

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY, 18 JULY 2022

TEAMS

AGENDA

OPEN SESSION

1. **INTRODUCTION**
2. **DECLARATION OF INTEREST**
3. **MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 25 APRIL 2022**
(Attached)
4. **MATTERS ARISING**
(N/A)
5. **ANNUAL GOVERNANCE STATEMENT 2021/22**
 - a) **Senior Managers Assurance Statements**
Internal Audit Manager
(Paper attached)
 - b) **Review of the Effectiveness of the 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 2021/22**
Joint Chief Finance Officer
(Paper attached)

Appendices:

- i. **Governance Arrangements**
Head of Corporate Development
(Paper attached)
- ii. **An Assessment of the Role of CFO in Accordance with Best Practice**
Joint Chief Finance Officer
(Paper attached)
- iii. **External Audit Assurance**



**NORTHUMBRIA
POLICE**

T/Head of Finance
(Paper attached)

iv. HMICFRS and Other External Inspections
Head of Corporate Development
(Paper attached)

v. Legal and Regulatory Assurance
Chief of Staff (OPCC)
(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
T/Head of Finance
(Paper attached)

6. SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS

Head of Corporate Development
(Paper attached)

7. JOINT STRATEGIC RISK REGISTER – ANNUAL REVIEW

Head of Corporate Development / Chief of Staff
(Paper attached)

8. EXTERNAL AUDIT 2020/21 – AUDIT FINDINGS REPORT (AFR) & REPORT

External Auditor
(Paper attached)

9. EXTERNAL AUDIT 2021/22 PROGRESS REPORT

External Auditor
(Paper attached)

10. DATE AND TIME OF NEXT MEETING

Monday 26th September, 2pm, Teams/Baliol Training Room

NORTHUMBRIA POLICE MINUTES

Title Joint Independent Audit Committee (JIAC)	Meeting number 02/2022
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Date 25 April 2022	Location Teams Video Conference	Duration 14:00 – 14:40
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Present:

Committee Members	C Young K Amlani J Guy P Wood	Chair
Officers:	R Durham D Ford M Tait	OPCC Chief of Staff and Monitoring Officer Deputy Chief Constable (DCC) Joint Chief Finance Officer (JCFO)
Invitees:	R Bowmaker P Godden A Gouldman L Griffiths K Laing C Bathan	Internal Audit, Gateshead Council Head of Corporate Development External Audit, Grant Thornton External Audit, Grant Thornton Head of Finance Department Governance and Planning Adviser (<i>Secretary</i>)

OPEN SESSION**1. INTRODUCTION**

C Young opened the meeting and welcomed all members.

2. DECLARATION OF INTEREST

C Young confirmed nothing further to add regarding the potential conflict of interest declared at the February 2022 JIAC meeting, noting this will be kept under review.

Update noted.

3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 28 FEBRUARY 2022

Agreed as a true and accurate record.

4. MATTERS ARISING

No matters arising.

5. STATEMENTS OF ACCOUNT REPORT 2020/21

L Griffiths and K Laing commented that teams from Grant Thornton and Northumbria's Finance Department had worked together extremely effectively in such compressed timescales.

K Laing confirmed that two sets of accounts are prepared as the Chief Constable is a subsidiary of the Police and Crime Commissioner (PCC) therefore, the group accounts are those of the PCC and each have an associated Annual Governance Statement (AGS).

K Laing updated of changes to paragraph 4.2 regarding the net pension liability since the draft report was presented to the JIAC; K Laing confirmed this would have no impact on the General Fund.

Regarding paragraph 7 of CC AGS and the pledge by the Prime Minister to recruit an additional 20,000 police officers by 2023, K Amlani queried how many of these would be recruited by Northumbria and whether this should be reflected in the associated account reporting. K Laing confirmed 616 officers would be provided by the uplift, above Northumbria's target however, this would be better reflected in the CC's AGS and is provided for governance purposes.

6. CC – ANNUAL GOVERNANCE STATEMENT 2020/21

K Laing noted items 6 & 7 would be jointly updated upon as the PCC and CC AGS interlink.

K Laing highlighted the final AGS have been updated since those presented in July 2021 and include findings from the external audit. As a result, 23 internal audits have been completed with 21 concluding systems and procedures operating well and two concluding systems and procedures operating satisfactorily. No audit concluded any significant weaknesses.

K Laing noted minor amendments to the narrative in both the PCC & CC AGS regarding police response to COVID-19, highlighting this report is in relation to the previous financial year.

P Wood queried whether reference to external scrutiny on Police Forces and complaint methodology should be included in the AGS in light of the Sarah Everard murder by a serving officer of the Metropolitan Police. K Laing confirmed this could be included in the next AGS for the period going forward if required by JIAC members. DCC noted a strengthened governance arrangement for Northumbria Police through the Public Confidence and Standards Board which provides reassurance of Northumbria's approach to national confidence issues.

J Guy queried the appropriateness and possible risk of Northumbria Police and OPCC sharing a JCFO, noting the potential opportunity for this appointment to be separated into two posts, given the current JCFO is due to retire imminently. DCC confirmed discussions have taken place between the PCC and CC regarding the joint role however, it is likely this will remain. This position will be finalised mid-late May and the outcome reported to JIAC, ensuring any risks are recorded and mitigated.

7. PCC – ANNUAL GOVERNANCE STATEMENT 2020/21

As detailed under item 6.

8. JOINT AUDIT COMPLETION REPORT 2020/21 CC & PCC

L Griffiths updated the report submitted by external auditors, Grant Thornton, and notes that it remains ongoing, however is now substantially complete. It is anticipated the Value For Money (VFM) work will be completed and submitted to the next JIAC meeting, scheduled for July 2022.

L Griffiths highlighted an issue relating to lump sum pension payments which had been recognised in 2021 and relate to the 2021/2022 financial year. Further work focussing on specific risk-related transactions has been undertaken and as a result, Grant Thornton is now satisfied these are not a concern for the financial statements.

L Griffiths confirmed Grant Thornton's internal valuation specialists are currently being consulted on Northumbria's approach to an ongoing query relating to the VAT of property valuations as this is not a method previously seen by the external auditors. C Young requested a simple explanation of this issue for members to assist understanding. L Griffiths explained the properties in the PCC's property evaluation report are valued using construction price indices and then an adjustment is made for VAT on top of that value which Grant Thornton consider is around recoverable vs. non-recoverable VAT.

J Guy queried whether this approach was one which had always been adopted by Northumbria. K Laing confirmed this methodology had always been in place under the Police Authority. The specialist nature of the assets confirms the VAT in this case to be non-recoverable therefore joint work is currently being completed with external auditors to ensure both parties are comfortable with the approach and it remains appropriate.

K Amlani queried the possibility of this approach being considered an error and whether this finding would likely be backdated and allow the VAT to become recoverable. L Griffiths confirmed this would be backdated. K Laing noted that VAT only becomes recoverable at the point of sale of the asset, therefore because the assets are specialist police buildings, the assets are not deemed viable for sale the VAT would remain non-recoverable.

L Griffiths stated in Grant Thornton's view, the valuations performed on the PCC's assets are as at 31st March 2022, however they have been processed as at the beginning of the financial year, therefore there is a slight incongruence in the figure relating to the balance sheet as the PCC has depreciated those assets. The external auditors believe the valuations should be processed at the end of the financial year. L Griffiths confirmed this was no cause for concern and believed this to be a process issue.

L Griffiths confirmed that Northumbria Police management identified one adjustment regarding pensions between the draft accounts and the final accounts, implemented as a consequence of the availability of more accurate information regarding the Local Government Pension Fund.

J Guy queried whether the recommendations for the risk referenced on *page 18 (IT access)* had been implemented due to its "high" status. K Laing noted this had been addressed immediately after it had been highlighted and appropriate action taken.

C Young noted on *page 12 Financial Statements – other communication requirements, "Matters in relation to fraud"*, there is reference that the JIAC had previously been consulted regarding this however no members recall this discussion; C Young queried whether this is standard phrasing, however noted for confirmation no members were

aware of any fraud. L Griffiths confirmed this to be standard phraseology. J Guy added that the JIAC be consulted ahead of the inclusion of this phrasing prior to the release of the external audit report in future.

P Wood queried whether the necessity to conduct this audit remotely reduced its effectiveness. L Griffiths confirmed Grant Thornton are now well-practiced at remote auditing and, in some instances, may produce a more time-effective audit.

8. DATE, TIME AND VENUE OF NEXT MEETING

Monday 4 July, 2pm, Teams/Baliol Training Room

JOINT INDEPENDENT AUDIT COMMITTEE

18 JULY 2022

SENIOR MANAGERS ASSURANCE STATEMENTS

REPORT OF THE INTERNAL AUDIT MANAGER

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 2021/22.

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 28 February 2022 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

All assessments issued have been returned, and all detailed satisfactory evidence to support the opinions recorded. All returns confirmed compliance in all areas.

- 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.

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

3.4 Internal Audit has time in the 2022/23 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.

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APPENDIX A

Senior Manager Assurance Assessments 2021/22

Area of Assurance	Percentage that Agree / Disagree that Effective Controls are in Place
1. Controls are in place to demonstrate 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, have suitable arrangements been put in place with regards to the following: <ul style="list-style-type: none">• Adaptation to reflect new ways of working or emergency arrangements.• Changes to 'business as usual' activities.• Longer-term changes to priorities, programmes, strategies and plans.	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.	100% agreement that effective controls are in place.
5. Awareness of the requirements of the General Data Protection Regulations (GDPR) and taken steps to ensure compliance. The Area Command / Department have identified its sources and flows of information including rights of access.	100% agreement that effective controls are in place.

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<p>6. There are well defined reporting arrangements to senior management, including a clear reporting structure containing accurate and timely information, to ensure decision making is taken on a sound basis.</p>	<p>100% agreement that effective controls are in place.</p>
<p>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.</p>	<p>100% agreement that effective controls are in place.</p>
<p>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).</p>	<p>100% agreement that effective controls are in place.</p>
<p>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.</p>	<p>100% agreement that effective controls are in place.</p>
<p>10. The Area Command / Department can demonstrate it has sought value for money in the use of resources.</p>	<p>100% agreement that effective controls are in place.</p>
<p>11. Relevant Partnership arrangements are well founded with clearly defined governance arrangements and are adequately monitored for effectiveness. Where these arrangements have been impacted by Covid-19,</p>	<p>100% agreement that effective controls are in place.</p>

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appropriate new arrangements were put 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.
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 on-going monitoring and review of service, operational and strategic risks.	100% agreement that effective controls are in place.

JOINT INDEPENDENT AUDIT COMMITTEE

18 JULY 2022

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2021/22

REPORT OF THE INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 To ask the Committee to review the effectiveness of the system of Internal Audit for 2021/22

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 2021/22 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 Acting 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

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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. For information, copies are attached at Appendix A and B for both individuals covering the role during 2021/22.

5 Reliance Placed Upon Internal Audit by the External Auditor

- 5.1 During 2021/22 Grant Thornton 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 2021/22 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 99%.
- 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 – 2021-22
Self-Assessment Against the CIPFA Role of the Head of
Internal Audit (HIA) Statement**

The Statement sets out what CIPFA considers to be best practice for HIAs

	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
1	<p>The head of internal audit (HIA) plays a critical role in delivering the organisation's strategic objectives by objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control.</p>	<p>CIA's role in the organisation's governance is set out in the Audit Charter which comply with PSIAS. The ToR establishes:</p> <p>The responsibility & objectives of IA;</p> <ul style="list-style-type: none"> • Organisational independence; • Accountability & reporting lines; • The contribution made by the CIA to the internal control environment (including an assessment of its effectiveness) which in turn contributes to the Annual Governance Statement; • The access to all records, assets, personnel premises; • The requirement of the HIA to provide an annual audit opinion on the internal control environment. 	<p>CIA produces an Annual Audit Opinion Report which gives assurance to the Council on the effectiveness of the system of internal control</p> <p>Role of the Internal Audit Service are defined in the scope of the Audit Charter which is reviewed annually</p> <p>CIA produces an Internal 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>Risk based Audit Plan developed in consultation with all Service Directors</p> <p>The annual audit planning process is aligned (as closely as possible) to the Corporate / Service risks. To place reliance on the risk registers the CIA must regularly evaluate and assess the organisation's risk maturity and risk appetite</p> <p>CIA liaises regularly with those discharged with the organisation's external audit responsibilities. CIA ensures that audit work is not driven by priorities of EA. As a minimum 'managed audit' requirement CIA ensures that audits of the key financial systems are performed on an annual basis.</p>	<p>The Internal Audit Strategy is reviewed by the CIA annually and revised as necessary to reflect any prevailing risks to client organisations.</p> <p>All audit findings are evaluated and assessed against the risk to the organisation</p> <p>CIA ensures that all high and medium recommendations are followed up on a regular and timely basis and that the progress in actioning these is reported regularly to the Audit and Standards Committee.</p> <p>CIA ensures that recommendations presented are realistic, pragmatic and risk based with a focus on added value.</p> <p>CIA reports both in detail or in summary on all principal audit findings and control / system weaknesses to the Audit and Standards Committee (or equivalent) without interference or influence from the Council or auditees</p>

**Appendix A – 2021-22
Self-Assessment Against the CIPFA Role of the Head of
Internal Audit (HIA) Statement**

The Statement sets out what CIPFA considers to be best practice for HIAs

	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
2	The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance and commenting on responses to emerging risks and proposed developments.	<p>Established through the Audit Charter the CIA has clear lines of responsibility to the Strategic Director, Corporate Resources and the Audit and Standards Committee.</p> <p>CIA produces an annual Audit Strategy and Plan which is approved by the Audit and Standards Committee.</p> <p>Protocols that define IA working relationships are also set out in Financial Regulations.</p> <p>Role of HIA in relation to Governance set out in the Governance Assurance Framework.</p>	<p>CIA helps promote good governance through an annual risk based audit programme, quarterly progress reports to the Audit and Standards Committee and an annual audit opinion report.</p> <p>CIA leads an Internal Audit section which contributes to major projects, both on an ongoing or an ad-hoc basis, through a programme of proactive systems development and project work through agreed consultancy arrangements.</p> <p>CIA liaises regularly and where necessary with other external bodies including those with inspection/assurance responsibilities such as CQC, External Auditor, Home Office & HMIC.</p>	<p>CIA undertakes consultation exercises with Senior Management Teams to feed into annual audit plan to ensure it aligns with the strategies, objectives and risks of the Council.</p> <p>CIA regularly identifies and disseminates 'best practice' through audit provision.</p>
3	The HIA must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.	<p>Internal Audit Charter outlines terms of reference and management structure.</p> <p>CIA line managed by Service Director Commercialisation and Improvement, but with direct line of reporting to Strategic Director, Resources and Digital and Chief Executive.</p> <p>CIA has clear lines of responsibility and reporting to the Audit and Standards Committee.</p>	<p>CIA liaises and consults with key Council stakeholders in, both, revising the annual audit strategy and in the drafting of the annual audit plan for each organisation.</p> <p>CIA provided with an unfettered opportunity to escalate any significant concerns through reports or direct submissions to the Audit and Standards Committee, through senior management teams.</p>	<p>CIA has developed and maintained effective professional working relationships with a range of internal & external stakeholders.</p> <p>CIA attends and reports to each meeting of the Council's Audit and Standards Committee.</p> <p>CIA ensures that all audit plans are flexible in nature and reflect the developing needs and emerging risks facing the Council.</p> <p>CIA networks both internally and externally.</p>

**Appendix A – 2021-22
Self-Assessment Against the CIPFA Role of the Head of
Internal Audit (HIA) Statement**

The Statement sets out what CIPFA considers to be best practice for HIAs

	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		<p>The CIA has access to the senior management/leadership teams within the Council as required.</p> <p>As established within the Audit Charter the CIA leads an audit function which has unrestricted access to all people, systems and records within the organisation including, where applicable, access rights under significant partnership arrangements.</p>		
4	<p>The HIA must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively.</p>	<p>All internal auditors are fully or partially qualified (CCAB & AAT) or are currently undergoing professional training.</p> <p>Monthly local performance targets produced which are reported quarterly into Audit and Standards Committee.</p> <p>Client Questionnaire are circulated electronically which are incorporated into the CIA's quality control function.</p> <p>Plan is developed on risk based approach prior to looking at resource implications.</p> <p>The Service has undergone external assessment against PSIAS every five years and was most recently assessed as substantially compliant</p> <p>Outcome of PSIAS external assessment and associated improvement plan is</p>	<p>CIA ensures that the IA service is resourced to be fit for purpose through:</p> <ul style="list-style-type: none"> • Training support to undertake professional qualifications; • On the job/in-house training (e.g. Risk Management); • Regular A&Ds and client surveys which are used to identify training and development needs; • Reviewed job profiles to ensure all staff responsibilities are clearly defined and recognised. • Internal Audit Development Plan. <p>CIA regularly attends conferences, courses and other networking opportunities (e.g., NEFF, NEGF, TWHIAG), keeping up to date with recent audit developments and current best practice in the public sector.</p>	<p>Internal Audit strategies comply with PSIAS.</p> <p>Annual planning involves extensive consultation with all stakeholders, including Committee members and senior managers.</p> <p>Client questionnaires are circulated electronically for feedback in relation to audits performed. These aim to enhance customer focus.</p> <p>Innovative arrangements to manage skills gaps i.e. Newcastle IT audit arrangement.</p> <p>Works in partnership where appropriate with other audit providers e.g. Newcastle Council IT auditor</p> <p>Quality Assurance and Improvement programme in place, including performance targets and monitoring, IA Development Plan, audit file reviews.</p>

**Appendix A – 2021-22
Self-Assessment Against the CIPFA Role of the Head of
Internal Audit (HIA) Statement**

The Statement sets out what CIPFA considers to be best practice for HIAs

	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		reported to Audit and Standards Committee.		
5	The HIA must be professionally qualified and suitably experienced.	<p>CIA has 30 years local authority experience and has been CIPFA qualified for 27 years.</p> <p>The core responsibilities of the CIA role are clearly defined in the job profile, the Internal Audit Charter and the respective Financial Regulations.</p> <p>CIA has the appropriate experienced and qualified resources (see above) within the audit section to fulfil the audit provision across the current client base.</p>		<p>CIA is CIPFA qualified and takes personal responsibility for continuous professional development (CPD) in accordance with institute requirements.</p> <p>CIA manages an Internal Audit Section which operates according to PSIAS and has been externally assessed as substantially compliant.</p> <p>CIA has 25 years' experience in the Council, 14 of which in Internal Audit.</p> <p>CIA is an affiliate member of the Chartered Institute of Internal Auditors</p>

Appendix B – 2021/22 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Robert Bowmaker

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"> • Organisational independence; • Accountability & reporting lines; • 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; • The access to all records, assets, personnel and premises, except covert; • The requirement of the HIA to provide an annual audit opinion on the internal control environment. 	<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 B – 2021/22 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Robert Bowmaker

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 external audit.</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 B – 2021/22 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Robert Bowmaker

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		<p>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 28 February 2022).</p>		<p>HIA networks both internally and externally.</p>
4	<p>The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.</p>	<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"> • Training support to undertake professional qualifications; • On the job and in-house training; • Regular Appraisal & Development reviews and client surveys which are used to identify training and development needs; • Review of job profiles to ensure all staff responsibilities are clearly defined and recognised; and • Internal Audit Development Plan. <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	<p>The HIA in a public service organisation must be professionally qualified and suitably experienced.</p>	<p>HIA has 221 years local authority experience and has been CIPFA qualified for 11 years. The HIA has 12 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 B – 2021/22 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Robert Bowmaker

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 22 years' experience in local authority finance.</p>

JOINT INDEPENDENT AUDIT COMMITTEE

18 JULY 2022

INTERNAL AUDIT ANNUAL REPORT – 2021/22

REPORT OF THE INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 To inform the Committee about work undertaken by the Internal Audit Service during 2021/22 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 2021/22.

2 Background

- 2.1 The audit plan for 2021/22 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 2021/22 was 24, final reports have been issued for 21 of these.
- 3.2 The 2021/22 audit plan allocated 2,080 hours to routine audits, and advice and liaison with the Force and OPCC. As at 31 March 2022 96.3% 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 small shortfall reflects the remaining time needed for the outstanding final reports.
- 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 2021/22 100% 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 21 final audit reports issued, 20 concluded that systems and procedures in place were operating well and one concluded that systems and procedures were operating satisfactorily. A further 3 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 2021/22, 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

AGENDA ITEM 5C

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.

9 Recommendation

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

AGENDA ITEM 5C**APPENDIX A**

	2021/22 Audit Area	Status	Opinion
	Police & Crime Commissioner		
1	Grant Distribution	Final Report	Operating Well
2	Treasury Management	Final Report	Operating Well
	Chief Constable		
3	ICT Security	Final Report	Operating Well
4	Patch Management	Final Report	Operating Well
5	Configuration Management	Final Report	Operating Well
6	Resilience and Disaster Recovery	Final Report	Satisfactory
7	ICT Governance and Policy & Procedures	Final Report	Operating Well
8	Police Charities Fund	Ongoing	
9	Programme/Project Management	Final Report	Operating Well
10	Property	Final Report	Operating Well
11	Asset Management	Final Report	Operating Well
12	People Services and Development	Draft Report	
	Combined Areas		
13	Governance	Final Report	Operating Well
14	Creditors and Procurement *	Final Report	Operating Well
15	Payroll & Pensions	Final Report	Operating Well
16	Main Accounting System	Final Report	Operating Well
17	Budgetary Control	Final Report	Operating Well
18	Employee Claims	Final Report	Operating Well
19	Complaints	Final Report	Operating Well
20	Risk Management & Business Continuity Arrangements	Draft Report	
21	Counter Fraud and Corruption Arrangements	Final Report	Operating Well
22	VAT	Final Report	Operating Well
23	Information Governance & Data Security	Final Report	Operating Well
24	Annual Governance Statement - Review of Managers' Assurances	Final Report	Operating Well

* Will be reported to September 2022 JIAC

JOINT INDEPENDENT AUDIT COMMITTEE	18 JULY 2022
ANNUAL GOVERNANCE - PRIMARY AND THEMATIC ASSURANCE REVIEW – 2021/22	
REPORT OF THE JOINT CHIEF FINANCE OFFICER	

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 28 February 2022.
- 1.3 The below elements of review were considered by the Joint Governance Group (JGG) on 08 July 2022, 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 RECOMMENDATIONS

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

3 BACKGROUNDS

- 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 is undertaken by the Joint Governance Group (JGG), who have prepared the statements covering 2021/22 for review and approval by the JIAC. The review by the JGG took place on 08 July 2022.

