Associated costs of dealing with litigation.</li> <li>▪ Negative impact on the workforce and public confidence.</li> <li>▪ Failure to achieve / maintain relevant ISO / IEC accreditation in line with relevant codes of practice.</li> <li>▪ Failure to comply with relevant Health and Safety regulations.</li> <li>▪ Delays / access to / inability to share information and intelligence effectively across European countries.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ International Crime Co-ordination Centre in place to manage risks associated with the loss of EU policing tools</li> <li>▪ The force has prepared contingency plans in response to the loss of EU policing tools, the impact is still unknown.</li> <li>▪ Central review of all civil claims, with adverse trends and lessons learnt reported to Confidence and Standards Board.</li> <li>▪ Audit arrangements and Quality Management System.</li> <li>▪ ISO governance meeting.</li> <li>▪ Health and Safety Management System and provision of health and safety advice.</li> <li>▪ Investigations and review of health and safety incidents, with lessons learnt reported to Confidence and Standards Board.</li> <li>▪ Op Talla Gold structure in response to COVID-19 which includes assessment of enforcement and proportionality alongside external engagement to gain legitimacy.</li> <li>▪ Effective governance arrangements in place at Confidence and Standards to monitor regulations and standards.</li> <li>▪ Introduction of scrutiny panel for use of police powers.</li> </ul>	
Likelihood Impact	3 3	<b>9</b>

<b>11</b>	<p><b>Strategic Risk – Strategy</b></p> <p><b>Northumbria Police fails to deliver its strategic objectives and those of the Police and Crime Plan, due to ineffective business planning, including effective management of performance, risk, demand, transformation, workforce and finance.</b></p>	
Owner(s)	Chief Constable	
Governance and Oversight	Executive Board	
Context	<ul style="list-style-type: none"> <li>▪ Failure to deliver the Force Strategic Priorities.</li> <li>▪ Failure to deliver against objectives set out in the Police and Crime Plan.</li> <li>▪ Failure to achieve the business benefits from the Transformation Programme.</li> <li>▪ Compliance and standards not meeting acceptable levels impacting on victim services.</li> <li>▪ Failure to meet areas for improvement highlighted by external bodies.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ COVID-19 - Suspension of court trials resulting in significant backlog of court trials and an increased risk of victim attrition.</li> <li>▪ Implementation and impact of Northgate over the next 14 months.</li> <li>▪ Increased demand as the force implements the Transformation Programme.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ A decline in quality and service delivery, leading to a reduction in satisfaction and confidence.</li> <li>▪ Adverse external inspection reports, leading to recommendations and wider escalation.</li> <li>▪ Reduction in services provided to victims and witnesses as a result of ineffective partnership working with other criminal justice agencies.</li> <li>▪ Delays to criminal justice outcomes.</li> <li>▪ Slippage / failure of projects, which hamper the achievement of objectives.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Business planning cycle and delivery of local business plans.</li> <li>▪ Forcewide Performance Management Framework.</li> <li>▪ Oversight and management of performance using the Governance and Decision-making structure.</li> <li>▪ Transformation 2025 Programme.</li> <li>▪ Local Criminal Justice Board (LCJB) Plan and supporting governance structures.</li> <li>▪ Operation Talla Gold / Silver structure.</li> <li>▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB Strategic Recovery Group).</li> <li>▪ Victim service review to improve service delivery to victims of crime and investigative standards.</li> <li>▪ Transfer of Victim First Northumbria services to Northumbria Police.</li> <li>▪ Ring fenced funding to deliver Force Strategic Priorities.</li> </ul>	
Likelihood Impact	2 4	<b>8</b>

<b>12</b>	<b>Strategic Risk – Workforce</b>
<b>A</b>	<b>Attraction, recruitment and retention of a workforce with the right skills, resilience, and diversity to deliver effective policing service, and who demonstrate the Northumbria Police / policing values and standards of professional behaviour.</b>
Owner(s)	Director of People & Development
Governance and Oversight	Strategic Resourcing Board / Wellbeing and Leadership Board / Diversity, Equality, Inclusion and Legitimacy Board / Ethics Advisory Board / Strategic Design Authority / Transformation Board
Context	<ul style="list-style-type: none"> <li>▪ An inability to attract and retain a diverse workforce.</li> <li>▪ Realising the benefits of new ways of working in positively influencing employer brand.</li> <li>▪ Delivering on national uplift.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Increased competition due to agility of recruitment market.</li> <li>▪ Skills shortages in specialist roles.</li> <li>▪ COVID-19.</li> <li>▪ Internal resourcing pressures created to meet uplift requirements.</li> <li>▪ Challenges in meeting diversity ambitions and limited pool which is in high demand from all sectors.</li> <li>▪ Challenges in meeting changing workforce expectations through new ways of working.</li> <li>▪ Existing assessment methods require review to create bespoke frameworks to accurately assess skills and capabilities.</li> <li>▪ Approach to external attraction needs modernising to ensure we are maximising our reach.</li> <li>▪ Ensure vetting capability is effectively utilised.</li> <li>▪ Lack of consistency in assessment of individuals across business, aside from bulk recruitment.</li> <li>▪ Lack of standardised recruitment methods and processes.</li> <li>▪ Attraction and retention offer linked to wellbeing.</li> <li>▪ Increased workloads impacting on wellbeing.</li> <li>▪ Gap in workforce understanding of diversity, equality and inclusion.</li> <li>▪ Effective utilisation of people intelligence and learning captured.</li> <li>▪ Need to enhance leadership capability.</li> <li>▪ Pressures of COVID-19 have detracted from proactive work streams to support retention.</li> <li>▪ Pensions remedy.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Reduction of service quality impacting on public trust and confidence.</li> <li>▪ Failure to deliver Strategic priorities or key work streams due to lack of resource and skill.</li> <li>▪ Impact on wellbeing due to vacancy levels and turnover.</li> <li>▪ Enhancing skill set and expertise of acquisition team.</li> <li>▪ Loss of key skills.</li> <li>▪ Lack of business continuity resulting in delays on key projects.</li> <li>▪ Negative employer brand, impacting on recruitment and attraction.</li> <li>▪ Increased recruitment costs.</li> </ul>
Summary of Controls Attraction & Recruitment	<p>Based on the five pillars of the Wellbeing &amp; People Plan: Health, Safety, Work, Development and Environment.</p> <ul style="list-style-type: none"> <li>▪ Clear workforce plan.</li> <li>▪ Resourcing strategy.</li> <li>▪ Effective Business Planning.</li> <li>▪ Centralised recruitment model.</li> </ul>

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	<ul style="list-style-type: none"> <li>▪ Introduction of standardised recruitment practices.</li> <li>▪ Inclusion hub.</li> <li>▪ Positive action strategy and plan.</li> <li>▪ Operational Resourcing meeting.</li> <li>▪ Adopting new ways of working and maximising opportunities afforded through enhancing employer brand.</li> <li>▪ Effective succession planning and development of career pathways.</li> <li>▪ Introduction of a more modernised recruitment platform.</li> <li>▪ Enhancing skill set and expertise of acquisition team.</li> <li>▪ Leadership programmes.</li> <li>▪ Organisational learning through people intelligence: exit interviews, case management, hive surveys.</li> <li>▪ Resilience programmes.</li> <li>▪ Induction framework.</li> <li>▪ Internal engagement strategy.</li> <li>▪ Support associations.</li> </ul>	
Likelihood Impact	3 4	<b>12</b>

<b>12</b>	<b>Strategic Risk – Workforce</b>	
<b>B</b>	<b>Ensuring the workforce have the appropriate capacity and capability in order to meet the current and future requirements of an effective policing service.</b>	
Owner(s)	Director of People & Development	
Governance and Oversight	Strategic Resourcing Board / Wellbeing and Leadership Board / Diversity, Equality, Inclusion and Legitimacy Board / Ethics Advisory Board / Strategic Design Authority / Transformation Board	
Context	<ul style="list-style-type: none"> <li>▪ Ensure current requirements are met from a capacity perspective – through clear understanding of operating models, demand and resource requirements.</li> <li>▪ Ensure capability of workforce can be met: operational, technical and professional skills profiles.</li> <li>▪ Ensure there is a clear understanding of demand and workload, having the right operating models and number of resources in order to meet demand, often not revisited.</li> <li>▪ Identification of new requirements as well as gaps in service delivery through Business Planning.</li> <li>▪ OFSTED inspection.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ COVID-19 – impact on training delivery plans, particularly specialist operational training.</li> <li>▪ Lack of experience and impact on investigative capability.</li> <li>▪ Ability to respond to core operational capabilities i.e. driver training.</li> <li>▪ Lack of understanding of business and leadership skills profiles and requirements to bridge the gap.</li> <li>▪ Poor people performance and understanding of expectations.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Reduction of service quality impacting on trust and confidence.</li> <li>▪ Inability to meet demand.</li> <li>▪ Impact on wellbeing.</li> <li>▪ Inability to meet profile requirements.</li> </ul>	
Summary of Controls	<p>Based on the five pillars of the Wellbeing &amp; People Plan: Health, Safety, Work, Development and Environment.</p> <ul style="list-style-type: none"> <li>▪ Clear workforce plan.</li> <li>▪ Resourcing strategy.</li> <li>▪ Effective Business Planning.</li> <li>▪ Operational Resourcing meeting.</li> <li>▪ Effective succession planning.</li> <li>▪ Development of career pathways.</li> <li>▪ Leadership Development programmes for all levels of leadership.</li> <li>▪ Protected learning time.</li> <li>▪ Coaching and mentoring programmes.</li> <li>▪ Revised training profiles and plans.</li> <li>▪ Capability development plans.</li> <li>▪ P&amp;DR – focusing on performance and potential assessment.</li> <li>▪ Training delivery groups / identification and prioritisation of learning / skills.</li> <li>▪ Monthly workforce progress reports and monitoring.</li> </ul>	
Likelihood	3	<b>12</b>
Impact	4	