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

3.7 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 2021/22 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 Joint Audit Findings Report (AFR) 2020/21 in order to identify any recommendations to be implemented during 2021/22.

3.12.2 Appendix (iii) provides an overview of the assurance gained and confirms there are no issues to report which will have an impact on the Annual Governance Statement for 2021/22.

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 2021/22.

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 2021/22.

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 and governance was last undertaken by Internal Audit in 2020/21 and the assessment was 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 Digital Policing Arrangements

- 3.19.1 Assurance was sought as to the adequacy and robustness of information systems and information management arrangements, including the Digital Policing (DP) governance arrangements.
- 3.19.2 The external consultancy report on the DP service in 2020 indicated that the service provision was a functional, relatively stable, reactive service built primarily to support and respond to current operational needs but with only limited capability to respond to the level of transformational change needed to enable the force's vision.
- 3.19.3 The Executive Team accepted the findings and have taken considerable steps to enable transition of the DP service in Northumbria. They have appointed a Chief Information Officer (CIO) to develop the DP Operating Model and drive change across the DP People, Process and Technology, providing financial resources, governance, steering and oversight to ensure success.
- 3.19.4 Following a sustained period of change the DP environment has continued to be strengthened in terms of management and leadership and capacity. The service continues to be compliant with DP regulation and legislation whilst able to demonstrate improved operating performance. The introduction of an Architectural Team, Solutions Architects and Data and Information Management Team is supporting the migration from a reactive to proactive DP service.
- 3.19.5 The assurance review found that overall, across people, processes, and technology the assurance is in place and there is tangible evidence of significant improvement in governance, performance, and service capability over the year.
- 3.19.6 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 A review of 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 2021/22 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 2021/22 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 2 areas for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code. This action plan has been attached to the AGS as required by the FM Code.

5. CONSIDERATIONS

Freedom of Information	<i>Non-exempt</i>
Consultation	Yes
Resource	No
There are no additional financial considerations arising from this report.	
Equality	No
There are no equality implications arising from the content of this report.	
Legal	No
There are no legal considerations arising from the content of this report.	
Risk	No
There are no additional risk management implications directly arising from this report.	
Communication	Yes
To be reported to the PCC and CC in-line with the Accounts and Audit Regulations 2015	
Evaluation	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 Governance arrangements are in place with the Police and Crime Commissioner at a joint Business Meeting and Scrutiny Meeting.
- 1.3 The PCC and CC also have an established 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 there are templates to ensure consistency and all implications are considered. An Executive Team member or lead is identified as 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.
- 2.2 **Executive Board** sets the direction of the Force by providing strategic leadership to ensure the achievement of the Force's strategic objectives and priority areas and delivery of the purpose, vision and values of Northumbria Police, supporting the Police and Crime Plan. This Board approves and monitors the Force's Medium Term Financial Plan, including future capital requirements; monitors delivery of approved programmes, determining time and resource parameters; and monitors strategic risks.
- 2.3 **Strategic Management Board** provides corporate oversight of performance and achievement of business delivery with membership at Chief Officer/Director level.
- 2.4 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.
- 2.5 The Force's **Transformation 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.
- 2.6 **Operational Information Management Board** provides a formal governance structure to forcewide information management matters and supports the force to be legitimate,

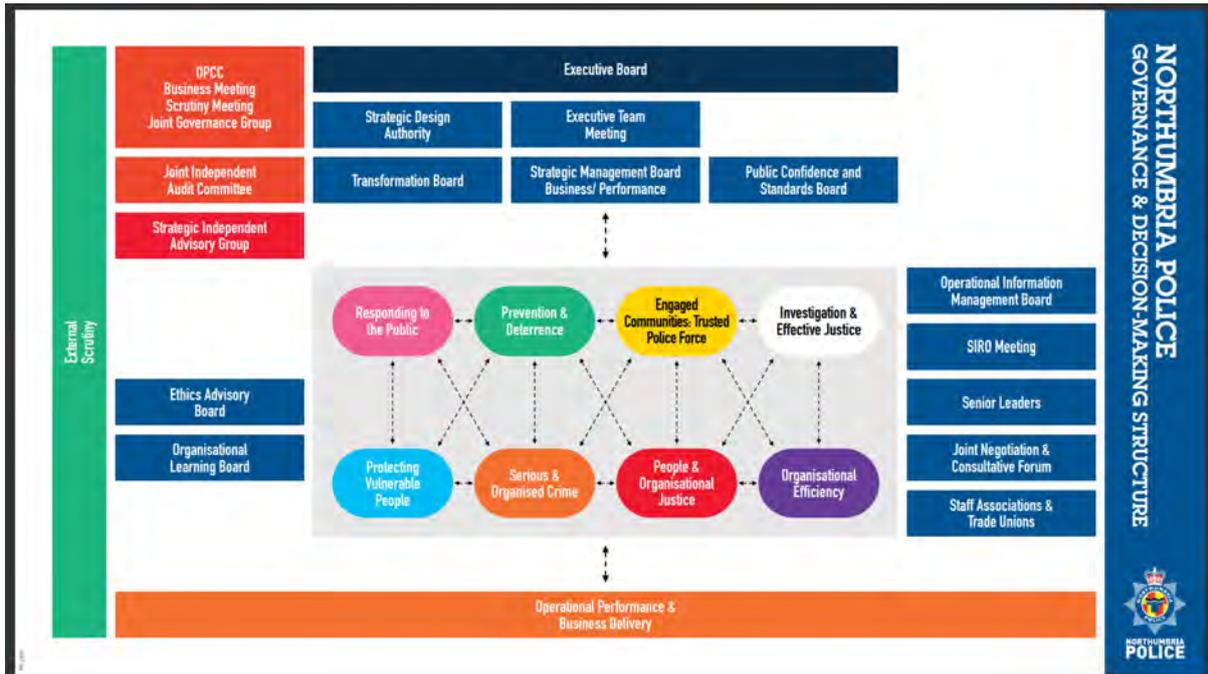
effective and efficient in how it manages the life cycle of its information assets. It underpins Northumbria Police's Information Management Strategy and the Transformation 2025 Strategy.

- 2.7 Since October 2021, a **Public Confidence and Standards Board** has been established. This has a broad remit based on topical national issues (for example, issues arising from the murder of Sarah Everard, National Violence Against Women and Girls Strategy, Race Action Plan, Stop and Search Powers and wider disproportionality in use of police powers). The Board will engage with external advisory groups as these arise.
- 2.8 **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.
- 2.9 The **Organisational Learning Board** provides a Forcewide oversight of identification and dissemination of learning to ensure continuous improvement. The Chair has authority to identify owners and direct development and delivery of action plans where further work is required.
- 2.10 Strategic business/performance management has been aligned to existing meeting/governance arrangements within Executive business areas. The following strategic meetings have now been arranged within the governance and decision-making framework:
- 2.11 **Responding to the Public** – Business and Performance Groups ensure the highest practicable levels of efficiency, effectiveness and accountability through the coordination and management of force resources focusing on the handling of calls for service and responding to incidents; using data and technology to reduce harm, keep the public safe and manage threat and risk.
- 2.12 **Prevention and Deterrence Group** meets to prevent and deter crime, anti-social behaviour (ASB) and vulnerability; and to manage offenders and suspects.
- 2.13 **Engaged Communities Group** addresses characteristics associated with how good the force is at engaging with the people it serves and treating them fairly, appropriately and respectfully by improving our understanding and responsiveness to issues that matter to our communities.
- 2.14 **Investigation and Effective Justice Group** focuses on the delivery of outstanding investigations and support to victims; ensuring collaboration and coordination with partners.
- 2.15 **Protecting Vulnerable People Governance Group** ensures that as a force we protect vulnerable victims, pursue priority offenders and identify opportunities for early intervention and prevention. This is achieved by maximising an effective coordinated partnership response, cognisant of diverse needs and vulnerabilities, to both support victims and tackle perpetrators.
- 2.16 **Serious and Organised Crime Governance Group** delivers strategic governance of the response to Serious and Organised Crime across Northumbria to ensure efficient and effective activity is delivered by the police and wider partnerships.
- 2.17 **People and Organisation Justice Board** oversees and monitors the delivery of the activities which contribute to an Outstanding Organisation to build, develop and look after the workforce and encourage an ethical, lawful and inclusive workplace and ensure Northumbria Police has the capability and capacity it needs to meet and manage current demands in the most efficient manner.

- 2.18 With this priority area, a separate **Strategic Resourcing and Delivery Board** oversees the delivery of the Forcewide Resourcing Strategy and plans across five areas: Demand, Design, Supply, Capacity and Capability.
- 2.19 **Organisational Efficiency Steering Board** provides steering, consolidation and unblocking of the efficiency activities across the Police and Enabling Functions.
- 2.20 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.
- 2.21 Diversity, Equality, Inclusion and Legitimacy, Wellbeing and Leadership, Strategic Performance and Strategic Resourcing Boards no longer meet; responsibility for these areas is embedded into the relevant priority area(s).
- 2.22 Further consultation and advice is available from the Executive Team Meeting, Staff Association and Trade Union (SATU) meeting, Joint Negotiation and Consultative Forum, Senior Leaders' and Strategic Independent Advisory Group.

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.

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 (JULY 2022)

I. 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 2021/22 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 2021/22 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 nine 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.

Appendix A

CIPFA Assurance Statement - CFO Checklist 2021/22			
Completed 04/07/22			
ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Principle 1			
<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>			
Governance Requirements			
1.1	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
1.2	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 2021/22 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.
1.3	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
1.4	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
1.5	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
1.6	Ensure the scope of the CFO's other management responsibilities do not compromise financial responsibilities.	There are no conflicts arising.	Y
1.7	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
1.8	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
Core CFO responsibilities			
1.9	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 Delivery Board (SRDB) and other key boards.	Y
1.10	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 Delivery Board (SRDB) and other key boards.	Y

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
1.11 Supporting effective governance through development of:			
– Corporate governance arrangements, risk management and reporting frameworks.	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 Delivery Board (SRDB) and other key boards.	Y	
– 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 Delivery Board (SRDB) and other key boards.	Y	
1.12 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	
1.13 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 year. Latest report April 2022.	Y	
1.14 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 year. Latest report April 2022.	Y	
1.15 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 (April 2022) and budget report (February 2022).	Y	
1.16 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 8 See MTFS (April 2022) and budget report (February 2022). Plus JIAC TM Strategy and Policy (February 2022).	Y	
1.17 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 (April 2022) and budget report (February 2022).	Y	
1.18 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 April 2022.	Y	
Personal skills and professional standards			
In order to fulfil the aims of this Principle:			
1.19 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	
1.20 Adopt a leadership style, able to move through visioning to implementation and collaboration/consultation to challenge as appropriate.	Personal Development Review process.	Y	
1.21 Build robust relationships both internally and externally.	Personal Development Review process.	Y	
1.22 Work effectively with other Leadership Team members with political awareness and sensitivity.	Personal Development Review process.	Y	
1.23 Support collective ownership of strategy, risks and delivery.	Personal Development Review process.	Y	
1.24 Address and deal effectively with difficult situations.	Personal Development Review process.	Y	
1.25 Implement best practice in change management and leadership.	Personal Development Review process.	Y	
1.26 Balance conflicting pressures and needs, including short and longer term trade-offs.	Personal Development Review process.	Y	
1.27 Demonstrate strong commitment to innovation and performance improvement.	Personal Development Review process.	Y	
1.28 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	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
1.29	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	
Principle 2				
<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>				
Governance Requirements			Y	
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; 2022/23-2025/26 MTFS. Budget preparation plan; timetable; 2022/23-2025/26 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 (April 2022) and budget report (February 2022).	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 (April 2022) and budget report (February 2022), and JIAC TM Policy and Strategy report (February 2022).	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	

AGENDA ITEM 5D
APPENDIX ii

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Core CFO responsibilities				
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 (April 2022) and budget report (February 2022).	Y	
2.12	Maintaining a long term financial strategy to underpin PCC and CC financial viability within the agreed performance framework.	See MTFs (April 2022) and budget report (February 2022).	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 (April 2022) and budget report (February 2022).	Y	
2.15	Ensuring that an effective resource allocation model is developed and maintained to deliver business priorities.	See MTFs (April 2022) and budget report (February 2022).	Y	
2.16	Taking a leading role on asset and balance sheet management.	Yes, including a forward balance sheet as part of Treasury Management planning and strategy preparation.	Y	
2.17	Ensuring that the planning and budgeting processes are fully co-ordinated.	Financial Regulations and annual MTFs and Budget setting process.	Y	
Influencing decision making				
2.18	Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	Financial Regulations 9. MTFs report April 2022.	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 2022.	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. MTFs April 2022.	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	
Financial information for decision makers				
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	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Personal skills and professional standards				
In order to fulfil the aims of this Principle:				
2.28	Take all reasonable steps to ensure that:			
	– Budgets are planned as an integral part of strategic and operational management and are aligned with a structure of managerial responsibilities.	Coding structure aligns with responsibilities. A full review of coding was carried out in March 2020. This is now under continuous review to ensure that it remains fit for purpose.	Y	
	– 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.	See budget preparation timetable and working papers.	Y	
	– Responsibilities for budget management and control are unambiguously allocated, that commitments are properly authorised, and that budgets are related to clear objectives and outputs.	Coding structure aligns with responsibilities. A full review of coding was carried out in March 2020. This is now under continuous review to ensure that it remains fit for purpose.	Y	
	– 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.	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	
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	
Principle 3				
<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>				
Governance Requirements				
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	

ASSESSMENT	EVIDENCE	COMPLIANCE Y/N	EXPLAIN
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. Draft accounts were prepared and published in line with revised statutory deadlines for 2020/21. Final audited 2020/21 accounts publication delayed until July 2022 due to the requirement for a change in auditor and the time taken by PSAA to appoint the new auditor. Detailed timetable for the production of the 2021/22 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 report from external audit (Grant Thornton UK LLP).	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	
Core CFO responsibilities			
Promotion of financial management			
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.	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. Full Departmental Business Planning was re-introduced during 2020 and continued in 2021, with senior level financial support provided to all Departments to ensure awareness of any financial implications of proposals and efficiencies. As part of the 2020/21 business planning process it was agreed to enhance the senior level finance structure to create a new team dedicated to financial business partnering and to improve financial acumen and financial information available to budget managers. There is also a continuous Financial Improvement Project in place, a key part of which is to simplify financial tasks and ensure managers are trained and equipped to carry out necessary tasks. Finance Master Class's were delivered to budget and Senior managers of both CC and PCC during 2018/19 and 2019/20.	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	

AGENDA ITEM 5D
APPENDIX ii

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Value for money				
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	
Safeguarding public money				
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 (April 2022) and Budget Report (February 2022).	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.	Procedures for capital project management are reviewed in-line with the requirements to publish a Capital Strategy. Capital Strategy 2022/23 – 2025/26, published April 2022.	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	
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	

AGENDA ITEM 5D
APPENDIX ii

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Assurance and scrutiny				
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, Police Pension Scheme Returns 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 MOJ Victims Services Grant, Uplift Grant, VRU, Serious Violence etc 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	
Personal skills and professional standards				
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	
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. CFO is Finance Lead for the region - on NERSOU Joint Committee for significant collaboration with Durham and Cleveland aimed at tackling Serious and Organised Crime.	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	

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ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Principle 4				
<i>The CFO must lead and direct, (as explained in this principle), a finance function that is resourced to be fit for purpose.</i>				
Governance Requirements				
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	
Core CFO responsibilities				
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	
Personal skills and professional standards				
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
Principle 5				
The CFO must be professionally qualified and suitably experienced.		---		
Governance Requirements				
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	
Personal skills and professional standards				
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.	Yes.	Y	
	– Continuing Professional Development.	CPD record.	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 Joint Audit Findings Report (AFR) 2020/21 and note any governance issues arising.

2. Background

- 2.1 Our external auditors Grant Thornton UK LLP will present their Joint Audit Findings Report (AFR) 2020/21 for the Chief Constable and Commissioner on this agenda. We have used the AFR report for the purpose of monitoring our governance arrangements.
- 2.2 The Joint AFR was reviewed to assess any recommendations in relation to the completion of the Statutory Accounts.
- 2.3 Any recommendations were reviewed for potential governance issues which should be included within the Annual Governance Statement for 2021/22.

3. Findings

- 3.1 Based on a review of the Joint AFR for the 2020/21 financial year, there are no issues to report which will have an impact on the Annual Governance Statement for 2021/22.

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 bi-monthly Strategic Management Board – Business 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. Moving forward, HMICFRS plans to change how it follows up on recommendations made to police forces in inspection reports to make this more transparent and effective. Inspectors will decide what follow-up activity the inspectorate will undertake at the point the recommendation is made. This new process will also retrospectively apply to previous recommendations; further details on this are awaited.
- 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 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)¹.
- 2.8 At the end of March 2022 there were 29 open recommendations and one AFI on the monitoring portal subject to ongoing Force activity in response to eight thematic HMICFRS inspections and one investigation into a super-complaint (see Annex A for a list of associated reports).

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

- 2.9 The remaining AFI from the Fraud: Time to choose report (April 2019) has now been assessed as complete by the Force; however, this was after the year-end.
- 2.10 All outstanding recommendations and areas for improvement in response to 22 reports (Annex B) have been finalised during the year.
- 2.11 HMICFRS published two reports in response to super-complaints during 2021/22. These were a Report on Hestia's super-complaint on the police response to victims of modern slavery (May 2021) and the Centre for Women's Justice: A duty to protect: Police use of protective measures in cases involving violence against women and girls (August 2021).
- 2.12 Recommendations, aligned to the Chief Constable and PCC, were added to the monitoring portal; however, after the year-end, it was agreed that these are categorised as 'no further action required' as responses from the super-complaints have been collated. The Force position against all the recommendations was provided six months after publication of each of the reports. The relevant NPCC lead is responsible for providing the national police response to the super complaint team within HMICFRS. Areas identified within the super-complaints may feature in future inspection activity.
- 2.13 Northumbria Police's response to the Information Commissioner's Office (ICO) report (published December 2020) following an audit of Northumbria Police to independently determine the extent to which the Force is complying with data protection legislation is complete.

Annex A – HMICFRS Inspection/Super-complaint Reports

- Fraud: Time to choose – An inspection of the police response to fraud (April 2019)
- Policing in the pandemic – The police response to the coronavirus pandemic during 2020 (April 2021)
- Custody services in a COVID-19 environment (April 2021)
- Review of policing domestic abuse during the pandemic (June 2021)

- A joint thematic inspection of the police and Crown Prosecution Service’s response to rape – Phase one: From report to police or CPS decision to take no further action (July 2021)
- Super-complaint – A duty to protect: Police use of protective measures in cases involving violence against women and girls (August 21)
- Police response to violence against women and girls – Final inspection report (September 2021)
- A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders (published November 2021)
- A joint thematic inspection of the police and Crown Prosecution Service’s response to rape – Phase two: Post-charge (published February 2022)

Annex B – HMICFRS Inspection/Investigation Reports Finalised

- An inspection of undercover policing in England & Wales (October 2014)
- PEEL Police legitimacy 2017 (December 2017)
- 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 2020)
- 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)
- Report on Hestia's super-complaint on the police response to victims of modern slavery (May 2021)
- Interim report: Inspection into how effectively the police engage with women and girls (July 2021)
- Neurodiversity in the criminal justice system: A review of evidence (July 2021)
- A review of 'Fraud: Time to choose' (August 2021)

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 2021/22 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 2021/22 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 2021/22 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 2021/22.

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 The JSRR continues to report on twelve thematic risk areas, capturing the strategic risk(s) faced:
1. Digital Policing (previously Information and Communication Technologies (ICT))
 2. Finance
 3. Governance
 4. Information and Data Management
 5. Information and Data Quality
 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 The overall assessment of risk in each of the twelve thematic risk areas has remained the same. Five are assessed as high risk: Digital Policing (previously ICT); Finance; Information and Data Management; Information and Data Quality; and Workforce.
- 2.8 An audit of Risk Management and Business Continuity was reported in June 2022, as part of the 2020/21 Audit Plan. No findings were raised in relation to risk management.

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 Management Board – Performance 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 Management Board – Performance is part of the Force’s governance and decision-making structure and is supported by a number of Performance Delivery Groups – chaired by a member of the Executive Team. 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. The next audit is planned for 2022/23.

- 2.6 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 applications have been developed to-date. These applications have been positively received by users and are used within the Performance Management Framework, both at a tactical and strategic level.
- 2.7 A Performance Taskforce is supporting all functions in further improving performance and service delivery with the introduction of a consistent Performance Management Framework. The Taskforce is developing and deploying the Performance Framework at both departmental and tactical operational levels, whilst ensuring area command performance structures are effectively aligned and delivered in a consistent manner. These local performance structures also set-out the roles and responsibilities for supervisors and managers and how they are expected to manage and improve performance.

Information Management

- 2.8 The Force has established an Information Management Department (IMD) 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.
- 2.9 The IMD also has responsibility for a number of other information management related functions, including:
- Records Management
 - Information Systems Audit
 - Records Review Team
 - Information Security
- 2.10 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.
- 2.11 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.
- 2.12 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 and the DPA 2018.
- 2.13 The Force is part of a national programme being rolled out to improve the quality and reduce effort required to produce the Annual Data Return (submission of data to the Home Office). The programme 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. This is initially focused on knife crime data returns, but will expand to include other crime types in the future.

2.14 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

2.15 An action plan was developed in response to the findings of the audit. The Force implemented a working group to manage the implementation of the action plan; attended by key stakeholders and action owners. Scrutiny and oversight of the action plan has been carried out at the Operational Information Management Board with the Audit formally concluding and final report provided to the force by the ICO. The ICO recognised the work undertaken by the Force and complimented the organisation for its level of commitment and engagement with them as a regulatory body.

2.16 An audit of Information Governance and Data Security was completed as part of the 2021/22 Audit Plan. The audit found control systems are operating well and no findings have been raised. The objectives of the audit were to ensure:

- Satisfactory progress is being made towards the completion of the Information Commissioners Office's recommendations.
- Effective GDPR training has been rolled out to all employees.
- 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.

PRIMARY ASSURANCE FRAMEWORK ELEMENT

CIPFA FINANCIAL MANAGEMENT (FM) CODE
SELF-ASSESSMENT

REPORT OF: JOINT CHIEF FINANCE OFFICER

I. 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 formally came into effect for 2021/22. However, CIPFA considered 2020/21 to be a 'Shadow or Pilot' year, and therefore the Police and Crime Commissioner and Chief Constable carried out a joint self-assessment against the FM Code for 2020/21 for the first time, to demonstrate 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. A joint self-assessment for the PCC and CC as a group entity has been undertaken for the 2021/22 financial year. The detailed assessment is attached at Appendix A.

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)

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- Governance and Financial Management Style (Green)
 - 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 2 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 B.

APPENDIX A

2021/22 CIPFA - Financial Management Self-Assessment

Background

Northumbria Police are required to comply with the CIPFA Financial Management Code 2019. 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.

Northumbria Police has undertaken a self-assessment in-line with guidance issued by CIPFA.

	Question	Answer	RAG	Areas for improvement / Comments
Section I - The Responsibilities of the Chief Finance Officer and Leadership Team			G	
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money			
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>	G	

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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 have issued an unqualified Value for Money opinion each year through to 2019/20 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>For the 2020/21 financial year the new external auditor Grant Thornton UK LLP (GT) are expected to issue a positive Value for Money report. Informal commentary received from GT ahead of the intended issue of the report on 18 July 2022 indicates that the report will not highlight any material issues.</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>		
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B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government			
1	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?	<p>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.</p> <p>The Joint CFO is both a member of the Commissioner's leadership team and a member of the Chief Constable's Executive Team.</p>	G	
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"> • 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. • 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 	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"> • Lead and direct a finance function that is resourced to be fit for purpose • Be professionally qualified and suitably experienced.

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		Governance are being completed effectively.	
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 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.</p>	G

Section 2 - Governance and Financial Management Style			G
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control		
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>	G

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		<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>		
2	<p>Does the authority have in place a clear framework for governance and internal control?</p>	<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"> 1. Focusing on the purpose of the Commissioner, on the outcomes for the community and creating and implementing a vision for the local area. 2. Ensuring the Commissioner, officers of the Commissioner and partners work together to achieve a common purpose with clearly defined functions and roles. 3. Good conduct and behaviour. 4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management. 5. Developing the capacity and capability of the Commissioner and officers to the Commissioner to be effective. 6. Engaging with local people and other stakeholders to ensure robust public accountability. 	G	

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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> <ul style="list-style-type: none"> • Governance arrangements. • Senior managers. • The system of internal audit. • Risk management arrangements. • Performance management and data quality. • The view of the external auditor, HMICFRS, and other external inspectorates. • The legal and regulatory framework. • Financial controls. • Partnership arrangements and governance. • Other sources of assurance as appropriate. 	G	
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>	G	

		<p>The Office of the Commissioner has a comprehensive website (Northumbria PCC) that includes:</p> <ul style="list-style-type: none">• Information about the Commissioner and office, required by the Specified information Order 2011 (and subsequent amendment orders).• Code of Conduct based on the Seven Principles of Public Life published by the Nolan Committee, signed by the Commissioner.• The Commissioner's disclosure of interest document which is updated annually.• An 'Ethical Checklist' signed by the Commissioner committing to standards required by the Committee for Standards in Public in Life.• A register of the Commissioner's and the OPCC gifts, hospitality and business expenses. <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>		
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		<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 annually in the Annual Governance Statement (AGS) which is approved by the JIAC.</p>		
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	
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)			
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	G	

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		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.		
3	Does the authority have a robust assurance process to support its AGS?	<p>The force undertakes a review of its governance arrangements on an annual basis to inform the AGS.</p> <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>	G	
E	The Financial Management Style of the authority supports financial sustainability			
I	Does the authority have in place an effective framework of financial accountability?	The Governance Framework sets out financial regulations including contract regulations, and all delegations from the Commissioner and Chief Constable.	G	

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		Financial systems operate workflow at transactional level which directs relevant authorisations to managers based on roles and responsibilities.		
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 a formal business planning process whereby business planning reviews and proposals, including identification of 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>	G	
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"> • Representation on Boards • Executive Team 	G	

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		<ul style="list-style-type: none"> • JBM • OPCC Business Meeting 		
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> <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>	G	
5	Has the authority sought an external view on its financial style, for example through a process of peer review?	<p>Not currently.</p> <p>Finance intends to implement the CIPFA FM model/review during 2022/23. This will enable the force to:</p> <ul style="list-style-type: none"> • Create an action plan for areas of improvement. • Review adequacy of financial management support to the organisation. 	A	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

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		(Note peer review is not a requirement for compliance with the FM Code.)		assessment undertaken by the authority itself.
6	Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	<p>Yes</p> <ul style="list-style-type: none"> • The appropriate delegations and responsibilities are detailed in the Governance Framework, financial regulations and contract regulations. • Skills and training are reviewed through PDR process. • TM training delivered to JIAC members. • As part of the 2020/21 business planning process it was agreed to enhance the senior level finance structure to create a new team dedicated to financial business partnering and to improve financial acumen and financial information available to budget managers. 	G	
Section 3 - Long to Medium Term Financial Management			G	
F	The authority has carried out a credible and transparent Financial Resilience Assessment			
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

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3	Has the authority taken appropriate action to address any risks identified as part of the assessment	As above	A	As above
G The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members				
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 2022/23 to 2025/26 includes an assessment of those risks, the likelihood and impact of each risk and the relevant management controls in place.</p>	G	
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 Statement, 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 as part of the MTFS and budget setting process.</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</p>	G	

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		expenditure and income, in particular increases to core funding sources such as government grant and local precept income.		
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"> - Budget and Precept Report - MTFS - Capital Strategy - Reserves Strategy - Treasury Management Strategy <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	
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities			
1	Has the authority prepared a suitable capital strategy?	<p>Yes, the Capital Strategy can be found at:</p> <p>Link to Capital Strategy 2022/23 to 2025/26</p>	G	
2	Has the authority set prudential indicators in line with the Prudential Code?	<p>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.</p>	G	

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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	
I	The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans			
1	Does the authority have in place an agreed medium-term financial plan?	Yes the Medium Term Financial Strategy (MTFS) 2022/23 to 2025/26 was published in April 2022 and can be found at: Link to MTFS 2022/23 to 2025/26	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 areas of budget responsibility. 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.	G	

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4	Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?	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.	G	
5	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>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 were temporarily put on hold to establish the impact of Covid and future force operating model requirements. The programme has recommenced and is aligned with the Estates Capital Programme 2022/23 to 2025/26 as detailed in the MTFS.</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	
Section 4 - The Annual Budget			G	
J	The authority complies with its statutory obligations in respect of the budget setting process			

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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>	G	
2	Has the authority set a balanced budget for the current year?	<p>Yes, the budget and precept for 2022/23 was agreed by the Police and Crime Panel and approved by the Commissioner, the report can be found at:</p> <p>Link to Budget and Precept Report 2022/23 to 2025/26</p>	G	
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.	G	
K	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			
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	G	
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 2022/23 and MTFS 2022/23 to 2025/26 that addresses the main risks to the financial	G	

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		position and forecast including impact assessment and mitigation.		
3	Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	<p>Yes</p> <p>The Reserves Strategy Statement can be found at: Link to Reserves Strategy Statement March 2022</p> <p>The CFO considers that the level of financial reserves held at 31 March 2022 is adequate as confirmed by section 6 of the Reserves Strategy Statement.</p>	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 6 that the CFO considers that the level of financial reserves held by the Commissioner is adequate. No shortfall has been identified.	G	

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

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		<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	

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		<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>Balanced MTFS forecast 2022/23 to 2025/26.</p> <p>Public consultation on proposed precept increase each year by the PCC – support from the public each year for the increase in precept.</p> <p>Performance - Victims of crime report high levels of satisfaction.</p> <p>Public perception - Although national comparison data has been unavailable throughout the pandemic, the most recent data from the Crime Survey for England and Wales (CSEW) placed the force first nationally for many of the confidence and public perception measures.</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>	G	

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		<p>The force publication ‘The Standard’ was introduced in 2020/21. 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> <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>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>		
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions			
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,	A	

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		resources, ethics, equality, legal, communication, 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	

Section 6 - Monitoring Financial Performance			G	
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability			
I	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	

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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	
3	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data?	<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	Are the reports provided to the leadership team in a timely manner and in a suitable format?	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.	G	

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5	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	Yes	G	
O The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability				
I	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	<p>Reserves – the Commissioner's reserves strategy is reviewed twice yearly:</p> <ul style="list-style-type: none"> I. As part of the Medium Term Financial Strategy (MTFS), precept and budget setting process II. In the Commissioner's Reserves Strategy Statement <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>	G	

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		<p>Trade Debtors and Creditors – monitored by Exchequer Services (Finance)</p> <p>Capital Investment – Capital Programme reviewed and agreed annually, budget monitoring to the Commissioner on a quarterly basis and Capital Strategy published annually.</p>		
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 and more recently a specific reserve created to manage Inflationary Risk.</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	G	

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		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 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	

Section 7 - External Financial Reporting			G	
P	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			
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</p>	G	

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		carries out a self-assessment on an annual basis to ensure compliance with the requirements, standards and controls set out in the Statement.		
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	
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions			
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	G	

AGENDA ITEM 5D
APPENDIX viii

		Narrative Statement in Statements of Account for the Chief Constable and Commissioner.		
3	Are these reports focused on information that is of interest and relevance to the leadership team?	<p>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 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>	G	
4	Does the leadership team feel that the reports support it in making strategic financial decisions?	Yes	G	

CIPFA Financial Management Code – Action Plan

The Police and Crime Commissioner for Northumbria must comply with the new CIPFA Financial Management Code 2019. 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 OPCC, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

A joint self-assessment between the OPCC and Northumbria Police has been undertaken for 2021/22 in-line with guidance issued by CIPFA.

The results of the self-assessment identified 2 areas for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code.

Accountable Officer: Joint Chief Finance Officer

Action(s) required to enhance effectiveness	Implementation date
<p><i>The Financial Management Style of the authority supports financial sustainability – Has the authority sought an external view on its financial style, for example through a process of peer review?</i></p> <p>Whilst a peer review is not a requirement for compliance with the FM Code, the Finance Department intends to implement the CIPFA FM model/review during 2022/23. This will enable:</p> <ul style="list-style-type: none"> • The creation of an action plan for areas of improvement. • Review adequacy of financial management support to both organisations. 	<p>January 2023</p>
<p><i>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</i></p> <p>An appropriate documented options appraisal methodology to be developed.</p>	<p>September 2022</p>

Joint Independent Audit Committee	18 July 2022
Summary of Recent External Inspection, Investigation and Audit Reports	
Report of: Head of Corporate Development	
Author: Corporate Governance Manager	

I. 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. All Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (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 required.
- 2.2. 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.
- 2.3. Corporate Development Department acts as the central liaison point for all HMICFRS related matters.
- 2.4. HMICFRS independently assesses the recommendations and AFIs either through further inspection or by undertaking reality testing.
- 2.5. HMICFRS plans to introduce a new process for follow-up on recommendations made within inspection reports to make this more transparent and effective. Inspectors will decide what follow up activity the inspectorate will undertake at the point that recommendations are made. For some recommendations, Chief Constables may be able to sign off the recommendations, particularly for those one-off or thematic inspections. It is anticipated that the inspectorate will continue to undertake follow up activity for PEEL, and other continuous or rolling inspection programmes. The new process will also apply to previous recommendations.
- 2.6. The HMICFRS Monitoring Portal includes causes of concern and recommendations made to police forces by HMICFRS since January 2013, and areas for improvement since September 2019. The position as of 27th June 2022 was:

	Recs	AFIs
Total	300	55
Total closed	231	25
Total open	69	30
<i>Considered complete by the Force, awaiting HMICFRS review</i>	<i>17</i>	<i>4</i>
<i>Reviewed by HMICFRS for closure, awaiting update on the portal</i>	<i>35</i>	<i>26</i>
Subject to ongoing Force activity	17	0

- 2.7. Since the last Joint Independent Audit Committee (JIAC), three recommendations from one report '[A joint thematic inspection of the police and Crown Prosecution Service's response to rape - Phase two: Post-charge](#)' (published on 25th February 2022) have been added to the portal.
- 2.8. This inspection was the second and final part of HMICFRS and HMCPSI's joint inspection of the investigation and prosecution of rape in England and Wales.
- 2.9. Phase 2 examined cases from the point of charge through to their conclusion; Northumbria Police was one of five police forces inspected.
- 2.10. The report makes nine recommendations. As highlighted above, three are for the police (two jointly with prosecutors and the CPS). These state that communications with victims from the point of charge onwards should be reviewed and significantly improved; that the police and the CPS should work collaboratively to ensure that bad character is considered in all rape cases, and progressed wherever it is applicable; and that forces should make sure that victims of rape are given the opportunity to make a victim personal statement at the earliest possible time, with the option of updating this statement closer to the court trial date.
- 2.11. 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.
- 2.12. HMICFRS has closed all 15 recommendations on the portal associated with the three published super-complaints: Safe to share? Report on Liberty and Southall Black Sisters' super-complaint on policing and immigration status; Hestia's super-complaint on the police response to victims of modern slavery; and A duty to protect: Police use of protective measures in cases involving violence against women and girls.
- 2.13. These have been categorised as 'no further action required'. The Force position against all the recommendations was provided to the relevant National Police Chiefs' Council lead with responsibility for providing the national police response to the super complaint team within HMICFRS. Responses to the super-complaints have been published.
- 2.14. The Force has determined that a further seven recommendations and two AFIs have been completed since the last update to JIAC:
- Policing in the pandemic - The police response to the coronavirus pandemic during 2020 (one recommendation);
 - Domestic abuse during the pandemic (two recommendations);

- Rape Phase 1 (one recommendation);
 - Rape Phase 2 (two recommendations);
 - Police response to violence against women and girls (one recommendation);
 - Fraud (one AFI); and
 - Getting the balance right (one AFI).
- 2.15. There are 17 recommendations subject to ongoing Force activity resulting from seven thematic inspection reports. There are no matters of exception to note against these outstanding recommendations.

Information Commissioner's Office (ICO) data protection audit report – Northumbria Police (published 18th December 2020)

- 2.16. A meeting took place with the ICO lead auditor in April who confirmed that the audit was finalised, and they needed no further engagement with the Force.
- 2.17. The ICO lead auditor stated that as a regulatory body they were assured that Information Management and Assurance was at the forefront of force business.
- 2.18. Ongoing management of this area of business will continue through the Operational Information Management Board within the Force's governance and decision-making structure.

3. FINANCIAL CONSIDERATIONS

- 3.1 There are no additional financial considerations arising from this report.

4. LEGAL CONSIDERATIONS

- 4.1 There are no legal considerations arising from the content of this report.

5. EQUALITY CONSIDERATIONS

- 5.1 There are no equality implications arising from the content of this report.

6. RISK MANAGEMENT

- 6.1 Activity in response to HMICFRS findings is monitored through the Northumbria Police governance structure and by the Office of the Police and Crime Commissioner.
- 6.2 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.

7. RECOMMENDATIONS

- 7.1 To note progress continues to be made against all recommendations and AFIs and there are currently no matters of exception to report in response to previous inspections.

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs (& number considered complete on the HMICFRS Monitoring Portal)	Number considered complete by the Force not yet reviewed by HMICFRS	Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
<p>Policing in the pandemic - The police response to the coronavirus pandemic during 2020</p> <p>Published 20th April 2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021</p>	Multiple	DCC Ford	Recommendations	5 (0)	4	<p>Issue</p> <p>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.</p> <p>The Force is well positioned with regard to the recommendations made.</p>	This is dependent upon the release of the new custody recording system.	<p>Three of the five recommendations were reported as complete at the Scrutiny Meeting in September 2021. These relate to officers understanding of guidance regarding managing registered sex offenders and coronavirus legislation and also policy regarding test track and trace.</p> <p>Custody staff have been provided guidance to ensure 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.</p> <p>The Electronic Custody Recording system cannot mandate this information but quality assurance checks are being undertaken to mitigate any potential risk. The new custody system will improve monitoring in the future.</p> <p>Update June 2022 A further recommendation in relation to the assessment and sustainability of any temporary measures introduced during the pandemic that changed working practices is considered complete. A new ways of working (NWOW) project was established to determine future working practices. The NWOW project has achieved its initial objectives and in August/September 2022 a lessons learned session from the Project will take place to understand the successes and achievements and to reflect on learning to take forward. This will be reported to Scrutiny Meeting in line with the reporting schedule.</p> <p>The remaining recommendation is dependent upon the release of the new custody system.</p>		22/02/2022	No issues raised.	08/09/2022
<p>Custody services in a COVID-19 environment</p> <p>Published 20th April 2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021</p>	Head of Custody	ACC (Force Coordination)	Recommendation	1(0)	0	<p>Issue</p> <p>This was a supplemental report to 'Policing in the Pandemic' with a further national recommendation providing detail of the custody information that HMICFRS recommends forces should collect and use.</p>	This is dependent upon the release of the new custody recording system.	<p>Update: November 2021 Limitations with the current ICT systems do not allow the collation of some of the suggested data and some can only currently be obtained by manually checks of custody records. The new custody recording system will allow for the wider scrutiny of data and information.</p>		22/02/2022	No issues raised.	08/09/2022
<p>Review of policing domestic abuse during the pandemic – 2021</p> <p>Published 22nd June 2021 CC response to PCC: 29/07/2021 PCC Section 55 response: August 2021 Reported to JIAC: 19/07/2021</p>	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	3 (0)	2	<p>Issue</p> <p>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.</p>	Jun-22	<p>Online contact methods are available to victims of domestic abuse, and these include online reporting of an incident and 'tell us something'. Both reporting methods are accessible via the Northumbria Police website and are serviced through the Communications Department.</p> <p>Telephone-based initial response to domestic abuse incidents and crimes is centrally managed by staff with domestic abuse training working on the Risk Management Desk within the Communications Department. This force wide function operates within the parameters set out by the College of Policing and guidance for Domestic Abuse telephone first response pilots.</p> <p>A wechat digital service is available during the business hours of the Customer Service Centre (CSC). This service allows the user to speak to online advisors in real-time via a secure online service.</p> <p>A victim services review has been completed. This will provide additional resources to support victims and witnesses from the point of the crime through to the end of their Criminal Justice journey. One of the key elements of the additional resource will be to provide support to all DA victims who enter the court process. Each victim will receive a bespoke Criminal Justice Engagement plan at the point a case is listed and will have a dedicated liaison officer to work with them through the court process.</p> <p>Update May 2022 Two of the three recommendations are considered complete. Processes are embedded, compliant with the College of Policing and overall domestic abuse satisfaction is high. An internal evaluation of the DV Telephone pilot found no evidence of dissatisfaction on the part of victims.</p> <p>The new victim services model has been implemented.</p> <p>A Domestic Abuse Improvement Plan is in place which includes activity to improve outcomes. A review of outcomes is being undertaken and providing improvements are demonstrated, the final recommendation from this report will be considered complete.</p> <p>Updates will be reported to Scrutiny Meeting in line with the reporting schedule.</p>		07/04/2022	No issues raised.	13/10/2022
<p>A joint thematic inspection of the police and Crown Prosecution Service's response to rape – Phase one: From report to police or CPS decision to take no further action</p> <p>Published 16th July 2021 CC response to PCC: 23/09/2021 PCC Section 55 response: September 2021 Reported to JIAC: 27/09/2021</p>	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	8 (0)	1	<p>Issue</p> <p>The inspection found that the criminal justice system's response to rape offences fails to put victims at the heart of building strong cases despite the national focus by the Government, policing and the CPS on improving outcomes for rape. Recommendations have been made to police regarding capturing the protected characteristics of rape victims; establishing reasons why victims withdraw from cases; working better with local support services to better understand their role; improving the effectiveness of case strategies and action plans with the CPS; improving relationships with the CPS to build a cohesive and seamless approach; reviewing the current process for communicating to victims the fact that a decision to take no further action has been made; ensuring investigators understand that victims are entitled to have police decisions not to charge reviewed under the Victims' Right to Review scheme; and the publication of annual SSAIDP attendance figures, and information on their numbers of current qualified RASSO investigators.</p>	Delivery of two of the recommendations is dependent on the implementation of the Force's new Northgate Connect IT system (scheduled February 2023).	<p>Some of the requirements of the recommendations will require the implementation of the new Northgate Connect IT system to allow for the necessary information capture. A Joint National Action Plan has been circulated through CPS/Police leads and adopted locally; this addresses key performance areas for improvement.</p> <p>Update June 2022 One of the recommendations is now considered complete.</p> <p>Good engagement is in place between ISVA service / CPS / police and all are regularly cooperating and sharing practice to improve services for victims. Other support services also work closely with Police including Safer Communities (charity) who operate from the SARC, support victims and assist with referrals, and the Sunderland Counselling Service who operate from the SARC one day per week. This allows for closer working together and better understanding of roles.</p> <p>All recommendations are included within a RASSO improvement plan and are monitored regularly.</p>		07/04/2022	The PCC requested a further update in July 2022 with wider performance analysis.	21/07/2022
<p>Police response to violence against women and girls - Final inspection report</p> <p>Published 17th September 2021 CC response to PCC: 16/11/2021 PCC Section 55 response: November 2021 Reported to JIAC: 22/11/2021</p>	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	3(0)	1	<p>Issue</p> <p>The recommendations in the final report relate to increasing the prioritisation of VAWG offences in policing. Forces are required to ensure information on protected characteristics of victims is accurately and consistently recorded; that an action plan is established that specifies in detail what steps the force will take to improve and standardise its approach to responding to VAWG offences, with the aim of ensuring policies, processes and practices are effective, actively monitored and managed, and meeting national standards; and that there should be consistent and robust monitoring of outcomes 15 and 16 in VAWG cases with the NPCC VAWG National Delivery Lead tasked with developing a new process for forces.</p>	Delivery of one recommendation is dependent on the implementation of the Force's new Northgate Connect IT system (scheduled February 2023). Another is dependent on the delivery of the new outcomes process by the NPCC lead.	<p>Northumbria presently records information on victim age, gender and ethnicity. It is recognised that while Northumbria can provide overall victim data in terms of volumes, data relating to all nine protected characteristics is not available. Recent work has been conducted via the Northumbria Local Criminal Justice Board.</p> <p>The NPCCS Replacement Project Team confirm that in relation to the nine protected characteristics, Connect allows for the collection of far more data than NPCCS currently does.</p> <p>The force routinely monitors use of outcomes 15 and 16, and will support the NPCC VAWG national delivery lead in the development and implementation of the new process. The recommendation suggests that the new process be developed by December 2022.</p> <p>Following the publication of the VAWG national delivery framework, a VAWG Delivery Group of identified SPOCs across all key force functions has been established to develop a force delivery framework aligned to the national publication. Governance in relation to VAWG is via the Protecting Vulnerable People Governance Group chaired by ACC Crime and Safeguarding.</p> <p>Update May 2022: The delivery framework and supporting VAWG strategy were shared with the national VAWG task force by the required deadline of 31 March 2022. This completes one of the recommendations.</p>		31/05/2022	The OPCC confirmed arrangements are in place for an update in October 2022.	13/10/2022