**AGENDA ITEM 11 - APPENDIX B**

**Overview of the RAG status of Strategic Risk – OPCC**

<b>LIKELIHOOD</b>	Very High (5)				
	High (4)				
	Medium (3)			(OPCC) Finance	
	Low (2)			(OPCC) Partnership and Collaboration  (OPCC) Public Confidence	
	Very Low (1)	(OPCC) Governance			
	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
	<b>IMPACT</b>				

**OPCC has identified risks in four thematic risk areas: Finance; Governance; Partnership and Collaboration; and Public Confidence**

<b>OPCC</b>	<b>Strategic Risk – Finance (OPCC)</b>	
	<b>Government reduces funding to PCCs / Police Forces which results in a reduced service ability. The need to contain expenditure within available resources and enable Northumbria Police to police effectively.</b>	
Owner(s)	Chief Finance Officer – OPCC	
Governance and Oversight	Joint Business Meeting / OPCC Business Meeting	
Context	<ul style="list-style-type: none"> <li>▪ The PCC has a robust, balanced MTFs that meets the medium term financial plans of the Chief Constable and facilitates delivery against the Police and Crime Plan.</li> <li>▪ The balanced nature is predicated by the risk of Home Office funding being guaranteed for one year only which requires an annual review of the MTFs and potential reprioritisation of spending plans</li> <li>▪ Affordability may also be affected by changes in national interest rates.</li> <li>▪ Reserves policy is crucial to medium term sustainability.</li> <li>▪ In-year financial monitoring must be robust.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ An in-year potential budget pressure as a consequence of COVID-19.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Short notice change to national funding may require a change in short and medium term force financial planning, including a need to deliver unplanned savings thereby impacting on service delivery.</li> <li>▪ Any in-year pressures which become a forecast overspend must be addressed through consideration of in-year savings and discussion with the CC.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Transparent ownership of financial matters between the PCC and Chief Constable.</li> <li>▪ Comprehensive approach to business planning cycle and annual budget setting process.</li> <li>▪ Well understood in-year financial monitoring and reporting governance.</li> <li>▪ Medium and long term financial planning.</li> <li>▪ Regular oversight of revenue &amp; capital budget.</li> <li>▪ Maintain adequate risk assessed reserves.</li> <li>▪ Audit Committee / Internal Audit Treasury Management strategy in place outcomes reviewed by PCC.</li> <li>▪ HMICFRS inspection regime.</li> </ul>	
Likelihood Impact	3 4	<b>12</b>