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs (& number considered complete on the HMICFRS Monitoring Portal)		Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders Published 17th November 2021 CC response to PCC: 18/01/2022 PCC Section 55 response: January 2021 Reported to JIAC: 28/02/2022	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	4 (0)	0	Issue Four national recommendations regarding: the need for dedicated investigative staff to receive training on vulnerability with inputs on responding to the needs of vulnerable suspects (as well as victims); assessment of outcome code 10 and 12 cases to assess the standard and consistency of decision making; a review of the availability, prevalence, and sophistication of mental health flagging; and the identification of risks and vulnerabilities during risk assessment processes, particularly for voluntary attendees.	Jan-23	Update May 2022 Delivery of "Vulnerability Matters" training commenced in March 2022 to all public facing officers and staff. This covers all officers in detective roles. This training programme will assist officers to recognise vulnerability in suspects they are dealing with and give them the tools to support in signposting Mental Health suspects. A bespoke training package for Mental Health Investigations has also been developed. In addition to being shared with existing detectives, it has been shared with PIP training leads to ensure the content is included within the PIP training programmes to ensure all new detectives into force are trained around Mental Health vulnerabilities of suspects. A crime review of mental health crimes was undertaken in January 2022 to assess outcome codes 10 and 12 and identify learning. This will be revisited to assess the impact of training and messaging. Mental health markers are being considered as part of the Northgate IT project and migration to the new Force system. Clarity is also being sought around the definition of mental health for the markers/flags. The NPCC report that there is some discrepancy between justice, health and social care agencies about the definition of Mental Health. The force risk assessment processes for voluntary attendees (VA) are currently being reviewed. Northumbria Police continues to utilise Criminal Justice Liaison and Diversion teams in custody as part of the risk assessment process and work is ongoing to expand this into the VA arena.		N/A	N/A	08/09/2022
A joint thematic inspection of the police and Crown Prosecution Service's response to rape - Phase two: Post-charge Published 25/02/2022 CC response to PCC: 07/04/2022 PCC Section 55 response: April 2021 Reported to JIAC: 18/07/2022	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	3 (0)	2	Issue Findings suggest the criminal justice system is failing victims of rape, and widespread reform is needed to build trust and secure justice. Three national recommendations for the police (two jointly with prosecutors and the CPS regarding the review and improvement of communications with victims from the point of charge onwards; the need for the police and the CPS to work collaboratively to ensure that bad character is considered in all rape cases, and progressed wherever it is applicable; and that forces should make sure that victims of rape are given the opportunity to make a victim personal statement at the earliest possible time, with the option of updating this statement closer to the court trial date.	Jul-22	Update: May 2022 Two recommendations are considered complete following the circulation of reminders to staff and the RaSSO gatekeeper function ensuring compliance regarding victim personal statements and bad character. These will be reported to scrutiny Meeting in line with the reporting schedule. All recommendations are recorded within the RaSSO improvement plan and progress is monitored through the Protecting Vulnerable People Governance Group.		N/A	N/A	21/07/2022
Fraud: Time to choose Published: 2nd April 2019 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(4)	1	Issue 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. Focus for Northumbria Police Continue to improve VCoP compliance	Apr-22	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). One of the AFIs has been closed on the portal, with the remaining three awaiting closure. The fifth AFI regarding compliance with the Victims' Code of Practice (VCoP) remained open to be assessed through the continuous monitoring regime. VCoP is a priority for the Force and VCoP compliance for all areas of crime continues to be managed and monitored via the LCJB. Update May 2022 The sustained improvement in Code of Practice for Victims of Crime (VCoP) performance has resulted in this AFI being assessed by the Force as complete.		31/05/2022	No issues raised.	N/A
A review of 'Fraud: Time to choose' Published 5th August 2021 CC response to PCC: 23/09/2021 PCC Section 55 response: September 2021 Reported to JIAC: 27/09/2021	Head of Crime	T/ACC (Crime and Safeguarding)	Recommendations	2 (0)	2	Issue HMICFRS has determined that not enough had changed nationally since their previous fraud inspection with too many victims still receiving a poor service and denied justice. Two additional recommendations were made regarding ensuring that the guidance issued by the National Police Chiefs' Council Coordinator for Economic Crime about fraud-related calls for service is being followed and ensuring the adoption of the guidance issued in September 2019 by the National Police Chiefs' Council Coordinator for Economic Crime that was aimed at improving the information given to victims when reporting fraud.	N/A	One recommendation regarding ensuring the Force is following the guidance issued by the National Police Chiefs' Council (NPCC) Coordinator for Economic Crime about fraud-related calls for service, and the second regarding the adoption of the guidance issued in September 2019 by the NPCC Coordinator for Economic Crime aimed at improving the information given to victims when reporting fraud. A process was developed for communications centre staff and rolled out 8th November 2021, alongside training by fraud specialists from Cyber Crime and Communications Department to reinforce the process and check understanding amongst staff. As part of the new process contact handlers and police officers will send the victim a designated link to consistent information for fraud victims. Call handlers have now received fraud training and the new process for Communications Centre staff is in place. All victims of fraud are sent consistent and defined information and access to the Action Fraud website. These recommendations are now considered complete by the Force. Update May 2022 The updates against the recommendations were presented to Scrutiny Meeting on 31 May 2022 in line with the reporting schedule.		31/05/2022	No issues raised.	N/A
PEEL spotlight report: The Hard Yards – Police to police collaboration Published 21st July 2020 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)	1	Issue 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. Focus for Northumbria Police To improve ability to track the benefits of collaborations.	N/A	The recommendation stated that if forces did not have an effective system, they should use that produced by the NPCC, College of Policing and the Home Office. The College of Policing has confirmed it does not plan to undertake the work to create a benefits realisation methodology. The Force's strategy is to seek formal collaborative opportunities when there are clear business benefits and efficiencies to be achieved. The Force has a methodology for monitoring benefits realisation which will be applied to track collaboration benefits. Update May 2022 The Force considers this recommendation complete and this was reported to Scrutiny Meeting on 31st May 2022. Should a methodology be developed by the NPCC, College of Policing and the Home Office in the future, this would be reviewed.		31/05/2022	No issues raised.	N/A
Safe to share? Liberty and Southall Black Sisters' super-complaint on policing and immigration status (super complaint) Published 17th December 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(4)	-	Issue 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. Focus for Northumbria To ensure that victims with insecure immigration status are confident to report crimes to the Force and that they are appropriately safeguarded.	N/A	A joint Force/OPCC response to the recommendations was submitted to the HMICFRS Super-complaints team in June 2021 in line with the recommendation to provide a response within six months of the report. On the 16th December 2021, the Home Office published a report following its review examining the legal framework and policy considerations submitted by Liberty and Southall Black Sisters concerning the data sharing arrangements between the Home Office and police in respect of migrant victims and witnesses of crime with insecure status. The review addressed wider considerations of public policy raised in the super complaint as well as those relating to policing and crime, including domestic abuse. Update: May 2022 HMICFRS closed all four recommendations on the portal associated with this super-complaint. These have been categorised as 'no further action required' as responses from the super-complaints have been collated. The Force position against each of the recommendations was provided six months after publication as requested.		31/05/2022	The PCC noted HMICFRS' position re. categorisation of the recommendations for all forces on the Monitoring Portal.	N/A
Getting the balance right? An inspection of how effectively the police deal with			Recommendations	2 (0)	2	Issue 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		A national position statement by NPCC leads for Public Order will respond to the recommendations and AFIs within the report. One recommendation was reported as complete at the Scrutiny Meeting in September 2021. Two further AFIs were reported as complete at the Scrutiny Meeting in November 2021. The Force has created an organisational learning plan and governance. Local reporting on progress is via the Force Coordination Centre/Operations Performance meeting. Intelligence products have been reviewed and quality assured, and protest-related community impact assessments (CIAs) are an important part of protest planning and are now specifically referenced within Gold and Silvers plans and objectives. The CIA plans are pre, during and post				

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs (& number considered complete 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>protests</p> <p>Published 11th March 2021 CC response to PCC: 29/04/2021 PCC Section 55 response: June 2021 Reported to JIAC: 19/07/2021</p>	Head of Operations Department	ACC (Force Coordination)	AFIs	3 (0)	3	<p>ensure that the police have the right powers to respond to protests.</p> <p>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.</p>	Feb'22	<p>event and also capture organisational learning.</p> <p>All protests are debriefed proportionate to the scale of the operation and national post-event learning review forms are now prepared after every debrief and signed off by a gold commander prior to submission to the National Police Coordination Centre.</p> <p>Update May 2022 The remaining AFI regarding the determination of the numbers needed to police protests is now considered complete by the Force.</p> <p>The number of protests has been projected based upon the trends over the last four years and then requirements have been examined to fulfil a 365 day cadre of commanders to manage the demand. Resources are determined on a case by case basis and are proportionate to the risk.</p> <p>Succession planning for all levels of Public Order Commanders is planned until 2023 with course bookings acquired to facilitate this. A robust accreditation and re-accreditation process is in place and a mentor and assessor are attached to all new commanders to provide support and guidance.</p>		31/05/2022	No issues raised.	N/A
<p>A duty to protect: Police use of protective measures in cases involving violence against women and girls (super complaint)</p> <p>Published 24th August 2021 CC response to PCC: 23/09/2021 PCC Section 55 response: N/A Reported to JIAC: 27/09/2021</p>	Multiple	T/ACC (Crime and Safeguarding)	Recommendations	8 (8)	-	<p>Issue</p> <p>This is a report following a super complaint where concerns were raised that the police are failing to use protective measures, namely pre-charge bail conditions, non-molestation orders, Domestic Violence Protection Notices and Domestic Violence Protection Orders (DVPN/Os) and restraining orders, to protect women and girls. Chief constables have been recommended to implement processes for managing RUI in line with the letter from the NPCC Lead for Bail Management Portfolio; ensure data is gathered on the use of voluntary attendance; ensure that in all pre-charge bail cases where bail lapses, the investigator in charge of the case carries out an assessment of the need for pre-bail-charge to continue; review their policy on how the force processes notifications of Non Molestation Orders; review their policy on DVPNs and DVPOs; ensure that officers are fully supported in carrying out their duties to protect all vulnerable domestic abuse victims; consider what legal support they need to use protective measures and secure this support. An update is required within six months of publication.</p>	Six month Force position to be submitted by 24th February 2022	<p>The Force position was presented to the PCC on 23rd September 2021; many of the recommendations are in the process of being or have been addressed to provide victims with the appropriate use of protective measures.</p> <p>An action plan is in place to support the management of open crimes where Released Under Investigation (RUI) is a factor. The creation of a Superintendent post for Criminal Justice Performance and the addition of four new Inspector posts within Custody will help improve and drive performance around appropriate use of RUI, Voluntary Attendance and anticipated changes to bail legislation.</p> <p>Force procedures regarding use of DVPN/Os, and non-molestation orders provide clear instruction on their use. The use of DVPN/Os is regularly monitored and learning opportunities are captured.</p> <p>Officers are fully supported in carrying out their duties to protect all vulnerable DA victims through training, toolkits, supervision and through learning identified through scrutiny panels.</p> <p>Update May 2022: HMICFRS closed all eight recommendations on the portal associated with this super-complaint. These have been categorised as 'no further action required' as responses from the super-complaints have been collated.</p> <p>The Force position against each of the recommendations was provided six months after publication as requested.</p>		31/05/2022	The PCC noted HMICFRS' position re. categorisation of the recommendations for all forces on the Monitoring Portal.	N/A
<p>Pre-charge bail and released under investigation: striking a balance</p> <p>Published 08/12/2020 CC response to PCC: 28/01/21 PCC Section 55 response: March 2021 Reported to JIAC: 22/02/21</p>	Head of Criminal Justice & Victim Services	T/ACC (Crime and Safeguarding)	Recommendations	2(0)	2	<p>Issue</p> <p>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.</p> <p>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</p>	N/A	<p>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.</p> <p>Update: November 2021 The notification of bail or RUI to the CPS will form part of future national guidance. The Force has introduced systems and processes to ensure information on whether a suspect has been on bail or RUI is submitted to the CPS. This recommendation is considered complete by the Force and was reported to Scrutiny Meeting on 16th November 2021.</p>		16/11/2021	The PCC welcomed the progress made regarding HMICFRS recommendations.	N/A
<p>Report on Hestia's super-complaint on the police response to victims of modern slavery (super complaint)</p> <p>Published 26th May 2021 CC response to PCC: 07/07/2021 PCC Section 55 response: N/A Reported to JIAC: 19/07/2021</p>	Head of Crime	T/ACC (Crime and Safeguarding)	Recommendations	3 (3)	-	<p>Issue</p> <p>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.</p> <p>The Force is well positioned with regard to the recommendations made.</p>	N/A	<p>All of the force level recommendations within this report are considered complete by the Force.</p> <p>The Modern Slavery Human Trafficking procedure details officer and staff roles when dealing with incidents of modern slavery and human trafficking.</p> <p>Processes for the allocation of resources are in place to ensure the correct and appropriately skilled individuals and teams are allocated to modern slavery offences.</p> <p>Northumbria Police works in partnership with statutory agencies, non-statutory agencies and community groups to prevent, identify and protect those at risk of modern slavery. The Exploitation Hub performs a number of functions including: the design and implementation of bespoke victim contact plans to support victims; engagement with partners to enable a multi-agency approach to victims/families to provide support and intervention; and the provision of advice and support to the wider workforce regarding the management of victims presenting with complex needs.</p> <p>Update: May 2022 HMICFRS closed all three recommendations on the portal associated with this super-complaint. These have been categorised as 'no further action required' as responses from the super-complaints have been collated.</p> <p>The Force position against each of the recommendations was provided six months after publication as requested.</p>		31/05/2022	The PCC noted HMICFRS' position re. categorisation of the recommendations for all forces on the Monitoring Portal.	N/A
Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of recommendations/ AFIs (Note: not included 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>Governance and Accountability (76%)</p> <p>Issue: ICO audit to independently determine the extent to which the Force, within the scope of the agreed audit, is complying with data protection legislation.</p>		<p>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 were assigned and timescales for delivery agreed. An Information Management Working Group was established to deliver the plan, reporting progress directly to the Operational Information Management Board (OIMB) and also to the ICO in line with their recommendations.</p> <p>The ICO requested further evidence following a review carried out in September 2021.</p> <p>Northumbria Police submitted the final ICO Action Plan on 10/09/2021 following sign off from the Senior Information Risk Owner.</p>				

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs (& number considered complete on the HMICFRS Monitoring Portal)	Number considered complete by the Force not yet reviewed by HMICFRS	Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
Information Commissioner's Office data protection audit report – Northumbria Police Published 18/12/2020 Reported to JAC: 22/02/2021	Head of Information Management & Data Protection	DCC Ford	Recommendations	Governance and Accountability (31) Training and Awareness (11) Information Risk Management (18)	Training and Awareness (72%) Information Risk Management (61%) Overall (71%)	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. Focus for Northumbria Police To deliver against the action plan created in response to the findings to ensure compliance with data protection legislation.	Dec-21	Northumbria Police submitted the final ICO Report in Jan 2022 following a report from the ICO in November 2021. The final report from the ICO was received on 7th January 2022 and noted that in all three scope areas, all of the accepted recommendations are either in progress or completed. Their assessment was that: - In the Governance and Accountability scope area 17 recommendations have been completed and 13 recommendations are still in progress. - In the Training and Awareness scope area 6 recommendations have been completed and 5 recommendations are still in progress. - In the Information Risk Management scope area 8 recommendations have been completed and 10 recommendations are still in progress. - Overall, of the 59 accepted recommendations over all scope areas, (53%) are completed and 28 (47%) are still in progress. Update: May 2022 71% of the total recommendations are considered complete by the Force. Ongoing management of this area of business will continue through the Operational Information Management Board within the Force's governance and decision-making structure.	On track - no concerns	07/04/2022	No issues raised.	N/A

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

Short Report for Information

Joint Independent Audit Committee	18 July 2022
Joint Strategic Risk Register	
Report of: Chief of Staff and Monitoring Officer (OPCC) & Deputy Chief Constable (Northumbria Police)	
Author: Corporate Governance Manager, Corporate Development	

I. 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 OPCC and Northumbria Police share a JSRR. Each strategic risk is assigned an Executive or OPCC owner(s), 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 each risk, provides context to the risk and identifies current factors affecting thematic 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. 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. These risks are escalated to the PCC and Executive Team via the relevant governance meetings in line with 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 (JIAC) provide additional scrutiny and governance on a quarterly basis.
- 2.5 The JSRR captures risk(s) in twelve thematic areas: Digital Policing, Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Public Confidence; Regulation and Standards; Strategy; and Workforce.
- 2.6 The JSRR is reviewed on an annual basis; this year’s review took place during April/May 2022. Executive Leads and the OPCC Senior leadership considered the current register to ensure it captures emerging risks and accurately reflects the current risks faced by the Force and OPCC.

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- 2.7 Appendix A provides an overview of the current RAG status of the strategic risks 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.
- 2.9 At JIAC (April 2022), the appropriateness and potential risk of maintaining a Joint Chief Finance Officer shared by Northumbria Police and the Office of the Police and Crime Commissioner (OPCC) was raised.
- 2.10 The Chief Constable and PCC have discussed the matter and confirmed the arrangement has been reviewed and is compliant with the principles of CIPFA guidance, with appropriate controls in place.

Key changes / updates following the annual review**I. Digital Policing - Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.**

- 2.11 Current factors have been updated to reflect the delay in the replacement of People Systems; this is now scheduled for delivery within six to eight months.
- 2.12 Controls are in place to mitigate the strategic risk faced through the implementation of the Digital Strategy supported by key underlying strategies.
- 2.13 Likelihood remains medium (3) and impact high (4).

2a. Finance - 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.

- 2.14 Potential uncertainty of future implications relating to COVID-19 if further lockdowns or restrictions are implemented and the availability of further Home Office reimbursement remains a current factor.
- 2.15 Summary of controls have been updated to reflect full consultation and engagement with the Police and Crime Commissioners Treasurers' Society, Force Finance Officers and the Home Office to influence funding for the North East, following proposal at JIAC in February 2022.
- 2.16 Likelihood remains medium (3) and impact high (4).

2b. Finance - Unplanned and/or Unquantifiable in-year budget pressures.

- 2.17 Risk has been updated from 'Unplanned in-year budget pressures' to include the unquantifiable nature of some budget pressures.

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2.18 Amendments and additions to the current factors include:

- Remaining potential uncertainty of future implications/cost pressures/timescales relating to COVID-19 if further lockdowns or restrictions are implemented.
- Current extraordinary levels of inflation emerging in the economy for energy, fuel and prices, which were not anticipated within the approved budget 2022/23.

2.19 A primary control will utilise the forecasted underspend for 2021/22 against the Chief Constable's revenue budget and capital financing budget.

2.20 Likelihood remains medium (3) and impact high (4).

OPCC - Finance - 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.

2.21 The potential consequences have been amended to add the potential for extraordinary events to affect in year pressures and that this will lead to the subsequent consideration of use of relevant reserves.

2.22 The controls also include the intention to engage at a national level in respect of any proposed review of the funding formula.

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

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

2.24 Risk in relation to the delays in preparing the 2020/21 accounts due to the appointment of new auditors which could impact in a delay of the 2021/22 statements has been considered; however, discussions held with Grant Thornton confirm this does not impact on the current assessment of the strategic risk.

2.25 Likelihood remains very low (1) and impact low (2).

OPCC - Governance - 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.

2.26 The current factors have been updated to reflect the implementation of the proposals made in the now completed PCC Review and the publication of the Government's Levelling up white paper.

2.27 Likelihood remains very low (1) and impact low (2).

4. Information and Data Management - Challenges in adhering and complying with consistent and sustainable data management processes and standards to prevent data breaches.

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- 2.28 Risk has been updated from ‘*Inability to implement consistent and sustainable data management processes and standards to prevent data breaches*’.
- 2.29 Current factor in relation to the Information Commissioner’s Office (ICO) Data Protection Audit has been removed as this is complete and signed off as satisfactory.
- 2.30 The replacement of Force legacy systems still presents competing data management processes.
- 2.31 Likelihood reduced from very high (5) to medium (3); impact remains high (4).

5. Information and Data Quality - Challenges in efficiently and effectively managing data through the technical and cultural implementation of control measures, storage and practice in support of existing and new operating platforms.

- 2.32 Risk has been updated from ‘*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*’.
- 2.33 The elements of intelligent use of data have been addressed and the ICO Data Protection Audit – October 2020 signed off as satisfactory.
- 2.34 The potential consequence of up to date crime and intelligence not being available to officers has been removed and updated to reflect availability of specific data and assets to officers e.g., exhibits.
- 2.35 Likelihood reduced from high (4) to medium (3); impact remains high (4).

6. Infrastructure and Assets - 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.

- 2.36 In response to current global supply chain issues, a new Fleet User Group to revise fleet use and force profile, including development of sustainable fleet measures, has been added as an additional control as this supports the management of the impact of delays in the supply of new vehicles/availability of fleet.
- 2.37 Likelihood remains low (2) and impact medium (3).

7. Operational - 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.

- 2.38 Impact post COVID-19 is currently a lessened factor and therefore removed.
- 2.39 Likelihood remains low (2) and impact high (4).

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8. Partnership & Collaboration - Loss or reduction in opportunities to work in partnerships or collaborations and subsequent impact on service delivery. Ineffective management of new and current commercial contracts leading to reduced service delivery and/or low value for money.

- 2.40 Risk has been updated from '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).'
- 2.41 Current factors have been updated acknowledging the capability and capacity of the Procurement team following recent exits; there is ongoing management of commercial contracts.
- 2.42 Introduction of a centralised decision making and recording process for adult Out of Court Disposals to increase use of diversion pathways (Transformational Resolutions and Educational Adult Disposals (TREAD) Team) has also been included as this supports mitigation of missed opportunities for further collaboration with partners to reduce crime and disorder.
- 2.43 Likelihood remains low (2) and impact high (4).

OPCC - Partnership & Collaboration - 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.

- 2.44 The context has been updated to reflect that funding has now been confirmed for the Violence Reduction Unit and Victims Services for 22/23 to 24/25; however, there remains uncertainty about the long-term situation with regard to these significant funding streams.
- 2.45 The current factors have been updated to reflect the pressure, through complex bidding processes, placed on the OPCC and partners in local authorities to access funding streams that can potentially bring much needed funding to contribute to a reduction in crime, anti-social behaviour (ASB) and to provide early interventions to reduce the number of young people becoming involved in crime.
- 2.46 The controls have been updated to reflect that the Local Criminal justice Board (LCJB) COVID Recovery Work is now part of mainstream LCJB business and will remain so for the foreseeable future.
- 2.47 Likelihood remains low (2) and impact high (4).

9. Public Confidence - 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.

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2.48 Context has been updated to include public perceptions of police ineffectiveness in relation to offences disproportionately impacting on specific communities (Violence Against Women and Girls (VAWG), Hate crime, disproportionate victimisation of black communities).

2.49 Current factors include:

- Increase in reporting and awareness of Abuse of Authority for a Sexual Purpose (AA4SP), fraud or theft.
- Identification and response to organisational learning opportunities.
- Public perception that ineffective response is influenced by cultural issues (misogyny/institutional racism).
- Awareness of risk within the workforce (AA4SP, misogyny, discrimination) and increase in associated misconduct cases.

2.50 Additional summary of controls include:

- Force Engagement Strategy and systems.
- Force VAWG strategy, Race Action Plan and Hate Crime Delivery Plan.
- Vetting compliance.
- Internal threat awareness through Professional Standards Department risk matrix for abuse of authority.
- Diversity training.

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

OPCC - Public Confidence - 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 deliver other statutory obligations.

2.52 The context has been reflected to include the PCC's Equality Duty and controls have been updated to reflect the latest engagement model used by the OPCC and the use of social media in building confidence.

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

10. Regulation & Standards - 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.

2.54 Current factors have been updated to reflect increased awareness and reporting of AA4SP could result in legal action against the force for failure to prevent. Changes in legislation in relation to protest may also result in legal challenge. These are mitigated by controls to mandate the use of Body Worn Video at key incidents/events; increased external scrutiny; and the Force's pro-active approach to identify and reduce AA4SP.

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- 2.55 Operational risks affecting international policing arrangements following exit from the European Union are no longer considered a current factor and of strategic risk; reference has been removed.
- 2.56 Likelihood remains medium (3) and impact medium (3).

11. Strategy - 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.

- 2.57 Current factors updated to refer to COVID-19 recovery impacting on Newcastle Crown Court backlog; those in Magistrates' Courts now been addressed.
- 2.58 Summary of controls have also been updated to reflect implementation of the Northumbria Police Victim and Witness Service.
- 2.59 Likelihood remains low (2) and impact high (4).

12a. Workforce - Inability to attract, recruit and retain required workforce levels.

- 2.60 Risk has been updated from 'Inability to attract, recruit and retain *a competent workforce with the right skills, resilience and diversity to deliver effective policing service, particularly investigative (PIP level 2) resource.*'
- 2.61 The summary of controls have been updated to include the establishment of a Gold Group in response to investigative (PIP) demand.
- 2.62 Likelihood remains medium (3) and impact high (4).

12b. Workforce - Limited ability to ensure the workforce has the appropriate capacity and capability in order to meet the current and future requirements of an effective policing service.

- 2.63 Risk updated from '*Inability to ensure the workforce has the appropriate capacity and capability in order to meet the current and future requirements of an effective policing service.*'
- 2.64 Likelihood remains medium (3) and impact high (4).
- 2.65 The Force has assessed five areas as high risk: Digital Policing, Finance, Information and Data Management, Information and Data Quality and Workforce.
- 2.66 The OPCC has assessed one area as high risk: Finance.

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3. CONSIDERATIONS

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

AGENDA ITEM 7 - APPENDIX A

Overview of the RAG status of Strategic Risk – Northumbria Police

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

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.

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

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.

AGENDA ITEM 7 - APPENDIX A

I	Strategic Risk Area – Digital Policing
	Risk - Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.
Owner(s)	Chief Information Officer
Governance & Oversight	Transformation Board
Context	<ul style="list-style-type: none"> ▪ Limitations of current digital policing systems and the impact on service delivery. ▪ Loss of critical digital policing services. ▪ Significant information technology (IT) transformation programme. ▪ A malicious intent to compromise or access information or data. ▪ Failure of national projects to deliver on time and to specification.
Current factors	<ul style="list-style-type: none"> ▪ New technology/new working practices being introduced. ▪ Major IT Transformation now running (improve and remodel phase). ▪ Impact internally and externally of further COVID-19 waves. ▪ Delay on the NPICCS Replacement to Connect. ▪ Delay in replacement of the People systems.
Potential consequence	<ul style="list-style-type: none"> ▪ Ineffective IT system to support business processes. ▪ Inability to effectively communicate with partners and the public. ▪ Loss of information from systems as a result of a cyber-attack. ▪ Loss of confidence in systems and the organisation from users, the public and partner organisations. ▪ Loss of people data due to out of service life and unsupported core people systems internally and externally.

Summary of Controls	<ul style="list-style-type: none"> ▪ Significant investment in place to provide core IT services. ▪ Digital Strategy supported by key underlying strategies. ▪ Digital Policing senior leadership team and robust governance via the Digital Policing Board in place. ▪ Contracted advisory service in place. ▪ Centralised hardware security monitoring now fully operable via the National Management Centre provided by the National Enabling Programme. ▪ Greater security enhancement via enhanced Firewalls and access controls. ▪ Annual and ad-hoc penetration testing regime embedded. ▪ Recruitment and retention arrangements being finalised over transition period. ▪ Recruitment to structure on target and to plan to achieve required capacity and capability. ▪ Incentives for existing Development and DBA personnel. ▪ Dedicated Solution Delivery function focussed on project delivery of the transformation programme. ▪ Renegotiation of NEC/Northgate contract with more delivery focussed delayed payments and negotiated removal of current extended project costs.
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	<ul style="list-style-type: none">▪ Improved agile working capabilities for project delivery staff in place and effective.▪ Implementation of Smart Contact Command and Control solutions removing the threat of loss of 999 and 101 calls due to loss of NPICCS.▪ Automated and manual patching of key systems and operating systems completed across critical, high and medium high systems.▪ Additional monitoring and tooling in place to alert on any cyber-attacks.▪ Increase in the frequency and types of backups of the people data and full system backups to minimise any loss.▪ Periodic restores and read tests in place to ensure backup is viable.▪ Introduction of infrastructure to improve network and remote access resilience.	
Likelihood Impact	3 4	12

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2	Strategic Risk Area – Finance	
A	Risk - 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.	
Owner(s)	Chief Constable and Director of Finance	
Governance & Oversight	Executive Board/Business Meeting	
Context	<ul style="list-style-type: none"> ▪ A review of the funding formula used by government to distribute grant funding to police forces in England and Wales may lead to a reduction in the percentage of central government police funding allocated to Northumbria Police. ▪ Reduction in central government funding as announced in the annual Home Office (HO) Police Funding Settlement. ▪ 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 for the next two years. ▪ 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. 	
Current factors	<ul style="list-style-type: none"> ▪ The Government has stated the review of the Police Allocation Formula (PAF) will be completed in this parliament. ▪ Implications of the pension remedy, which are currently being progressed based on national guidance. ▪ Potential uncertainty of future implications/cost pressures/timescales relating to COVID-19 if further lockdowns or restrictions are implemented. 	
Potential consequence	<ul style="list-style-type: none"> ▪ A reduction to national funding or short notice change may require a change in short and medium term force financial planning, including a need to deliver unplanned savings thereby impacting on service delivery. 	

Summary of Controls	<ul style="list-style-type: none"> ▪ Transparent ownership of financial matters between the Police and Crime Commissioner (PCC) and Chief Constable. ▪ Well understood in-year financial monitoring and reporting governance. ▪ An effective Reserves Strategy to provide mitigation against known and potential future events (COVID-19 Enforcement and Operational Reserve, Emergency Services Network, Pension, inflationary etc.), plus reserves providing financing to planned future investments. ▪ Full consultation and engagement with the Police and Crime Commissioners Treasurers’ Society, Force Finance Officers and the HO to influence funding for the North East. 	
Likelihood	3	12
Impact	4	

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2	Strategic Risk Area – Finance	
B	Risk - Unplanned and/or Unquantifiable in-year budget pressures.	
Owner(s)	Chief Constable and Director of Finance	
Governance & Oversight	Executive Board/Business Meeting	
Context	<ul style="list-style-type: none"> ▪ 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. 	
Current factors	<ul style="list-style-type: none"> ▪ There is still potential uncertainty of future implications/cost pressures/timescales relating to COVID-19 if further lockdowns or restrictions are implemented. ▪ Recognition of current extraordinary levels of inflation emerging in the economy for energy, fuel and prices, that were not anticipated within the approved budget 2022/23. 	
Potential consequence	<ul style="list-style-type: none"> ▪ Any in-year pressures which become a forecast overspend must be addressed through consideration of in-year savings and discussion with the PCC. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Transparent ownership of financial matters between the PCC and Chief Constable. ▪ Well understood in-year financial monitoring and reporting governance. ▪ Forecasted underspend for 2021/22 against the Chief Constable's revenue budget and capital financing budget to be used to manage inflationary risks identified for 2022/23. 	
Likelihood	3	12
Impact	4	

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3	Strategic Risk Area – Governance	
	Risk - Failures originating from a lack of scrutiny, oversight, transparency, internal controls and adherence to legislation.	
Owner(s)	Deputy Chief Constable	
Governance & Oversight	Executive Board	
Context	<ul style="list-style-type: none"> ▪ Chief Constable is unable to account to the PCC for the exercise of his functions and those under his direction and control. ▪ There is a breakdown in relationship between the Force and Office of the Police and Crime Commissioner (OPCC). 	
Current factors	<ul style="list-style-type: none"> ▪ Challenging transformation programme ▪ Response to external inspection and investigation activity by Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). 	
Potential consequence	<ul style="list-style-type: none"> ▪ Inability to identify and respond to deteriorating performance resulting in policing priorities not being achieved. ▪ Inability to work effectively in partnership to provide services to victims and witnesses. ▪ Slippage/failure of projects, which hamper the achievement of objectives. ▪ A decline in quality and service delivery, leading to a reduction in satisfaction levels. ▪ Adverse external inspection reports, leading to recommendations and wider escalation. ▪ Loss of public confidence. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Regular review of the governance and decision-making structure to ensure it provides appropriate governance arrangements. ▪ A Joint Independent Audit Committee to provide advice to the PCC and Chief Constable on the principles of corporate governance. ▪ Police and Crime Panel scrutiny of the functions of the PCC. ▪ Annual Governance Statement is prepared setting out the Force’s current governance arrangements. ▪ Role of HMICFRS to work with the PCC. 	
Likelihood Impact	1 2	2

4	Strategic Risk Area – Information and Data Management
	Risk - Challenges in adhering and complying with consistent and sustainable data management processes and standards to prevent data breaches.
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Operational Information Management Board
Context	<ul style="list-style-type: none"> ▪ The replacement of Force legacy systems presenting competing data management compliance elements. ▪ The complex alignment of digital policing architecture to ensure interoperability. ▪ Developing workforce with inadequate Information Asset Owners and Information Asset Lead engagement. ▪ Targeted and relevant audit and organisational learning process to identify inappropriate handling and management of information. ▪ 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.
Current factors	<ul style="list-style-type: none"> ▪ Increased demand due to Digital Policing Change Programme and associated interdependencies relating to new ways of working. ▪ Additional threat from external sources relating to cyber related adverse impact.
Potential consequence	<ul style="list-style-type: none"> ▪ Corruption or loss of Force systems. ▪ Loss of data and information assets. ▪ Failure to comply with both Force policy and procedure and Management of Police Information statutory guidance. ▪ Force policy and procedure processing, storing and handling of data not followed. ▪ Mishandling of information through a lack of understanding of relevant legislation (Data Protection Act 2018). ▪ Failure to comply with Information Commissioner’s Office (ICO) best practice, standards and relevant codes of practice. ▪ Litigation, legal action against the Force leading to enforcement action and monetary penalties. ▪ Limited ability to access information and/or respond to requests for information. ▪ Loss of confidence due to inappropriate or unlawful disclosures of personal data (internally and externally). ▪ Compromise of operational activity and/or covert tactics. ▪ Compromise of physical and technical security controls which would impact information assets and/or systems if vulnerability is exploited.

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Summary of Controls	<ul style="list-style-type: none"> ▪ Information Management Unit with more effective capability, including the roles of Data Protection & Disclosure Adviser and Information Security & Assurance Manager. ▪ Information Management Unit and Digital Policing collaborating effectively to formally identify, document and mitigate risk through the implementation of innovative and measurable solutions. ▪ Oversight and management through the Governance and Decision-making structure – Operational Information Management Board. ▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring for Information Asset Owners and Information Asset Leads. ▪ Increased use of technical security controls and monitoring provided by the National Management Centre. Existing procedures in respect of data breaches ensure obligations placed on the organisation in such instances are met. ▪ Planned assurance schedule relating to critical systems and services. ▪ Monthly meeting with Senior Information Risk Owner to formally assess and govern risk. 	
Likelihood Impact	3 4	12

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5	Strategic Risk Area – Information and Data Quality
	Risk - Challenges in efficiently and effectively managing data through the technical and cultural implementation of control measures, storage and practice in support of existing and new operating platforms.
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Operational Information Management Board
Context	<ul style="list-style-type: none"> ▪ 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. ▪ The replacement of Force legacy systems presenting competing data collection processes. ▪ The ability to assign accountability/ownership of data assets to ensure data is collected, stored and used appropriately. ▪ 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. ▪ The implementation of data storage, audit and access capability that is complementary across all new platforms is essential to ensure compliance, analysis and quality information readily accessible to staff to advise organisational and operational delivery.
Current factors	<ul style="list-style-type: none"> ▪ Migration to new operating platforms, including Northgate Connect and Steria – Storm. ▪ Ability to respond to external inspection/audit findings. ▪ Legacy data and systems.
Potential consequence	<ul style="list-style-type: none"> ▪ Inaccessible/inaccurate intelligence. ▪ Up-to-date crime and intelligence data - specific data sets such as exhibits are not available to officers/staff or data is stored in various locations and formats without formal recording or RRD processes in place. Inaccurate data leading to non-compliance with regulations, a potential negative impact upon investigations and subsequent loss of public confidence. ▪ Reduction in force performance and delivery through poor and non reflective data quality. ▪ Failure to identify risk of vulnerability, officer, public safety. ▪ Inaccurate data returns to the HO and other bodies e.g. HMICFRS. ▪ Poor data quality affecting operational and business decisions, meaning that critical risk factors may be missed or not fully understood. E.g. Vulnerability, Officer Safety and Public Safety.

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Summary of Controls	<ul style="list-style-type: none"> ▪ Investment in IT to support ongoing DP programme which integrates data management processes and wider compliance obligations. ▪ Migration strategy as part of the Transformation 2025 programme IT strand to ensure data quality, accuracy and compliance with GDPR. ▪ Implementation of Data Quality reviews and Audits to support ongoing improvements relating to handling methods, accuracy, review and retention. ▪ Quality Standards Delivery Team. ▪ Self-service updates (i.e. HRMS) to allow efficient and timely changes to data. ▪ Use of the QlikSense Business Intelligence tool to identify compliance and data quality issues. ▪ Engagement with the HO/National Police Chiefs' Council National Data Quality Improvement Service (NDQIS). ▪ Implementation of holistic Information Asset Registers with accountable Owners and Leads. ▪ Implementation of revised and enhanced processes and procedures relating to review, retention and disposal of electronic and physical assets with oversight and ongoing monitoring from the Information Management Unit (DMAT). ▪ Targeted training and ongoing support for all Information Asset Owners and Leads ▪ Enhanced external audit regime implemented that reflects the complexity and breadth of information management obligations and compliance regimes. ▪ Revised compliance with ICO and legislative requirements (Record of Processing Activities, Data Flow Mapping etc.). ▪ Information Management training mandated for all staff and officers with key performance indicators to Operational Information Management Board as a standing agenda item. ▪ Dedicated communication and awareness plan for all staff and officers which targets key risks and impacts in a timely and effective manner. 	
Likelihood	3	12
Impact	4	12

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6	Strategic Risk Area – Infrastructure and Assets	
	Risk - 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.	
Owner(s)	Director of Finance	
Governance & Oversight	Operational Information Management Board (Physical Security)/ People & Organisational Justice Board (Force Safety Group and subgroups).	
Context	<ul style="list-style-type: none"> ▪ Failure to appropriately maintain assets may result in critical failure. ▪ Failure to comply with building regulations and legislation regarding the safety of our estate. ▪ Failure to ensure officers and staff have the right assets and equipment available to perform their role. 	
Current factors	<ul style="list-style-type: none"> ▪ Impact of post COVID-19 on force infrastructure, estate and assets. ▪ Implementation of New Ways of Working programme. ▪ Delays in new supply of vehicles/availability of fleet as a result of global supply chain issues. ▪ Physical security 	
Potential consequence	<ul style="list-style-type: none"> ▪ Injury to users of assets or the public. ▪ Reduced availability of assets impacts on services across some or all business areas. ▪ Litigation and civil claims. ▪ Negative impact on the workforce and on public confidence. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Review and re-profile of building refurbishment programme in-line with and New Ways of Working requirements. ▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business. ▪ Business Continuity Plans, Estate Strategies and policies and procedures in place. ▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety. ▪ Fire risk assessments in place. ▪ Asbestos management plan in place. ▪ Health and Safety management embedded at tactical and strategic level. ▪ New Fleet Strategy implemented. ▪ New Fleet User Group to revise fleet use and force profile, including development of sustainable fleet measures. ▪ Vehicle maintenance, transportation and installation partners are vetted to ensure security and continuity of service. ▪ Internal fuel stock maintained. ▪ Asset management software. ▪ Telematics installed in all cars providing management oversight with timely maintenance and usage data. ▪ Operational equipment requirements are managed via the Force Safety Group and reported to the People & Organisational Justice Board. 	
Likelihood	2	6
Impact	3	

7	Strategic Risk Area – Operational
	Risk - 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.
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Strategic Management Board
Context	<ul style="list-style-type: none"> ▪ Implementation of a new Force Operating Model, demographic and operational placement of officers and staff. ▪ A specific focus on Joint Emergency Services Interoperability Programme (JESIP) principles and preparedness planning through the Local Resilience Forum (LRF) to manage Major Incidents. ▪ The national strategic threat and risk assessment 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. ▪ 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 public order. ▪ 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.
Current factors	<ul style="list-style-type: none"> ▪ Current review of the CCA. ▪ Proposed wider remit of LRFs. ▪ Statutory guidance for JESIP. ▪ Force Operating Review. ▪ Interim exigency Response Policing Team shift pattern. ▪ Work Force Plan. ▪ Significant Events.
Potential consequence	<ul style="list-style-type: none"> ▪ Inability to meet core policing requirements. ▪ Inability to respond effectively to Major Incidents. ▪ Reduced staffing and service provision. ▪ Inability to deliver services across some or all business areas. ▪ Inability to project accurate resourcing to meet future demand. ▪ Ability to meet mobilisation commitment. ▪ Negative impact on public confidence. ▪ Ineffective business continuity.

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<p>Summary of Controls</p>	<ul style="list-style-type: none"> ▪ Robust business continuity plans in place across all area commands and departments. ▪ COVID-19 Response plan and local response plan prepared for localised lockdowns. ▪ Pandemic Multi-Agency Response Teams Plan with partners and ability to activate in response to excess death management. ▪ 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. ▪ Close working with National Police Coordination Centre (NPoCC) and the Regional Information and Coordination Centre to test and exercise mobilisation commitment and provide and request mutual aid as appropriate. ▪ Mobilisation plan includes changes to NPoCC mobilisation commitment and deployments to British Overseas Territories with COVID-19 considerations. ▪ Ability to implement agile ways of working and COVID Secure estate. ▪ Northumbria Police currently chairs the Northumbria LRF and work closely with partners on preparedness for civil emergencies and the testing and exercising of the multi-agency response. ▪ LRF Strategic Coordination Group and Tactical Coordination Group currently activated with Vice Chair status on each group. ▪ At Chief Constable level Recovery Plan and Recovery Coordination Group participation. ▪ Ability to revise shift pattern to facilitate mobilisation of specialist staff, particularly in respect of Tier 2 assets. ▪ Force Coordination Centre and daily pace setter meetings to align demand and resources. 	
<p>Likelihood Impact</p>	<p align="center">2 4</p>	<p align="center">8</p>

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8	Strategic Risk Area – Partnership & Collaboration
	Risk – Loss or reduction in opportunities to work in partnerships or collaborations and subsequent impact on service delivery. Ineffective management of new and current commercial contracts leading to reduced service delivery and/or low value for money.
Owner(s)	Deputy Chief Constable
Governance & Oversight	Joint Business Meeting / Strategic Management Board - Business
Context	<ul style="list-style-type: none"> ▪ Lack of scoping and user requirements at the outset of partnerships/collaboration or commercial interest. ▪ Future financial constraints on public services. ▪ Cost of living and inflation impacting economy and changing opportunities. ▪ Lack of integrated planning with partners to identify opportunities. ▪ Reduction in partnership services. ▪ Failure of significant collaborative agreements.
Current factors	<ul style="list-style-type: none"> ▪ Reduction in safeguarding activity and preventative work, particularly relating to serious violence and anti-social behaviour. ▪ Commercial contract management capability and capacity. ▪ Capability and capacity of Procurement team resulting from recent exits. ▪ Missed opportunities for further partnership collaboration with partners. ▪ Impact of post COVID-19 on current partnership arrangements and future opportunities to work together due to reduced funding ▪ Cost of living / inflation is affecting commercial businesses and public sector.
Potential consequence	<ul style="list-style-type: none"> ▪ Gaps in services and support to communities. ▪ Missed opportunities to prevent and reduce crime and disorder. ▪ Reduced public confidence. ▪ Reduced opportunities for more efficient and effective services. ▪ Increased costs due to poor scoping and/or contract management. ▪ Missed learning opportunities for partner agencies from serious case reviews.
Summary of Controls	<ul style="list-style-type: none"> ▪ Effective partnership governance arrangements and joint partnership plans through Community Safety Partnerships and wider multi-agency arrangements ▪ Force wide business planning cycle and delivery of local business plans informed by partnership data and engagement. ▪ Strategic Design Authority and Transformation Programme. ▪ Improving understanding of demand and external influences of demand enabling effective management of response. ▪ Business continuity plans between relevant partners. ▪ Access to local and/or national support programmes. ▪ Ongoing management of commercial contracts.