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<b>OPCC</b>	<b>Strategic Risk – Governance (OPCC )</b>	
	<b>Existing arrangements for the PCC to carry out robust scrutiny and hold the Chief Constable to account for efficient and effective delivery of the Police and Crime Plan are ineffective or inconsistent.</b>	
Owner(s)	Chief of Staff and Monitoring Officer	
Governance and Oversight	Joint Business Meeting / Annual Scrutiny Programme / CC/PCC Governance Meeting / JIAC / Police and Crime Panel / PCC/CC 1:1 Meeting	
Context	<ul style="list-style-type: none"> <li>▪ Ineffective governance, scrutiny, oversight of services and outcomes delivered and lack of reaction to organisational learning by NP.</li> <li>▪ Need to target resources and priorities towards changing performance / landscapes or community needs.</li> <li>▪ Chief Constable setting high performance standards and appropriate culture and values is crucial to meaningful scrutiny.</li> <li>▪ Trust in the transparency of NP.</li> <li>▪ Effective governance includes effective oversight of complaints against the Chief Constable and Northumbria Police.</li> <li>▪ Effective systems and controls to manage risk are needed to support the delivery of service.</li> <li>▪ A strong relationship between the Office of the Police and Crime Commissioner and Force which is resilient to external factors.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ National PCC Review – expansion of PCCs remit into fire and criminal justice.</li> <li>▪ Policing protocol review.</li> <li>▪ Introduction of new national outcome measures for policing.</li> <li>▪ Expanded devolution deals.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Loss of public confidence.</li> <li>▪ Reputational risk</li> <li>▪ A decline in quality and service delivery, leading to a reduction in public satisfaction with policing.</li> <li>▪ Deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ Poor relationship with Northumbria Police.</li> <li>▪ Government Intervention.</li> <li>▪ Challenge by the Police and Crime Panel.</li> <li>▪ Adverse external inspection reports, leading to recommendations and potential escalation.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Police and Crime Plan (regularly reviewed).</li> <li>▪ Joint Business Meeting.</li> <li>▪ Annual Scrutiny Programme.</li> <li>▪ Provision of the Complaints Statutory Review Process.</li> <li>▪ Public and Partnership Engagement and Feedback.</li> <li>▪ PCC and Chief Constable 1:1s.</li> <li>▪ Police and Crime Panel Scrutiny.</li> <li>▪ Scrutinising Force response to HMICFRS Inspection Findings.</li> <li>▪ Audit Committee, audit, annual governance statement.</li> <li>▪ Contributing to Governments PCC Review.</li> </ul>	
Likelihood	1	2
Impact	2	

<b>OPCC</b>	<b>Strategic Risk – Partnership &amp; Collaboration (OPCC )</b>	
	<b>Reduction in or withdrawal of partnership working for the OPCC leading to a failure to identify, develop and retain collaborative arrangements that support communities with sustainable multi agency responses.</b>	
Owner(s)	Chief of Staff and Monitoring Officer	
Governance and Oversight	Joint Business Meeting / VRU Strategic Board / Local Criminal Justice Board	
Context	<ul style="list-style-type: none"> <li>▪ Uncertainty of long-term sustained resourcing to deliver current public health approach collaboration - Violence Reduction Unit and other joint projects including Victims Service Provision.</li> <li>▪ Challenging budget and service pressures within organisations both in public and voluntary sector can lead to silo working.</li> <li>▪ Potential for national issues and crisis to affect collaborative working.</li> <li>▪ Requirement to retain engagement of the public as a partner.</li> <li>▪ Ensuring external factors do not alter relationships preventing joint working.</li> <li>▪ Clear outcomes not being identified and reported can risk sustainability and ongoing partner engagement.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ PCC Review Government ambition to strengthen and expand the role of PCCs and maximise potential for wider efficiencies.</li> <li>▪ Impact of the current pandemic on the Local Criminal Justice System.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Reduced public confidence.</li> <li>▪ Reduced opportunities for more efficient and effective services.</li> <li>▪ Missed opportunities to prevent and reduce crime and disorder and maintain an efficient and effective Criminal Justice System</li> <li>▪ Increased costs due to poor partnership and commissioned service management.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Effective partnership / commissioning governance arrangements that identify and report outcomes and progress.</li> <li>▪ Comprehensive public engagement and communication strategies to inform multi agency responses.</li> <li>▪ Scrutiny of effectiveness of Force collaborative activity.</li> <li>▪ Focus on accessing funds for collaborative working and lobbying government for sustained funding streams.</li> <li>▪ VRU Strategic Board and Response Strategy.</li> <li>▪ PCC Chairing Local Criminal Justice Board, LCJB Business Plan and Covid Recovery Group.</li> <li>▪ Collaboration and engagement with other PCCs, nationally and regionally.</li> <li>▪ Comprehensive engagement with and monitoring of commissioned services.</li> <li>▪ Regular ‘sector’ engagement meetings with potential and current partners.</li> </ul>	
Likelihood Impact	2 4	<b>8</b>