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	<ul style="list-style-type: none">▪ Adoption of recommendations made in HMICFRS Thematic report 'The Hard Yards' to track business benefits.▪ 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.▪ Ability to introduce and maintain joint Criminal Justice Impact and Recovery working exercises when required, utilising resources across disciplines to meet demand.▪ Increased early interventions and out of court disposals in place for young people.▪ Introduction of a centralised decision making and recording process for adult Out of Court Disposals to increase use of diversion pathways (Transformational Resolutions and Educational Adult Disposals (TREAD) Team).	
Likelihood Impact	2 4	8

9	Strategic Risk Area – Public Confidence
	Risk - 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.
Owner(s)	T/Assistant Chief Constable (Communities)
Governance & Oversight	Engaged Communities Group/Strategic Resourcing Delivery Board/ People & Organisational Justice Board/Organisational Learning Board/Ethics Advisory Board/Public Confidence and Standards Board
Context	<ul style="list-style-type: none"> ▪ Force or an associated individual acts, in an inappropriate, discriminatory way or demonstrates corrupt behaviour. ▪ Death or serious injury following police contact, or following other adverse or critical incident, as a result of police action or omission. ▪ Misuse or deliberate disclosure of sensitive data or information. ▪ Public perceptions of police ineffectiveness in relation to offences disproportionately impacting on specific communities (Violence Against Women and Girls (VAWG), Hate crime, disproportionate victimisation of black communities).
Current factors	<ul style="list-style-type: none"> ▪ Abuse of authority for financial or sexual purpose, fraud or theft. ▪ Awareness of risk within workforce (Abuse of Authority for a Sexual Purpose (AA4SP), misogyny, discrimination) and increase in associated misconduct cases. ▪ Current operating context and legitimacy in use of police powers. ▪ Disproportionality in use of powers. ▪ Identification and response to organisational learning opportunities. ▪ Public perception that ineffective response to VAWG, hate crime and victimisation of black communities is influenced by cultural issues (misogyny/ institutional racism).
Potential consequence	<ul style="list-style-type: none"> ▪ Abuse of authority for financial or sexual purpose, fraud or theft. ▪ Increased civil interest. ▪ Perception of disparity damaging confidence of minority groups. ▪ Litigation, legal action against the Force. ▪ Reduced public confidence.

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Summary of Controls	<ul style="list-style-type: none"> ▪ Governance arrangements. ▪ Force Engagement Strategy and systems. ▪ Completion of Equality Impact and Community Tension Assessments. ▪ Independent advisory groups and Scrutiny Panels for use of powers. ▪ Force VAWG Strategy, Race Action Plan and Hate Crime Delivery Plans. ▪ Dedicated Counter Corruption Unit with appropriate capacity and capability to deliver a full range of covert tactics. ▪ Forcewide internal communications to increase awareness of behaviour and standards, such as corruption, ethical dilemmas, understanding boundaries. ▪ Vetting procedures in-line with APP on Vetting. ▪ 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. ▪ Internal threat awareness through Professional Standards Department risk matrix, abuse of authority problem profile. ▪ Diversity/Unconscious bias training for all staff. ▪ Focus on diversity in recruitment, attraction, selection and retention. ▪ Continued Performance & Development Review of staff via performance management frameworks. 	
Likelihood Impact	2 4	8

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10	Strategic Risk Area – Regulation & Standards
	Risk - Northumbria Police and/or its staff, fail to operate within the regulatory framework defined by law or by force policy. In doing so, creating risks which may result in harm to individuals, groups or organisations.
Owner(s)	Deputy Chief Constable
Governance & Oversight	Public Confidence & Standards Board/Engaged Communities Group/People & Organisational Justice Board
Context	<ul style="list-style-type: none"> ▪ Litigation, legal action and/or prosecution of the Force and/or individuals by former officers or staff members. ▪ Failure to comply with regulatory frameworks.
Current factors	<ul style="list-style-type: none"> ▪ Increased scrutiny and challenge on police powers and super complaints. ▪ Significant events impacting on public confidence over last 12 months. ▪ Change in legislation in relation to protest may result in legal challenge. ▪ Increase awareness and reporting of AA4SP could result in legal action against force for failure to prevent.
Potential consequence	<ul style="list-style-type: none"> ▪ Litigation, legal action and/or prosecution of the Force and/or individual staff. ▪ Associated costs of dealing with litigation. ▪ Negative impact on the workforce and public confidence. ▪ Failure to achieve/maintain relevant ISO/IEC accreditation in line with relevant codes of practice. ▪ Failure to comply with relevant Health and Safety regulations.

Summary of Controls	<ul style="list-style-type: none"> ▪ Central review of all civil claims, with adverse trends and lessons learnt reported to People & Organisational Justice Board/ Organisational Learning Board. ▪ Audit arrangements and Quality Management System. ▪ ISO governance meeting. ▪ Health and Safety Management System and provision of health and safety advice. ▪ Investigations and review of health and safety incidents, with lessons learnt reported to People & Organisational Justice Board. ▪ Monitoring of regulations and standards in relation to COVID-19 now within business as usual, subject to any major changes in society / regulations etc. ▪ Introduction of scrutiny panel for use of police powers. ▪ Force policy on mandatory use of Body Worn Video at key incidents/events. ▪ External Scrutiny panel for use of police powers (Use of Force/Stop & Search). ▪ Force approach to identify and reduce AA4SP. ▪ Introduction of Force Public Confidence & Standards Board and external scrutiny oversight board.
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Likelihood	3	9
Impact	3	

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11	Strategic Risk Area – Strategy
	Risk - 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.
Owner(s)	Chief Constable
Governance & Oversight	Executive Board
Context	<ul style="list-style-type: none"> ▪ Failure to deliver the Force Strategic Priorities. ▪ Failure to deliver against objectives set out in the Police and Crime Plan. ▪ Failure to achieve the business benefits from the Transformation Programme. ▪ Compliance and standards not meeting acceptable levels impacting on victim services. ▪ Failure to meet areas for improvement highlighted by external bodies.
Current factors	<ul style="list-style-type: none"> ▪ COVID recovery impacting on Newcastle Crown Court backlog. ▪ Implementation and impact of Northgate Connect. ▪ Increased demand as the force implements the Transformation Programme.
Potential consequence	<ul style="list-style-type: none"> ▪ Deteriorating performance resulting in policing priorities not being achieved. ▪ A decline in quality and service delivery, leading to a reduction in satisfaction and confidence. ▪ Adverse external inspection reports, leading to recommendations and wider escalation. ▪ Reduction in services provided to victims and witnesses as a result of ineffective partnership working with other criminal justice agencies. ▪ Delays to criminal justice outcomes. ▪ Slippage/failure of projects, which hamper the achievement of objectives.

Summary of Controls	<ul style="list-style-type: none"> ▪ Business planning cycle and delivery of local business plans. ▪ Forcewide Performance Management Framework. ▪ Oversight and management of performance using the Governance and Decision-making structure. ▪ Transformation 2025 Programme. ▪ Local Criminal Justice Board (LCJB) Plan and supporting governance structures. ▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB Strategic Recovery Group). ▪ Victim service review to improve service delivery to victims of crime and investigative standards. ▪ Implementation of a Northumbria Police Victim and Witness Service. ▪ Ring fenced funding to deliver Force Strategic Priorities.
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Likelihood	2	8
Impact	4	

12	Strategic Risk Area – Workforce
A	Risk - Inability to attract, recruit and retain required workforce levels.
Owner(s)	Director of People & Development
Governance & Oversight	People & Organisational Justice Board, Strategic Resourcing Delivery Board, Strategic Design Authority, Transformation Board
Context	<ul style="list-style-type: none"> • Extremely challenging job market for specialist technical skills with marked pay differentials when compared to other sectors. • Limited ability to attract, recruit and retain individuals with specialist/technical skills into specialist roles i.e. particularly in Digital Policing. • Limited ability to attract, recruit and retain a diverse workforce. • Significant gaps across investigative roles (PIP level 2) and challenges to recruit detectives internally. • Requirement to ensure efficiency of recruitment and vetting processes to match pace of hiring and ensure standards continue to be met.
Current factors	<ul style="list-style-type: none"> • Buoyant and active job market has resulted in an increased number of vacancies across the region, as well as Nationally. • Skills shortages in specialist / technical roles due to current recruitment climate. • Challenges in meeting diversity ambitions and limited pool which is in high demand from all sectors. • Challenges in meeting changing workforce expectations. • Challenges in the attraction of investigative resources through internal routes. • Increased police staff attrition. • Potential increase police officer attrition.
Potential consequence	<ul style="list-style-type: none"> • Failure to deliver service in key technical and specialist areas, impacting on public trust and confidence. • Impact on investigative standards and quality due to insufficient investigative resources to meet demand. • Lack of representation of the communities we serve. • Impact on wellbeing due to high vacancy and turnover rates. • Loss of key skills and knowledge through high turnover. • Increased recruitment cost.

Summary of Controls	<ul style="list-style-type: none"> • Resourcing Strategy for each business area to deal with the demand, design, supply, capacity and capability. • Workforce plan for police officer and police staff, which is affordable and achievable. • Investigative Plan delivered through the Investigative Capability Working Group and governed via the Strategic Resourcing Delivery Board. • Gold Group established in response to PIP demand. • Operational Resourcing Meeting established to monitor tactical operational resourcing requirements.
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	<ul style="list-style-type: none">• Use of agency / organisations to provide Burst capability for technical skills.• Diversity, Equality & Inclusion Strategy and Plan (including Positive Action strategy/plan).• Appropriate and robust vetting framework.• Development of a Retention Strategy to address workforce retention and attrition Implementation of a new salary model following delivery of Role, Reward and Pay project.	
Likelihood	3	12
Impact	4	

12	Strategic Risk Area – Workforce
B	Risk - Limited ability to ensure the workforce has the appropriate capacity and capability in order to meet the current and future requirements of an effective policing service.
Owner(s)	Director of People & Development
Governance & Oversight	People & Organisational Justice Board, Strategic Resourcing Delivery Board, Strategic Design Authority, Transformation Board
Context	<ul style="list-style-type: none"> • An appropriate assessment of people performance through effective Performance and Development Review (P&DR) assessments • Ensure the workforce is developed in terms of their operational, technical, leadership and business skills. • Ensure training profiles and minimum levels are met and maintained. • Ensure ongoing professional development in key technical / specialist roles, in particular for investigative resource and the development of career pathways. • Ensure the workforce understands its role in ensuring appropriate standards are met in line with the Code of Ethics. • Ensure the organisation becomes a learning organisation where the learning experience is supported through effective tutoring, mentoring and coaching.
Current factors	<ul style="list-style-type: none"> • Gap in knowledge of people performance • Lack of investigative resources available across the force impacting on the ability to meet investigative demands. • Ability to respond to core operational capabilities i.e., driver training. • Lack of understanding of business and leadership skills profiles and requirements. • Lack of clarity and action in regard to people performance and understanding of expectations. • PEQF entry routes require the organisation to effectively support the learner experience.
Potential consequence	<ul style="list-style-type: none"> • People performance is not maximised • Inability to deliver service and reduction of service quality will impact on trust and confidence. • Inability to meet demand, particularly from an investigative perspective. • Impact on wellbeing through increased pressure on a smaller number of resources to deliver services. • Inability to meet minimum training profile requirements.
Summary of Controls	<ul style="list-style-type: none"> • Investigative Plan – delivered through the Investigative Capability Working Group and governed via the Strategic Resourcing Delivery Board. • Operational Resourcing Meeting – monitor tactical operational resourcing requirements. • Resourcing Strategy for each business area to deal with the demand, design, supply, capacity and capability issues.

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	<ul style="list-style-type: none"> • Clear, achievable training plan for the next 12 months, with projections across the 4-year Medium Term Financial Strategy period. • Embedded training profiles and plans. • Enhanced development offer including leadership and career development. • Ongoing workforce development through P&DR and local ownership. • Diversity, Equality & Inclusion Strategy and Plan (including Positive Action strategy/plan) • Integrity health checks through the P&DR • Performance and promotion assessment uses the national competency and values framework which is built on the Code of Ethics. • Development of a Professional Development Unit within Area Commands to provide support to student. 	
Likelihood Impact	3 4	12

AGENDA ITEM 7 - APPENDIX B

Overview of the RAG status of Strategic Risk – OPCC

LIKELIHOOD	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)
	IMPACT				

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

OPCC	<p>Strategic Risk – Finance (OPCC)</p> <p>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.</p>
Owner(s)	Chief Finance Officer – OPCC
Governance and Oversight	Joint Business Meeting/OPCC Business Meeting
Context	<ul style="list-style-type: none"> ▪ The review of the funding formula used by government to distribute grant funding to police forces in England and Wales may lead to a reduction in the percentage of central government police funding allocated to Northumbria. ▪ 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. ▪ 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. ▪ Affordability may also be affected by changes in national interest rates. ▪ Reserves policy is crucial to medium term sustainability. ▪ In-year financial monitoring must be robust.
Current factors	<ul style="list-style-type: none"> ▪ Settlement 2022/23 remains one-year only. Information for future years states a minimum increase nationally for 2023/24 and 2024/25 for policing as a whole. ▪ There is longer term certainty of the scope for Precept increases for a further two year period. ▪ Settlement 2022/23 has continued funding to support the Uplift programme. ▪ At this time, the level of national funding and the robust controls detailed below mitigate in the short term the consequence also detailed below.
Potential consequence	<ul style="list-style-type: none"> ▪ 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. ▪ Any in-year pressures or extraordinary events which become a forecast overspend must be addressed through consideration of in-year savings, potential use of relevant reserves and discussion with the CC.

AGENDA ITEM 7 - APPENDIX B

Summary of Controls	<ul style="list-style-type: none">▪ Strategic engagement in respect of any proposed review of the funding formula.▪ Transparent ownership of financial matters between the PCC and CC▪ Comprehensive approach to business planning cycle and annual budget setting process.▪ Well understood in-year financial monitoring and reporting governance.▪ Medium and long term financial planning.▪ Regular oversight of revenue & capital budget.▪ Maintain adequate risk assessed reserves.▪ Audit Committee/Internal Audit Treasury Management strategy in place outcomes reviewed by PCC.▪ HMICFRS inspection regime.	
Likelihood Impact	3 4	12

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

AGENDA ITEM 7 - APPENDIX B

OPCC	<p>Strategic Risk – Partnership & Collaboration (OPCC)</p> <p>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.</p>
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"> ▪ Challenging budget and service pressures within partner organisations both in public and voluntary sector can lead to silo working. ▪ Potential for national issues and crisis to affect collaborative working. ▪ Requirement to retain engagement of the public as a partner. ▪ Ensuring external factors do not alter relationships preventing joint working. ▪ Clear outcomes not being identified and reported can risk sustainability and ongoing partner engagement. ▪ Uncertainty of long-term sustained resourcing to deliver current public health approach collaboration - Violence Reduction Unit and other joint projects including Victims Service Provision. 3-year funding confirmed.
Current factors	<ul style="list-style-type: none"> ▪ PCC Review Government ambition to strengthen and expand the role of PCCs and maximise potential for wider efficiencies. ▪ Impact of the current pandemic on the Local Criminal Justice System. ▪ Stream of external funding opportunities and complex bidding process.
Potential consequence	<ul style="list-style-type: none"> ▪ Reduced public confidence. ▪ Reduced opportunities for more efficient and effective services. ▪ Bidding system demands on resources can lead to missed opportunities to access funding streams that contribute to reducing crime/reoffending and ASB in the Northumbria Area. ▪ Missed opportunities to prevent and reduce crime and disorder and maintain an efficient and effective Criminal Justice System. ▪ Increased costs due to poor partnership and commissioned service management.
Summary of Controls	<ul style="list-style-type: none"> ▪ Effective partnership/commissioning governance arrangements that identify and report outcomes and progress. ▪ Comprehensive public engagement and communication strategies to inform multi agency responses and effective scrutiny. ▪ Scrutiny of effectiveness of Force collaborative activity. ▪ Focus on accessing funds for collaborative working and lobbying government for sustained funding streams. ▪ VRU Strategic Board and Response Strategy ▪ PCC Chairs Local Criminal Justice Board delivering the LCJB Business Plan ▪ Collaboration and engagement with other PCCs, nationally and regionally. ▪ Comprehensive engagement and monitoring of commissioned services.

AGENDA ITEM 7 - APPENDIX B

	▪ Regular 'sector' engagement meetings with potential and current partners.	
Likelihood Impact	2 4	8

OPCC	<p>Strategic Risk – Public Confidence (OPCC)</p> <p>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.</p>
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"> ▪ A robust communications plan is needed to demonstrate effective and visible accountability of the chief constable to the PCC. ▪ Delivery of the PCCs manifesto commitments on which she was elected with the continual need to understand and react to changing communities or priorities and reflect this in the Police and Crime Plan. ▪ Engagement with communities to identify and respond to trends identified through the complaints process and external communication to reflect organisational learning. ▪ OPCC business must ensure compliance with legal, information management legislation, transparency guidance and the public sector equality duty.
Current factors	<ul style="list-style-type: none"> ▪ Role of social media in shaping public perceptions. ▪ Changes to law to allow the public to report crimes via social media. ▪ Responding to and reassuring communities following recent tragic events, through robust scrutiny of Northumbria Police and engagement with partners and communities. ▪ National action by Legally Qualified Misconduct Hearing Chairs may delay the police misconduct process.
Potential consequence	<ul style="list-style-type: none"> ▪ Reputational damage. ▪ Police and Crime plan and actual delivery not aligned to public concerns and priorities. ▪ Loss of trust/confidence in the PCC as a result of crime perceptions. ▪ Poor service delivery damages public confidence. ▪ Relationship with force and partners. ▪ Government penalties for Poor assessment results.
Summary of Controls	<ul style="list-style-type: none"> ▪ Police and Crime Plan (annually updated to reflect emerging priorities). ▪ Annual Scrutiny Programme. ▪ Police and Crime Panel Scrutiny. ▪ Reporting back to the public crime data and on their concerns and progress towards the Police and Crime plan. ▪ External evaluations including impact of the VRU. ▪ Rolling programme of PCC engagement across demographics and issue based topics, ▪ Annual Report. ▪ Governance Framework. ▪ Annual Assurance Statement/Audit Committee. ▪ Internal Audit. ▪ OPCC Website and Social Media. ▪ Data Protection Officer.

AGENDA ITEM 7 - APPENDIX B

	<ul style="list-style-type: none">▪ Complaints Review process.▪ Service level agreement with Northumbria Police.	
Likelihood Impact	2 4	8

The Joint Audit Findings Report for: Police and Crime Commissioner for Northumbria Chief Constable for Northumbria

Year ended 31 March 2021

July 2022



Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PCC and Chief Constable or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audits of the Police and Crime Commissioner for Northumbria ('the PCC') and the Chief Constable for Northumbria ('the Chief Constable') and the preparation of the PCC's and Chief Constable's financial statements for the year ended 31 March 2021 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion the financial statements:

- give a true and fair view of the financial positions of the PCC & Chief Constable's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with each set of audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed remotely, predominantly in March and April 2022. Our findings are summarised on pages 5 to 14.

Management made one material adjustment to the financial statements of the Chief Constable and Group prior to the commencement of our audit. This adjustment was required as a result of updated information provided by Tyne and Wear Pension Fund (TWPF) and had no impact on useable reserves.

In addition, a material adjustment has been made in the PCC's financial statements in both the current period and prior periods to correct the treatment of VAT in the valuation of the PCC's specialised property.

We have identified two unadjusted misstatements with the financial statements of the group and PCC, as well as several minor disclosure issues.

Audit adjustments are detailed in Appendix B. We have also raised recommendations for management as a result of our audit work in Appendix A.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion for the PCC's financial statements (including the financial statements which consolidate the financial activities of the Chief Constable) or the Chief Constable's financial statements, subject to the receipt and review of the final, signed management representation letters and financial statements.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit reports will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether in our opinion, both entities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. We expect to issue our Auditor's Annual Report by the JIAC meeting scheduled for 18 July 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

We consider whether there are any risks of significant weakness in the PCC's and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources. In our audit plan we identified several areas of focus for our work, but we have not identified any risks of significant weakness at the time of writing this report. Our work is still underway and an update is set out in the value for money arrangements section of this report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of:

- our work on the PCC's and Chief Constable's VFM arrangements, which will be reported in our Auditor's Annual Report in July 2022.
- our work on the group's Whole of Government Accounts (WGA) return. This work is not yet completed and the timelines for this work have not yet been confirmed at the time of writing this report.

Significant Matters

We did not encounter any significant difficulties in performing our audit procedures.

A material adjustment has been made to the financial statements to correct the treatment of VAT in the PCC's specialist property valuations in both current and prior years.

2. Financial Statements

Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and will be discussed with the PCC & Chief Constable.

As auditors we are responsible for performing the audits, in accordance with International Standards on Auditing (UK) and the Code, which are directed towards forming and expressing an opinion on each set of financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the PCC's and Chief Constable's business and is risk based, and in particular included:

- An evaluation of the PCC's and Chief Constable's internal controls environment, including IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audits of your financial statements and we anticipate issuing unqualified audit opinions on the financial statements of both the PCC and the Chief Constable.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on 28 February 2022.

We detail in the table opposite our determination of materiality.

	Group	PCC	Chief Constable	Qualitative factors considered
Materiality for the financial statements	£7,600k	£6,600k	£7,500k	This benchmark is determined as a percentage of the entity's Gross Revenue Expenditure in year and considers the business environment and external factors.
Performance materiality	£5,320k	£4,600k	£5,250k	Performance Materiality is based on a percentage of the overall materiality and considers the control environment and the accuracy of accounts and working papers provided.
Trivial matters	£380k	£331k	£375k	Triviality is set at 5% of Headline Materiality.
Materiality for disclosures relating to senior officers' remuneration	£26k	£26k	£26k	Due to the sensitive nature of these disclosures, a separate, lower materiality threshold is set.

We apply the lowest of these materiality figures (£6,600k) for the purposes of our audit work, which equates to 2% of the PCC's gross expenditure.



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The PCC and Chief Constable face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Chief Constable, PCC and Group</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>A sample of 30 journals was selected based on consideration of specific risk-based criteria. Testing has not identified any instances of management override of controls, and has provided us with assurance that journal entries are consistent with expectations.</p> <p>We did not identify any changes in accounting policies or estimation processes and review of key estimates has not identified any matters to bring to your attention. In particular, our work on PPE valuations and pension estimates is complete and we have not identified any instances of management override in these estimates.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Valuation of land and buildings</p> <p>The PCC and Group revalue their land and buildings on a rolling three-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£82.6 million as at 31 March 2021 per draft group balance sheet) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the PCC and Group financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	<p>PCC and Group</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work evaluated the competence, capabilities and objectivity of the valuation expert written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding tested revaluations made during the year to see if they had been input correctly into the PCC asset register <p>Page 10 provides a detailed assessment of the estimation process for the valuation of the property, plant and equipment. Two significant matters were noted from this work:</p> <p>1) Our review of the underlying assumptions reflected in the valuation of specialised property identified that VAT had incorrectly been included in the valuations of assets valued using the Depreciated Replacement Cost (DRC) method. We challenged management's treatment of this, given that the group can generally recover VAT, and VAT should only be capitalised where irrecoverable. After seeking advice on the matter, management have agreed that VAT should be excluded from these valuations, and have adjusted the financial statements appropriately for this. As this issue would have had a material adjustment in previous years, a prior period adjustment was required to restate the comparative figures in the audited 2020/21 financial statements.</p> <p>2) Our review of the revaluations process and workings identified that while management's stated revaluation date was set at 1 April 2020, the effective date of the valuation calculations was 31 March 2021. While we consider this to be appropriate for the valuations' accuracy, we consider that the full year's depreciation charge on buildings is inappropriate and leads to the buildings being understated by the amount of the depreciation charge (£1,406k- revised following accounts adjustment). This is because the valuations performed already take into account the aging of the asset in the 2020/21 financial year. As the valuations are effective at 31 March 2021, the depreciation charge in year should be calculated on the opening balance and reversed out on valuation. Management's accounting policy should be updated to reflect the effective valuation date of 31 March. Management have not adjusted the accounts to reflect this matter and it is reported as an unadjusted misstatement in Appendix B.</p> <p>We have requested specific representations relating to this unadjusted misstatement within the letter of representation.</p> <p>Our work on this area is complete.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Valuation of pension fund net liability</p> <p>The Group's pension fund net liability is made up of amounts relating to the Local Government Pension Scheme (£225m) and the Police Pension and Injury Award Schemes (£4,364m). These liabilities, totalling £4,589m in the Group balance sheet, represent a significant estimate in the financial statements that is sensitive to changes in key assumptions.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount rate, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 2% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Chief Constable's pension fund net liability as a significant risk.</p>	<p>Chief Constable and Group</p>	<p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management experts (actuaries) for this estimate and the scope of the actuaries' work; • assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assessed the accuracy and completeness of the information provided by the Chief Constable to the actuaries to estimate the liabilities; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuaries; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as the auditor's expert) and performing any additional procedures suggested within the report; and • obtained assurances from the auditor of Tyne and Wear Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the Tyne and Wear Pension Fund financial statements. <p>Page 11 provides a detailed assessment of the estimation process for the valuation of the pension fund net liability. From review of the report of the consulting actuary (as auditor's expert), we have identified that the CPI assumption used by GAD in calculating the police pension liability is outside of expectations. We have consulted with internal actuarial colleagues with regards to this and concluded that there is no material impact.</p> <p>Other assumptions in calculating the net pension liability of both schemes are considered to be in line with expectations and we have not identified any issues with the estimation process.</p> <p>Our work on the net pension liability is now complete.</p> <p>We note that management adjusted the financial statements before the commencement of our audits for an understatement in the valuation of the Tyne and Wear Pension Fund's assets. This has resulted in a decrease in the Chief Constable's net pension liability of £7,610k, as set out in Appendix B.</p>

2. Financial Statements - key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations £83m	PCC	<p>Management engage their qualified internal valuer and estates team to perform the valuation of their land and buildings.</p> <p>The valuations are undertaken on a 3 year rolling programme. The largest three assets are valued each year on a Depreciated Replacement Cost basis. The remaining operational assets are revalued across the 3 year programme on a geographic basis, between the Northern, Southern and Central regions.</p> <p>In the year ended 31 March 2021, only the Northern freehold assets were formally revalued, but a decision was made in 2021 to do a full desktop valuation. The accounting date of the valuations is 1 April 2020 however the valuations are prepared using information relevant at the 31 March 2021 balance sheet date.</p> <p>Assumptions are selected by the valuer in accordance with the Valuation – Global Standards of the Royal Institution of Chartered Surveyors (RICS). Management review these assumptions and challenge where necessary.</p> <p>The total year end valuation of land and buildings was £83m, a net increase of £1m from 2019/20 (£82m).</p>	<p>We have:</p> <ul style="list-style-type: none"> Deepened our risk assessment procedures performed including understanding management's processes and controls for the determination of the estimates. This included understanding methods, assumptions and data used, as well as instructions issued to management's experts and the scope of their work. Assessed the competence, capability and objectivity of management's expert Tested the completeness and accuracy of the underlying information used to determine the estimate Worked with the valuer to understand the basis on which the valuations were carried out and considered whether the requirements of the Code were met Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, for example by agreeing to 3rd party RICS information Tested revaluations made during the to confirm that they had been input correctly into the fixed asset register Considered the reasonableness of changes in estimated values based on all of the available evidence and wider sector knowledge Considered the adequacy of the disclosure of the estimates in the financial statements. <p>The work performed identified two issues which are explained on page 8:</p> <ol style="list-style-type: none"> VAT has been inappropriately included in the valuation of specialised buildings. This materially affects the current and prior year figures, requiring a prior period adjustment. In our assessment the effective valuation date is at the balance sheet date, and not 1 April as adopted by management in the financial statements. This gives rise to a valuation understatement of £1.4m since depreciation has been 'double charged' on the affected assets. Management declined to adjust for this on grounds of materiality, but have agreed to review their valuation process going forward. <p>Following review of the final set of accounts, we are satisfied that the land and buildings valuation is reasonably stated and free of bias.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																
Net pension liability £4,589m	Chief Constable	<p>The actuarial gains and losses figures are calculated by PCC & Chief Constable's actuarial experts. These figures are based on making % adjustments to the closing values of assets/liabilities.</p> <p>The Group's total net pension liability at 31 March 2021 is £4,589m (PY £4,161m).</p> <p>The Group use Aon Ltd and the Government Actuary's Department to provide actuarial valuations of the Authority's assets and liabilities derived from these schemes) A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2019 for LGPS, and 2020 for PPS. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £284m net actuarial loss during 2020/21.</p>	<p>We have:</p> <ul style="list-style-type: none"> Deepened our risk assessment procedures performed including understanding management's processes and controls for the determination of the estimates. This included understanding methods, assumptions and data used, as well as instructions issued to management's experts and the scope of their work. Undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed additional procedures as suggested in the report. See below for consideration of key assumptions in the PPS liability: <table border="1"> <thead> <tr> <th>Assumption PPS</th> <th>Actuary Value PPS</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.00%</td> <td>2.00%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.40%</td> <td>> 2.50%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.15%</td> <td>4.15%</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> There have been no changes to the valuation method since the previous year, other than the updating of key assumptions above, and no issues were noted with the completeness and accuracy of the underlying information used to determine the estimate. <p>From review of the report of the consulting actuary (as auditor's expert), we have identified that the CPI assumption used by GAD in calculating the police pension liability is outside of expectations. We have engaged our own internal actuarial experts to consider the impact of this, and concluded that there is no material impact.</p> <p>As noted on page 9, our work on pension liabilities is now completed.</p>	Assumption PPS	Actuary Value PPS	PwC range	Assessment	Discount rate	2.00%	2.00%	●	Pension increase rate	2.40%	> 2.50%	●	Salary growth	4.15%	4.15%	●	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>
Assumption PPS	Actuary Value PPS	PwC range	Assessment																	
Discount rate	2.00%	2.00%	●																	
Pension increase rate	2.40%	> 2.50%	●																	
Salary growth	4.15%	4.15%	●																	

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the PCC & Chief Constable, and with the Joint Independent Audit Committee. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation will be requested from both the PCC and the Chief Constable, including specific representations in respect of the group financial statements and the unadjusted misstatements.
Confirmation requests from third parties	We requested from management permission to send confirmation requests in relation to cash, investment and borrowing balances. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the PCC's & Chief Constable's accounting policies, accounting estimates and financial statement disclosures. Our work on Property Plant & Equipment identified that management's reported property valuation date (1 April) does not align with the effective date of the valuation work performed by the internal valuer (31 March), see Appendix B.
Audit evidence and explanations / significant difficulties	All information and explanations requested from management were provided. Working papers were of a good standard and replies were provided on a timely basis.

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the PCC's and Chief Constable's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the PCC and Chief Constable meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the PCC and Chief Constable and the environment in which they operate the PCC's and Chief Constable's financial reporting framework the PCC's and Chief Constable's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified for either the PCC or Chief Constable. management's use of the going concern basis of accounting in the preparation of both sets of financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with each set of audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statements do not comply with disclosure requirements set out in CIPFA/SOLACE guidance or are misleading or inconsistent with the information of which we are aware from our audits, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>This work is not yet completed and the timelines for this work have not yet been confirmed. We anticipate that no work will be required as the group has previously been below the audit threshold determined by the NAO.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2020/21 audits of the PCC and Chief Constable in the audit reports, due to the following work being incomplete:</p> <ul style="list-style-type: none"> • work on the group's arrangements to secure value for money; and • required procedures on the PCC's WGA return.



3. Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria.
- Auditors undertaking sufficient analysis on the PCC's and Chief Constable's VFM arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

We have not yet completed our VFM work and so are not in a position to issue our Auditor's Annual Report. We expect to issue our Auditor's Annual Report by July 2022, in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

We have not identified any risks of significant weaknesses in arrangements at the time of writing this report.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Audit and non-audit services

Grant Thornton UK LLP provided a Tax and VAT Helpline service to the PCC during the 2020/21 and 2021/22 financial years. This Helpline was provided to answer non-complex queries on tax and VAT treatments. The Helpline was last used in June 2021, prior to our appointment as the group's external auditors on 27 October 2021. The service ceased on our appointment. The Helpline was provided by a separate team of tax specialists within Grant Thornton UK LLP, who will have no involvement in the external audit process.

Full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms are included in the table below.

Service	Fees £	Threats	Safeguards
Audit related			
None identified			
Non-audit related			
Tax and VAT Helpline (April 2020 – October 2021)	1,200	Self-Interest Familiarity	The level of recurring fees taken on their own is not considered a significant threat to independence as the fee for this work is £1,200 in comparison to the confirmed scale fee for the audit of £42,967 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. The service was provided by a separate team of tax specialists within Grant Thornton UK LLP, who will have no involvement in the external audit process. These factors mitigate the perceived threat to an acceptable level.

Appendices

A. Action plan – Audit of Financial Statements

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

We have identified recommendations for the PCC and Chief Constable as a result of issues identified during the course of our financial statements audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Relates to	Issue and risk	Recommendations
High	Group	<p>The results of our work on the design effectiveness of the IT general controls environment identified an instance of inappropriate access rights having been granted. The combination of privileges granted creates a risk that system-enforced internal controls could be bypassed. This could lead to:</p> <ul style="list-style-type: none"> • Unauthorised changes being made to system parameters; • Creation of unauthorised accounts; • Unauthorised updates to a users own account privileges; and • Deletion of audit logs or disabling logging mechanisms. 	<p>Access should be based on the principle of least privilege and commensurate with job responsibilities. Management should review access rights assigned to privileged system users to identify and remove conflicting access rights.</p> <p>If incompatible business functions are granted to users due to organisational size constraints, management should ensure that there are review procedures in place to monitor activities.</p> <p>Management response</p> <p>Management accept the auditors recommendation and will implement this change to this user's access.</p>
Low	Group	<p>Our work on assessing the design effective of the IT general controls identified three improvement recommendations to strengthen controls around password policies, the granting of user access rights and policies around IT change management.</p>	<p>These were discussed with management and management accepted the best practice recommendations and agreed to implement during current finance year 22/23.</p>
Medium	Chief Constable	<p>Our work on pension fund lump sums found instances of lump sum payments in 2021/22 being reported in 2020/21.</p> <p>Further investigation identified that this issue was also present in 2019/20, and the net error on the 2020/21 reported lump sum payments figure was trivial in value.</p>	<p>Management should consider the processes in place for accounting for lump sum payments, and whether improvements can be made to avoid similar issues arising in future years.</p> <p>Management response</p> <p>Management accept the auditors recommendation and will ensure that the current process is reviewed to ensure that all Lump Sum payments raised during March each year relate to the financial year ended 31 March and are not posted in advance for early April retirements.</p>

A. Action plan – Audit of Financial Statements

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

Assessment	Relates to	Issue and risk	Recommendations
Medium	PCC	<p>As part of reviewing the useful lives of assets on the Asset Register, our testing found that some assets had been decommissioned or replaced, but were still showing in the register, albeit fully depreciated.</p> <p>We gained assurance through the completion of follow up work that there was not a risk of material misstatement arising from the issue.</p>	<p>Management should actively review the full asset register each year, especially for assets which are fully depreciated, to ensure that any assets no longer owned are removed from the register. This will avoid overstatement of gross asset values.</p> <p>Management response</p> <p>We accept the recommendation and will undertake a review of fully depreciated assets on an annual basis as part of the capital accounting process to ensure that gross asset values and cumulative depreciation are not overstated.</p>
Medium	PCC	<p>As part of our capital additions testing in our work on Property Plant & Equipment, we identified a vehicle purchase that had been accounted for in 2020/21 but should not have been recognised until 2021/22.</p> <p>The item identified was clearly trivial at £55k. We performed additional sample testing of vehicles additions and did not find any similar errors. Similar trivial value errors were noted from our testing of invoices received in the new year.</p> <p>Included within Appendix C is our extrapolated error estimated based on our factual findings.</p>	<p>Management should consider the processes in place for accruing year-end purchases, and whether improvements can be made to avoid similar issues arising in future years.</p> <p>Management response</p> <p>We will undertake a review of the process to ensure that no similar issues are incurred in future years.</p>

B. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Relates to	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000
A current and prior period adjustment was made to correct the VAT accounting treatment in the valuation of the PCC's specialised property. VAT had been incorrectly capitalised for these assets, going back several years.	PCC and Group	(171)	(8,427)
Current year depreciation was subsequently reduced and amended as commensurate with the lower asset values.			
These adjustments had no impact on the general fund.			
Management adjusted for revised pension fund asset investment returns within the Tyne and Wear Pension Fund following receipt of updated information provided by the Fund after the date of publication of the Draft Statements of Account for the Chief Constable and the Group. The increased returns led to an increase in the value of the assets within the Chief Constable's net pension liability, and an increase on the return on assets within other comprehensive income.	Chief Constable	(7,610)	7,610
This adjustment had no impact on the general fund.			
Overall impact		(7,781)	(817)

B. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The PCC is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Relates to	Reason for not adjusting	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000
Operational buildings have been revalued as at 31 March 2021 but processed with an effective date of 1 April 2020. A full year's depreciation has been charged on these assets, meaning they are held in the balance sheet at a lower value than that provided by the valuer. The value of these assets is therefore understated. This adjustment would have no impact on the general fund.	PCC	Immaterial for 2020/21 financial year Valuation method under review for 2021/22	(1,364)	1,364
Testing of capital additions identified items that had been accounted for in 2020/21 but should have been included in 2021/22. We have determined an estimate of the potential impact of this error by extrapolating our findings – indicating a potential overstatement of PPE of £1,402k, with a corresponding overstatement of the PCC's creditor balances.	PCC	Extrapolated figure Controls to be reviewed for 2021/22		(1,402) 1,402
Overall impact			(1,364)	1,364

Impact of prior year unadjusted misstatements

There were no prior year unadjusted misstatements for either the PCC or the Chief Constable.

B. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

The final set of accounts remains subject to review ahead of closure of the audit.

Disclosure	Relates to	Auditor recommendations	Adjusted?
Movement in Reserves Statement	Group only	The presentation of the Group Movement in Reserves Statement is technically not compliant with the requirements of the Code. We are satisfied that the information presented within the statement is fairly presented, and that this non-compliance would have had no impact on how the reader of the financial statements would interpret and understand the PCC's and Group's performance and financial position.	✓
Note 1 - EFA	All	Changes have been made to the EFA in order to more clearly reflect the changes between the outturn reported to management and the public, and the outturn per the financial statements.	✓
Note 4 - Critical Judgements	All	We noted that in the draft financial statements, the disclosure of 'critical judgements in applying accounting policies' did not fully meet the requirements of the Code and IAS 1. Management agreed to review the adequacy of this disclosure note going forward from 2021/22.	X
Note 6 - Estimation Uncertainty	All	We noted that in the draft financial statements, the disclosure of 'assumptions made about the future and other major sources of estimation uncertainty' did not fully meet the requirements of the Code and IAS 1. Management agreed to review the adequacy of this disclosure note going forward from 2021/22.	X
Note 10 – Audit Fees	All	Disclosures of fees paid have been amended to reflect additional fees for earlier years in the year in which the expenditure was recognised.	✓
Note 16 – Non-Current Assets	PCC	Changes have been made to the disclosures and narrative in Note 16 to bring this in line with Code requirements and with the PCC's own revaluation processes. Notably, the table of valuations (p77 of the draft financial statements) has been amended to reconcile in total to the current year end balance, and therefore show the reader the age of the valuations included in the balance sheet, rather than presenting previous balances at each year end.	✓
Note 21 - Financial Instruments	PCC	The disclosure has been amended to include the PCC's cash as a financial asset.	✓
Unusable Reserves	PCC	The movements in the PCC's unusable reserves were not fully disclosed in the draft financial statements. We requested that this be made clearer in a separate note to the accounts.	✓
Various	All	A number of other more minor changes have been agreed with management in relation to disclosure notes and accounting policies throughout the financial statements to improve accuracy, clarity and understandability.	✓

C. Fees

We confirm below our final fees charged for the audit. These are as communicated in our audit plan on 28 February 2022, with the addition of £3,000, charged to the PCC audit, for additional work required in respect of the prior period adjustment processed by management.

For details of the non audit services provided prior to appointment see page 16. There were no other audited related services undertaken for the PCC and Chief Constable.

Audit fees	PSAA scale fee	Final proposed fee
PCC Audit	£28,529	£46,529
Chief Constable Audit	£14,438	£20,938
Total audit fees (excluding VAT)	£42,967	£67,467

The PSAA scale fees reconcile to the financial statements. Our proposed final fees are subject to PSAA approval.





Police and Crime Commissioner and Chief Constable for Northumbria Audit Progress Report and Sector Update

Year ended 31 March 2022

July 2022



AGENDA ITEM 9

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the entity or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Key Grant Thornton team members



Laurelin H Griffiths

Engagement Lead

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Laurelin will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Police and Crime Commissioner and Chief Constable;
- being a key contact for the Chief Finance Officer and the Joint Independent Audit Committee (JIAC);
- taking overall responsibility for delivering high quality audits which meet professional standards;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- reviewing and signing off all audit reports;
- attending JIAC to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors; and
- sharing good practice identified at other organisations.



Aaron R Gouldman

Manager

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Aaron will ensure that all work allocated is carried out on a timely basis in accordance with the firm's professional standards and to the satisfaction of you, as the audited bodies, and the engagement lead.

As the key contact Aaron will be responsible for building and maintaining good working relationships with all colleagues and clients.

To support delivery of the testing strategy he will:

- assist the engagement lead in establishing audit objectives and overall scope;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- finalise our draft reports to management;
- manage, motivate and coach team members; and
- control the audits in relation to timescales, budgets and risk management procedures.



Winnie G Oduor

Audit In-Charge

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Winnie will lead the on-site audit team, providing a service which meets or exceeds client expectations and supports the engagement lead and manager.

Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement manager or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff; and
- delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training and coaching.

Introduction & headlines

This paper provides the Joint Independent Audit Committee with a report on progress in delivering our responsibilities as your external auditors

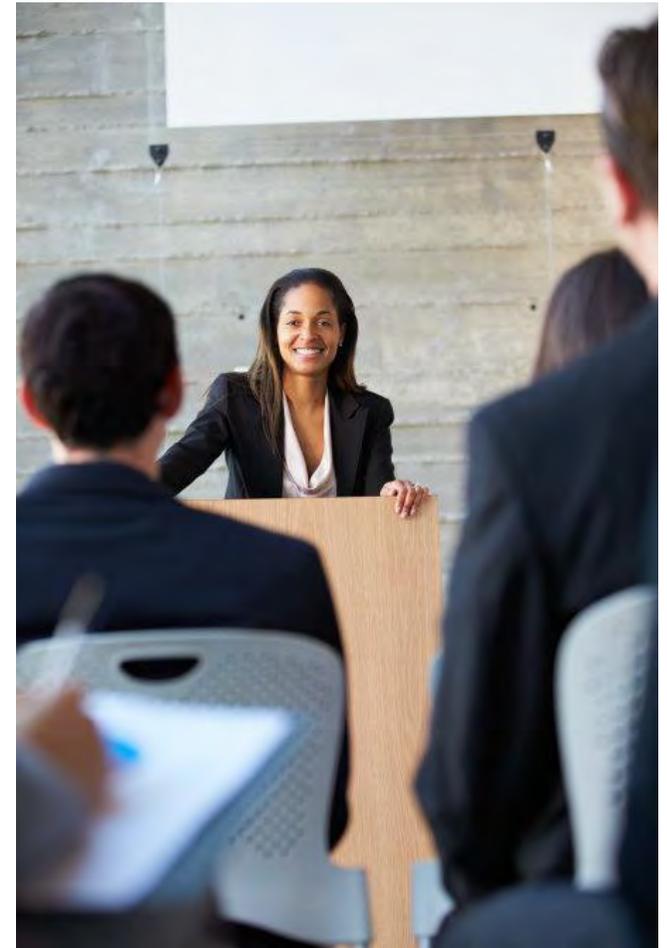
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Independent Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Manager.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



The auditor's statutory responsibilities

Opinion on the audited body's financial statements

Our work enables us to give an opinion as to whether the financial statements:

- give a true and fair view of the financial position of the audited body and its expenditure and income; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards and other directions.