<b>OPCC</b>	<b>Strategic Risk – Public Confidence (OPCC)</b>  <b>Loss of public confidence in the PCC resulting from a lack of engagement and communication, leading to a failure to reflect public priorities in the Police and Crime Plan. Failure to hold the Chief Constable to account on behalf of the public for delivery of their priorities or other statutory obligations.</b>	
Owner(s)	Chief of Staff and Monitoring Officer and Director of Planning and Delivery	
Governance and Oversight	Joint Business Meeting / Annual Scrutiny Programme	
Context	<ul style="list-style-type: none"> <li>▪ A robust communications plan is needed to demonstrate effective and visible accountability of the chief constable to the PCC.</li> <li>▪ Delivery of the PCCs manifesto commitments on which they were elected with the continual need to understand and react to changing communities or priorities and reflect this in the Police and Crime Plan.</li> <li>▪ Engagement with communities to identify and respond to trends identified through the complaints process and external communication to reflect organisational learning.</li> <li>▪ The OPCC business must ensure compliance with legal, information management legislation and transparency guidance.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Role of social media in shaping public perceptions.</li> <li>▪ Changes to law to allow the public to report crimes via social media.</li> <li>▪ Introduction of new national outcome measures for policing.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Reputational damage.</li> <li>▪ Police and Crime plan and actual delivery not aligned to public concerns and priorities.</li> <li>▪ Loss of trust / confidence in the PCC as a result of crime perceptions.</li> <li>▪ Poor service delivery damages public confidence.</li> <li>▪ Relationship with force and partners.</li> <li>▪ Government penalties Poor assessment results.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Police and Crime Plan (annually updated to reflect local priorities).</li> <li>▪ Annual Scrutiny Programme.</li> <li>▪ Police and Crime Panel Scrutiny.</li> <li>▪ Reporting back to the public on crime data, their concerns and progress towards the Police and Crime plan.</li> <li>▪ External evaluations including impact of the VRU.</li> <li>▪ Rolling programme of engagement across demographics and issue based topics, including regular connection with the PCC Advisory Groups.</li> <li>▪ Annual Report.</li> <li>▪ OPCC Delivery Plan.</li> <li>▪ Governance Framework.</li> <li>▪ Annual Assurance Statement / Audit Committee.</li> <li>▪ Internal Audit.</li> <li>▪ OPCC Website.</li> <li>▪ Data Protection Officer.</li> <li>▪ Complaints Review process.</li> <li>▪ Service level agreement with Northumbria Police.</li> </ul>	
Likelihood	2	<b>8</b>
Impact	4	



<b>JOINT INDEPENDENT AUDIT COMMITTEE</b>	<b>19 JULY 2021</b>
<b>TREASURY MANAGEMENT ANNUAL REPORT 2020/21</b>	
<b>REPORT OF THE JOINT CHIEF FINANCE OFFICER</b>	

**1. Purpose of the Report**

1.1 The report asks the Joint Independent Audit Committee (the Committee) to review the Treasury Management Annual Report 2020/21 as attached at Appendix A and approve it for presentation to the Police and Crime Commissioner (the Commissioner).

**2. Recommendation**

2.1 The Committee is asked to review the Treasury Management Annual Report 2020/21 and approve it for presentation to the Commissioner.

**3. Background**

3.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) requires the Commissioner to receive a Treasury Management Annual Report on borrowing and investment activity by 30 September each year. This report meets this requirement and informs the Commissioner of Treasury Management activity during 2020/21.

3.2 This report covers the period 01 April 2020 to 31 March 2021.

**4 Summary**

4.1 The Treasury Management Annual Report 2020/21 is attached at Appendix A. The key highlights are as follows:

- Both borrowing costs and investment income were reduced due to the two emergency cuts in base rate on 9 March and 19 March 2020 in an attempt to help offset the economic impact expected from the Coronavirus pandemic. These had not been anticipated in the original budget and Strategy.
- All Financial Regulations have been complied with and all Prudential Indicators were within the limits set for the year within the Treasury Management Strategy

**5. CONSIDERATIONS**

<b>Freedom of Information</b>	<i>Non-exempt</i>
<b>Consultation</b>	Yes
<b>Resource</b>	No
There are no additional financial considerations arising from this report.	
<b>Equality</b>	No
There are no equality implications arising from the content of this report.	
<b>Legal</b>	No
There are no legal considerations arising from the content of this report.	
<b>Risk</b>	No
There are no additional risk management implications directly arising from this report.	
<b>Communication</b>	Yes
To be reported to the PCC in-line with The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) by 30 September each year.	
<b>Evaluation</b>	No

## Treasury Management Annual Report 2020/21

### The Strategy for 2020/21

1. The 2020/21 Treasury Management Policy Statement and Strategy was approved by the Joint Independent Audit Committee (JIAC) on 24 February 2020 for presentation to the Police and Crime Commissioner (PCC). The key decision was approved by the PCC on 11 March 2020.
2. The formulation of the 2020/21 Treasury Management Strategy involved determining the appropriate borrowing and investment decisions with the prime objective of safeguarding assets and secondary objectives of managing liquidity, obtaining a reasonable rate of return on investments and minimising the costs of borrowing.
3. The Treasury Management Strategy fully complied with the requirements of The Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management and covered the following:
  - Prospects for interest rates.
  - Treasury limits set for prudential indicators.
  - The borrowing strategy.
  - The investment strategy.

### Investment Strategy

4. Investments are managed in-house using counterparties listed in an approved lending list consistent with the agreed Treasury Management Strategy. Investments are placed over a range of periods and are dependent on the assessed security of the counterparty, the liquidity requirements of the cash flow, actual interest rates and expectations of movements in interest rates.
5. The expectation for interest rates within the Treasury Management Strategy for 2020/21 anticipated Bank Rate to remain unchanged at 0.75% up to March 2021. The Strategy noted that interest rate forecasting remained difficult with so many external influences weighing on the UK, particularly with the level of uncertainty over the final terms of Brexit.
6. The Treasury Management Strategy was to adopt caution in the management of the 2020/21 treasury operations. The interest rate market was monitored to allow the Chief Finance Officer (CFO) to adopt a pragmatic approach to any changing circumstances, having delegated powers to invest and manage the funds and monies of the Commissioner.

### Borrowing Strategy

7. The borrowing strategy for 2020/21 was:
  - Consider the use of short-term borrowing as a bridge until capital receipts are received.
  - Consider the use of market loans which are at least 20 basis points below the PWLB target rate, where they become available.
  - Consider the use of PWLB loans where rates fall below Link Group trigger rates, where required, with preference given to terms which ensure a balanced profile of debt maturity.

- Consider the use of reserve and General Fund balances to limit the requirement for new borrowing, reducing investment balances rather than increasing external borrowing in order to minimise interest costs.
  - Maintain a flexible strategy in order to allow decisions on borrowing to be taken which balance the refinancing risk associated with an increase in interest rates against any potential short-term savings.
8. The early repayment of debt was not considered to present value for money during 2020/21, as the cost of premiums payable on the early repayment of debt continue to outweigh any potential savings on refinancing.

### **Treasury Management Compliance with Risk Strategy**

9. The primary objective is to ensure the security of funds and minimise risks, including counterparty and interest rate risks. An Internal Audit review of the treasury management function in January 2021 gave the opinion that it was 'Operating Well'.

### **Outturn 2020/21 – Performance Measurement**

8. Prudential indicators are set annually to ensure that borrowing is prudent, sustainable and affordable. Performance is monitored against these indicators throughout the year and reported in the quarterly capital monitoring reports to the Joint Business Meeting (JBM). The outturn against the prudential indicators confirms that all indicators were operating within agreed limits with no breaches throughout the year. For completeness a copy of the prudential indicators is attached at Appendix I.

### **External Advisers**

10. Link Group have continued to be used as external treasury management advisers to assist in achieving the objectives set out in the Treasury Policy Statement and Strategy and provide access to specialist skills and resources.

### **Investment strategy and control of interest rate risk**

11. Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. Nationally, most PCC and local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would remain at 0.75% for the entire year. This forecast was invalidated by the Covid-19 pandemic bursting onto the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.
12. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates in addition to the arrangement fees paid to brokers. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

### Borrowing strategy and control of interest rate risk

13. During 2020/21, the PCC maintained an under-borrowed position. This meant that the capital borrowing need, the Capital Financing Requirement (CFR) was not fully funded with loan debt, as cash supporting the PCC's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and at times near to zero.
14. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
15. Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director of Finance has monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:
  - if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
  - if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.
16. Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2020/21 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

### Investment Performance

17. The main focus for treasury management in 2020/21 has continued to be ensuring the security of investments whilst generating a positive rate of return in an environment of extremely low rates. Due to the difference between the cost of borrowing and investment interest, cash balances have continued to be used to temporarily fund the capital programme. This has resulted in continued savings on the cost of borrowing and lower credit risk as the investment portfolio is reduced.
18. A continued use has been made of a range of investment instruments in order to maintain flexibility, spread risk, maximise liquidity and obtain positive interest rates. The use of money market funds and notice reserve accounts, with high rated banks, has maintained the security of funds and positive rate of return on investments.
19. A summary of the year's activity is shown at Appendix 2. The total interest earned in the year was £0.143m (2019/20 £0.284m) with an average interest rate of 0.37% (2019/20 0.85%). The investment interest earned was a reduction of £0.112m against the original budget of £0.255m. The Bank Rate remained at 0.01%, a historic low, during 2020/21 following the two emergency cuts on 09 March and 19 March 2020 in an attempt to help offset the economic impact from the Coronavirus pandemic.
20. The overall return on investments of 0.37% exceeds the accepted benchmark rate (the 7-day London Interbank Bid Rate (LIBID)) of (-) 0.07%. The LIBID is used as a benchmark as it is

linked to the base rate and provides a publically available national comparator. Due to the pressure in interest rates this has been negative during 2020/21. By actively managing our temporary investments, seeking the best rates and utilising spare capacity in certain accounts we have maximised the interest earned whilst operating within the constraints of the approved Treasury Management Policy. During 2020/21 the investment income earned was below budget due to the reduction in interest rates following the two emergency cuts in bank rate in March 2020, which were not forecasted at budget setting time.

### Borrowing Performance

21. The total borrowing at 31 March 2021 was £93.469m, which was within the operational borrowing limit of £155.000m. This is a net increase of £2.500m from the opening balance of £90.969m, represented by £17.500m new borrowing and repayments of £15.000m. All new borrowing was short term with no new long term PWLB borrowing taken or required in 2020/21. The new borrowing was taken as set out in the following table:

Date	Term	Amount	Interest Rate	Sources
04/05/2020	64 days	£1.000m	0.50%	Market Loans
22/05/2020	46 days	£10.000m	0.58%	Market Loans
24/03/2021	44 days	£6.500m	0.10%	Market Loans
	Total	£17.500m		

22. The use of reserve and General Fund balances to limit the requirement for new borrowing has continued to deliver savings in 2020/21, reducing investment balances rather than increasing external borrowing in order to minimise interest costs.
23. The average borrowing interest rate at 31 March 2021 was 3.15% compared to 3.08% at 31 March 2020. This slight increase was due to the impact of fewer short term loan requirements during 2020/21 which means the average rate is more affected by the higher long term fixed rate PWLB loans already in place.
24. At 31 March 2021, £81.969m of the total borrowing was from the PWLB with the remaining £11.500m taken from market loans.
25. The overall revenue cost of borrowing in 2020/21 was £2.828m. This was £0.342m less than the budget. This reflects the reduced requirement following the 2020/21 capital outturn underspend and the revised profile of capital expenditure over the medium term. The increase in reserves and with base rate emergency cuts on the 9 and 19 March 2020 also meant short term interest rates were lower than budgeted for.

### Heritable Bank

26. When Heritable Bank entered administration in October 2008 the former Police Authority had £5.238m invested which was due to mature with interest by the end of 2008/09; the total value including accrued interest was £5.300m. In 2010/11 the investment was impaired to reflect an expected return of 90p in the £.
27. At the end of the 2019/20 financial year, a total of fifteen dividends had been received in respect of this investment.
28. On 29 July 2020 the administrators confirmed the sixteenth and final dividend, a further 0.95p in the £ equating to £0.050m for Northumbria Police. Total dividends received in relation to the investment in Heritable Bank are £5.244m, equivalent to 98.95p in the £.

29. As the original investment was impaired in 2010/11 to reflect the expected return, all additional income above 90p in the £ is revenue income and is reflected as additional investment income in the accounts of the Police and Crime Commissioner 2020/21.
30. The mid-year report stated that no further dividends would be paid and the matter was now concluded. However, a small payment of £0.007m was received in December 2020 which was explained as a composition payment relating to a contingent claim against LBI ehf, the parent company of Heritable Bank. The composition payment was contingent on the final total return to Heritable's non-preferential unsecured creditors. This has been added to the other investment income figure in the Commissioners capital financing budget.

### Debt Restructuring and Repayment

31. Due to the differential between current and historic interest rates it was anticipated that there would be little scope to restructure PWLB debt. This situation was monitored throughout the year and the cost of early repayment continues to outweigh any savings, therefore there was no early redemption or restructuring of debt.

### Summary of Treasury Management performance for the year 2020/21

32. Investment Interest was £0.112m under the budget set for the year. Average investment balances have been higher than budgeted providing the opportunity to place funds for longer periods. However any benefit has been negated by the fall in interest rates resulting from the emergency cuts to Bank Rate in March 2020. The reduced investment interest of £0.112m was partly offset by other investment income totalling £0.057m in relation to the investment held by the former Police Authority with Heritable Bank.
33. Borrowing costs were £0.342m less than budget reflecting the reduced borrowing requirement following an underspend on capital expenditure for both 2019/20 and 2020/21. At the time of setting the budget, the base rate had been expected to remain at 0.75% during in 2020/21. This was not the case, and indeed the base rate has had two emergency cuts on 9 March and 19 March 2020 in an attempt to help offset the economic impact expected from the Coronavirus pandemic. As a result, short-term temporary borrowing costs remained low throughout the 2020/21 financial year.
34. The Commissioner has continued to take advantage of low cost temporary borrowing rates and to maximise the use of internal borrowing available through reserve balances and capital receipts.
35. Overall Treasury Management performance against budget for 2020/21 generated a saving of £0.287m as summarised in the following table:

	<b>2020/21 Budget £m</b>	<b>2020/21 Actual £m</b>	<b>2020/21 Saving £m</b>
Borrowing Interest	3.170	2.828	(0.342)
Investment Interest	(0.255)	(0.143)	0.112
Other Investment Income	-	(0.057)	(0.057)
<b>Net Position</b>	<b>2.915</b>	<b>2.628</b>	<b>(0.287)</b>

### **Prudential Indicators 2020/21**

<b>Authorised Limit* for External Debt</b>		
	<b>2020/21 Reported Indicator £m</b>	<b>2020/21 Maximum YTD £m</b>
Borrowing	175.000	101.969
Other Long Term Liabilities	0.000	0.000
<b>Total</b>	<b>175.000</b>	<b>101.969</b>

<b>Operational Boundary** for External Debt</b>		
	<b>2020/21 Reported Indicator £m</b>	<b>2020/21 Maximum YTD £m</b>
Borrowing	155.000	101.969
Other Long Term Liabilities	0.000	0.000
<b>Total</b>	<b>150.000</b>	<b>101.969</b>

<b>Upper Limit on amounts invested beyond 364 days</b>			
	<b>2020/21 Reported Indicator £m</b>	<b>2020/21 Outturn £m</b>	<b>2020/21 Maximum YTD £m</b>
<b>Investments</b>	<b>15.000</b>	<b>0</b>	<b>0</b>

**\*The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2020/21 the Council has maintained gross borrowing within its authorised limit.

**\*\*The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

## Investment Activity

<b>Investments maturing during the year</b>		
	<b>2019/20</b>	<b>2020/21</b>
Number of investments made in the previous year, maturing in the reporting year	0	1
Number of investments made in the reporting year, maturing in the reporting year	658	702
Total number of investments maturing in the reporting year	657	701
<b>Number of investments made in reporting year, maturing in the following year</b>	<b>1</b>	<b>2</b>

<b>Average duration of investments</b>		
	<b>2019/20</b>	<b>2020/21</b>
Average duration of investments (including overnight)	2 day	2 days
Average duration of investments (excluding overnight)	162 days	68 days

<b>Summary of non-specified investments</b>		
	<b>2019/20</b>	<b>2020/21</b>
<b>Non-specified investments:</b>		
Rated non-high		
Approved limit	75%	75%
Maximum level invested	29%	18%
Not Rated		
Approved limit	0%	0%
Maximum level invested*	1.9%	3.1%
Investments over 364 days		
Approved limit	20%	20%
Maximum level invested	0%	0%

\*The *Not Rated* investment relates to a small impaired balance remaining with Heritable Bank. The balance did not change up to its final redemption in September 2020; however, the value relative to total investments could vary on a particular day.

**Gross Debt and Capital Financing Requirement (CFR)**

<b>Gross Debt and CFR</b>	<b>2020/21 Estimate £m</b>	<b>2020/21 Outturn £m</b>
Borrowing as at 31 March	86.969	93.469
Capital Financing Requirement as at 31 March	120.805	112.719
<b>Amount of Borrowing (over) / under CFR</b>	<b>33.836</b>	<b>19.250</b>

- Total borrowing at 31 March 2021 was lower than the Capital Financing Requirement (CFR) by £19.250m.
- Borrowing at 31 March 2021 was £6.500m higher than the original estimate due to some temporary borrowing taken at the year-end for short-term cashflow purposes only.
- The actual CFR at 31 March 2021 was lower than the original estimate as a result of the underspend against the capital programme for 2020/21.