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing.

Since we last reported we have:

- continued to have regular discussions with management discussing issues identified in the 2020/21 audits and emerging themes which are expected to impact on the current audits;
- reviewed meeting papers and the latest financial and operational performance reports ensuring we understand your current challenges;
- considered any reports from regulators regarding your operational effectiveness.

We expect to issue our formal Joint Audit Plan summarising our approach to key risks on the audit before the next JIAC meeting. In this report we have set out indicative risks that will inform the audit strategy for the 2021-22 audit of financial statements.

We will report any key findings from the 2021-22 audit fieldwork in our progress reports to Joint Independent Audit Committee.

We will aim to deliver our final accounts audits to a target sign-off in November 2022 and summarise our work in the Audit Findings Report and Auditors' Annual Report.

Work on value-for-money arrangements

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Police and Crime Commissioner and Chief Constable "has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources."

Our initial risk assessment will build on our understanding of your arrangements, taking into account any findings from previous work on value for money. We will report our formal risk assessment to you at the next Joint Independent Audit Committee against the following reporting criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Police and Crime Commissioner and Chief Constable's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

The auditor's statutory responsibilities

Other responsibilities

We are required to give an opinion on whether:

- other information published together with the financial statements is consistent with the financial statements.

We are also required to:

- consider whether the Annual Governance Statement complies with relevant disclosure requirements and whether it is consistent with the information we are aware of from our audit; and
- examine and report on the consistency of 'Whole of Government Accounts' consolidation schedules with the financial statements.

We will complete this work as part of our financial statements visit.

Other statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

Our work to date has not required us to report any such matters to you.

Added value

Grant Thornton has a large Public Sector practice and is a key supplier to the market. As a valued audit client, you will receive:

- the opportunity to access support from experienced technical colleagues. This means you will be at the forefront of accounting developments. Through this relationship we also ensure that communication works both ways and feed issues back from our clients.;
- insight from our regular meetings within the sector where we discuss emerging developments. We will also raise any areas of concern that you have over policy, procedure, or regulation with your regulators; and
- technical and sector updates for the Joint Independent Audit Committee.



Progress at July 2022

Financial Statements Audit

We are currently undertaking our initial planning and interim work for the 2021/22 audit in July 2022. We expect to begin our work on your draft financial statements in August 2022.

Our interim fieldwork includes:

- Updated review of the Police and Crime Commissioner and Chief Constable's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Understanding how the Police and Crime Commissioner and Chief Constable make material estimates for the financial statements
- Early work on emerging accounting issues

Prior to the next JIAC meeting we plan to issue a detailed audit plan, formalising our proposed approach to the audit of the 2021/22 financial statements. In this report we have included a section on the expected significant audit risks, which are unchanged from the prior year.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by November 2022.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The Department for Levelling Up, Communities and Housing (DLUHC) states that they intend, subject to consultation, to introduce secondary legislation to extend the deadline for publishing audited accounts to 30 November 2022 for the 2021/22 accounts.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report by January 2023.

Progress at July 2022 (cont.)

Other areas

Meetings

We continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Constable and Commissioner respectively in April to discuss strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the Police and Crime Commissioner and Chief Constable. Your officers will have the opportunity to attend our accounts workshop in January and February 2023, where we will highlight financial reporting requirements for the 2022/23 accounts and give insight into elements of the audit approach.

Further details of the publications that may be of interest to the Police and Crime Commissioner, Chief Constable and JIAC members are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract, and the second year of audit of Northumbria Police for Grant Thornton. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government and Police sectors in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of public sector financial transactions and financial reporting. This combined with the FRC requirement that all Local Government and Police audits are at or above the “few improvements needed” (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your Chief Finance Officer(s) including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Joint Independent Audit Committee, Police and Crime Commissioner and Chief Constable.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

2020/21 deliverables

2020/21 Deliverables	Planned Date	Status
<p data-bbox="120 557 573 587">Joint Audit Findings (ISA260) Report</p> <p data-bbox="120 600 1279 655">The final Audit Findings Report will be reported to the Joint Independent Audit Committee. It was presented to the PCC and Chief Constable on 11 July 2022.</p>	July 2022	Complete
<p data-bbox="120 683 338 713">Auditor's Reports</p> <p data-bbox="120 726 999 751">This is the opinion on your financial statements and annual governance statement.</p>	July 2022	Complete
<p data-bbox="120 788 488 818">Joint Auditor's Annual Report</p> <p data-bbox="120 831 1160 887">The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR).</p>	July 2022	Complete

2021/22 deliverables

2021/22 Deliverables	Planned Date	Status
<p>Joint Audit Plan</p> <p>We are required to issue a detailed accounts joint audit plan to those charged with governance setting out our formal proposed approach in order to give our opinions on the 2021-22 financial statements.</p>	August 2022	In progress
<p>Joint Audit Findings (ISA260) Report</p> <p>The Joint Audit Findings Report will be reported to the November Joint Independent Audit Committee.</p>	November 2022	Not due yet
<p>Auditor's Reports</p> <p>These are the opinions on your financial statements and annual governance statement.</p>	November 2022	Not due yet
<p>Joint Auditor's Annual Report</p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). A draft of the AAR will be taken to the January 2023 Joint Independent Audit Committee.</p>	January 2023	Not due yet

Anticipated significant risks 2021/22

Our audit planning is ongoing at the time of writing this report, but we set out here those risks which we anticipate will be the significant risks for our 2021/22 financial statements audit.

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration.

Risk	Risk relates to	Reason for risk identification
Management over-ride of controls	Chief Constable, PCC and Group	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The PCC and Chief Constable face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore expect to identify management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>
Valuation of land and buildings	PCC and Group	<p>The PCC revalue their land and buildings on a rolling three-yearly basis.</p> <p>We expect that this valuation will represent a significant estimate by management in the financial statements due to the size of the numbers involved (£74.2 million as at 31 March 2021 per the balance sheet) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the PCC and Group financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We therefore expect to identify valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>
Valuation of the pension fund net liability	Chief Constable and Group	<p>The group's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is expected to be considered a significant estimate due to the size of the numbers involved (£4,581 million in the group's balance sheet as at 31 March 2021) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore expect to identify valuation of the group's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>

Audit fees 2021/22

Background

In 2021, PSAA awarded a contract of audit for the Police and Crime Commissioner for Northumbria and the Chief Constable for Northumbria to begin with effect from 2020/21. The revised scale fee agreed by PSAA per its website is £28,529 for the PCC and £14,438 for the Chief Constable. Since the initial scale fees were set in 2018, there have been a number of developments, particularly in relation to the revised Code and ISAs which are relevant for the 2021/22 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed in our agreed Audit Plan in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting.

Recent Developments

The pandemic has led to considerable changes to how we all work and how we have carried out our audits over the last two years. Many audited bodies are exploring new ways of working to support its officers, through use of remote and hybrid working environments. We see the positive benefits this can bring to entities, and their workforce, both in providing more flexibility and reducing its environmental impact.

Whilst there are many efficiencies to remote working, having the ability to work together with officers face to face in conducting our audit work provides many advantages to the timely progression of the audit; both in minimising inefficiencies in gathering audit evidence, and in discussing key issues with officers and resolving and concluding outstanding queries.

As a practice we have been discussing a return to on-site working with PSAA and propose that where local government bodies continue to have a preference to undertake audits remotely, either fully or in part, that audit fees would be uplifted to reflect the inefficiencies that this would cause. For Northumbria Police, we estimate this uplift to be in the region of £5,000.

On a pragmatic basis however we would be prepared to waive this fee uplift, given the distance between the audit team in Manchester and the offices of Northumbria Police. We would however expect accommodation to be made for ad hoc visits where beneficial, and we cannot rule out other fee variations if management does not provide its accounts and working papers to the expected standard.

Our proposed fees for 2021/22 (alongside the fees for 2020/21) are shown overleaf.

Audit fees

	Actual Fee 2020/21	Proposed fee 2021/22
PCC		
PSAA scale fee	£28,529	£28,529
Additional fees (including VFM fee)	*£18,000	* £15,000
Total PCC audit fee	£46,529	£43,529
Chief Constable		
PSAA scale fee	£14,438	£14,438
Additional fees (including VFM fee)	£6,500	* £6,500
Total Chief Constable audit fee	£20,938	£20,958
Total audit fees (excluding VAT)	£67,467	* £64,467

* Additional fees for 20/21 and 21/22 are still to be approved by PSAA

Assumptions

In setting the audit fees, we have assumed that the PCC and Chief Constable will:

- prepare a good quality set of financial statements, supported by comprehensive and well presented working papers which are ready at the start of the audits
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from sector specialists**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font.

Public Sector

A dark purple rectangular button with the text "Police" in white, sans-serif font.

Police

Home Office



‘Whole-system’ approach to tackling violent crime is working

Violence Reduction Units and ‘hotspot policing’ initiatives prevented 49,000 violent offences across England and Wales, the government revealed, as it sets out an ambitious funding programme to build on efforts tackling serious violence.

Set up in 2019, Violence Reduction Units are a pioneering initiative established in 18 areas across England and Wales, bringing together local partners in policing, education, health, and local government, to share information in order to identify vulnerable children and adults at risk, helping steer them away from a life of crime and violence.

Figures published in an evaluation of these Violence Reduction Units’ first 18 months of operation demonstrate the impacts they are having up and down the country, changing lives and reducing violent crime. Areas that have rolled out Violence Reduction Units and intensive police patrols in violence hotspots saw 8,000 fewer incidents of violence leading to injury and 41,000 fewer incidents without injury, compared with areas that didn’t. This has resulted in an estimated £385 million avoided in associated costs for victims and society.

The government will inject £130 million in 2022/23 to further drive down the most devastating types of crime – including knife crime, gun crime and homicide. The funding package includes:

- an additional £64 million for Violence Reduction Units, supporting the existing 18 and enabling two new units to be established
- an additional £30 million into the ‘Grip’ police enforcement programme
- supporting the implementation of the new Serious Violence Duty and Serious Violence Reduction Orders, being brought into law via the Police, Crime, Sentencing and Courts Bill

The government has also confirmed that the now 20 Violence Reduction Units across England and Wales will have a guarantee of funding for the next three years. This will ensure they are given the time and resource to see their central mission of reducing the most serious types of violence come to fruition.

The full article can be found [here](#).

HMICFRS

State of Policing: The Annual Assessment of Policing in England and Wales 2021

Her Majesty's Chief Inspector of Constabulary's report to the Secretary of State under section 54(4A) of the Police Act 1996 was published in March 2022.

It contains the assessment of the effectiveness and efficiency of policing in England and Wales based on the inspections carried out between April and November 2021.

This report draws on findings from inspections of police forces in England and Wales, to provide an overall view of the state of policing.

Get the report [here](#).



HMICFRS

HMICFRS inspections: evaluation of remote inspection methods

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services independently assesses and reports on the effectiveness and efficiency of police forces and fire and rescue services with the aim of encouraging improvement.

The pandemic required HMICFRS to move to remote inspections, rather than on-site and face-to-face. They have evaluated how the move to remote methods went, to:

- identify where improvements were required;
- understand what happens when the way in which the inspection take place changes; and
- consider whether inspecting remotely is something to continue to do in the future.

This report can be found [here](#).



HMICFRS

Observations on the third generation of force management statements

A force management statement (FMS) is a self-assessment that chief constables (and London equivalents) prepare and submit to Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) each year.

These are the observations of the FMS steering group on the third round of FMSs. Police forces sent in their statements by the end of May 2021.

The steering group is made up of HMICFRS, the National Police Chiefs Council, the College of Policing, the Association of Police and Crime Commissioners, the Home Office, and other parties interested in the development of FMSs.

Get the report [here](#).



Association of Police and Crime Commissioners

Fraud A Priority in all Police And Crime Plans

Fraud is now a priority in all PCCs Police and Crime plans confirms APCC Lead at an evidence session in the House of Lords on Thursday, 16 June.

National Lead for Economic and Cyber Crime and PCC for Avon and Somerset Mark Shelford gave oral evidence to the Digital Fraud Committee and Fraud Act 2006 alongside Rob Jones, Director General from the National Economic Crime Centre and Pete O'Doherty, Assistant Commissioner and NPCC Coordinator for Cyber and Economic Crime.

During the session he expressed the vital role PCCs play in responding to economic and cybercrime, including fraud.

In a statement he said: "I am encouraged to see that all of my colleagues have included fraud in their Police and Crime Plans which sets the direction for their police area and to which they will hold their Chief Constable accountable.

"But more does need to be done. We encourage the government to include fraud in the Strategic Policing Requirement, which would bolster the prioritisation of fraud at the national level and within the National Policing Board performance measures alongside crimes such as burglary.

"Recognising fraud as a priority is a necessary step in continuing the work to build the capabilities and capacity in the whole system to effectively investigate and prosecute fraud. We welcome the inclusion of fraud as a priority crime in the Online Safety Bill. Measures in the Bill will go some way towards mitigating the vulnerability of the public as they shop and socialise online."

See the full article [here](#).



Public Accounts Committee (PAC) – Local auditor reporting on local government in England & government response

The PAC inquiry examined the timeliness of auditor reporting on English local public bodies' financial statements covering 2019-20. The National Audit Office (NAO) report, on which this inquiry is based, found that “delays in the delivery of audit opinions beyond the deadlines for publishing local authority accounts, alongside concerns about audit quality and doubts over audit firms' willingness to continue to audit local public bodies, highlight that the situation needs urgent attention.”

The PAC report found “Without urgent action from government, the audit system for local authorities in England may soon reach breaking point. With approximately £100 billion of local government spending requiring audit each year, the Ministry of Housing, Communities & Local Government (the Department) has become increasingly complacent in its oversight of a local audit market now entirely reliant upon only eight firms, two of which are responsible for up to 70% of local authority audits. This has not been helped by the growing complexity of local authority accounts, with audit firms now asked to carry out more work in each audit, comply with new regulatory demands and adapt to the new multifaceted landscape in which local authorities operate, while also struggling to hire and retain experienced auditors.”

Key conclusions were:

- The marked decline in the timeliness of external audit undermines accountability and hampers effective decision-making.
- There is a pressing risk of market collapse due to an over reliance on a small number of audit firms and significant barriers to entry.
- The commercial attractiveness to audit firms of auditing local authorities has declined.

- The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.
- We are not convinced that the recently announced new local audit arrangements will meet the pressing need for effective system leadership now.
- Unless local authority accounts are useful, relevant and understandable they will not aid accountability.

The report made recommendations in each of these areas. The government response was published on 28 October.

The PAC report and response can be found here:

[Timeliness of local auditor reporting on local government in England - Committees - UK Parliament](#)



House of Commons
Committee of Public Accounts

Local auditor reporting on local government in England

Eleventh Report of Session 2021–22

2020/21 audited accounts – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has reported that only 9% of local government audits for 2020/21 were completed by the end of September. This is a sharp contraction on the 45% filed on time for 2019-20, and is the third successive year where the number of accounts produced on schedule has reduced.

PSAA state “The challenges posed by COVID-19 have contributed to the current position. However, a range of further pressures documented in the Redmond Report are also continuing to impact performance. In particular there is a shortage of auditors with the knowledge and experience to deliver the required higher quality audits of statements of accounts, which increasingly reflect complex structures and transactions, within the timeframe expected. The growing backlog of audits is also a concern, with 70 of the 2019/20 audits still incomplete.”

Grant Thornton commented “Audit quality remains a priority for our firm and we continue to work hard with local audit stakeholders to ensure the delivery of high quality audits in as timely a fashion as is practicable. Unfortunately, much of this work will be delivered past the 30 September target date, owing to ongoing constraints posed by the COVID-19 pandemic and the backlog this has caused. We remain committed to public sector audit and are now focused on delivering the majority of our local audits by December 2021.”



The news article can be found here:

<https://www.psa.co.uk/2021/10/news-release-2020-21-audited-accounts-psaa/>

2023-24 audit appointments – Public Sector Audit Appointments

Following a consultation exercise Public Sector Audit Appointments (PSAA) has invited all principal local government including police and fire bodies to become opted-in authorities. At the same time it published its procurement strategy and prospectus for the national scheme from April 2023. Both documents have evolved in response to the feedback provided by the market engagement exercise and consultation on the draft prospectus undertaken during June 2021.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and

- establishing arrangements that are able to evolve in response to changes to the local audit framework.

PSAA set out the proposed timeline, which anticipates contracts being awarded in August 2022.



The news article can be found here:

<https://www.psa.co.uk/2021/09/psaa-publishes-its-prospectus-and-procurement-strategy-and-invites-eligible-bodies-to-opt-in-from-april-2023/>

The procurement strategy can be found here:

<https://www.psa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/procurement-strategy/>

Guide to support Value for Money (VfM) analysis for public managers – CIPFA

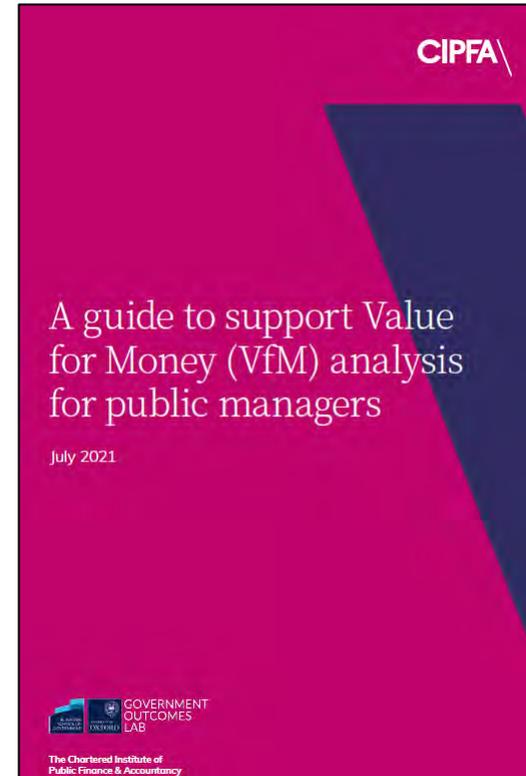
The Chartered Institute of Public Finance and Accountancy (CIPFA) has published this guide which complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA.

CIPFA state “The guide is aimed at public managers planning to assess Value for Money (VfM) of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.”

CIPFA explain that the guide:

- Describes what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular the guide emphasises the link between economy and effectiveness criteria.
- Promotes thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.

The guide is available to CIPFA members through the website.



Cyber and information security: Good practice guide – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees scrutinise cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

The NAO state “Audit committees should gain the appropriate assurance for the critical management and control of cyber security and information risk.

Cyber security is the activity required to protect an organisation’s data, devices, networks and software from unintended or unauthorised access, change or destruction via the internet or other communications systems or technologies. Effective cyber security relies on people and management of processes as well as technical controls.

Our guide supports audit committees to work through this complexity, being able to understand and question the management of cyber security and information risk.

It takes into account several changes which affect the way in which we interact with and manage our information and can drive increased risk. These include changes to the way we work and live due to the COVID-19 pandemic and the ongoing demand to digitise and move to cloud-based services.

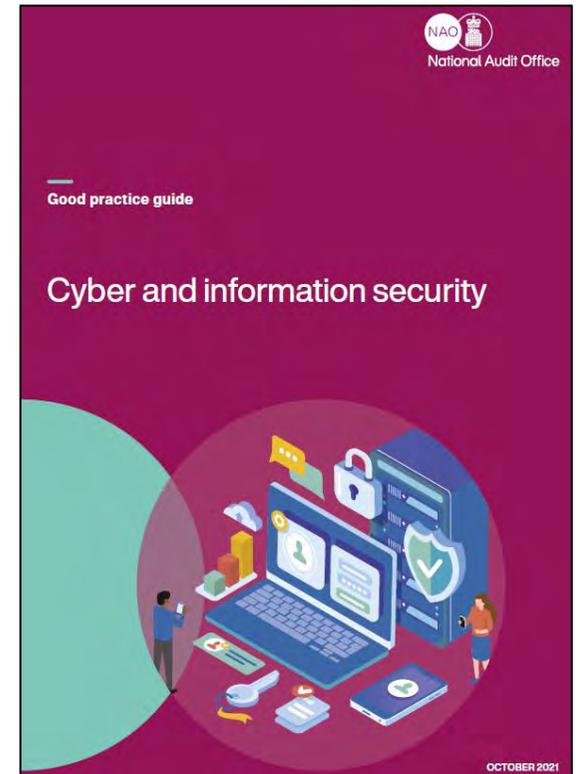
The strategic advice, guidance and support provided by government has also been updated to keep pace with these changes, detailing the impact and risks on the management of cyber security and information risk.

The guide provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security
- Specific aspects, such as information risk management, engagement and training, asset management, architecture and configuration, vulnerability management, identity and access management, data security, logging and monitoring and incident management.”

The report can be found here:

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>



Emergency consultation on 2021/22 reporting requirements – CIPFA

On 4 February CIPFA released an emergency four week consultation on time limited changes to the Code to help alleviate delays to the publication of audited financial statements. This explores two possible changes that might be made as an update to the 2021/22 code and to the agreed position in the 2022/23 code.

The decision to launch the consultation came after the Department for Levelling up, Housing and Communities (DLUHC) asked CIPFA to consider amendments to the Code of Practice on Local Authority Accounting, after just 9% of local audits for 2020-21 were published on time.

After considering a wide range of options CIPFA LASAAC decided to explore two approaches:

- 1) An adaptation to the code to allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years (though the initial proposal is for the 2021/22 financial year); this approach also explores the use of an index to be used to increase or reduce that valuation
- 2) Deferring the implementation of IFRS 16 Leases for a further year and reversing the planned changes to the 2022/23 code to implement that standard.

CIPFA Chief Executive Rob Whiteman said: “DLUHC is understandably concerned about this growing crisis – and CIPFA shares this concern. We are committed to supporting CIPFA LASAAC in its exploration of the options that may improve timeliness issues, without significantly impacting accountability. But this is a difficult issue, and we need feedback from stakeholders on whether and how this might work.”

CIPFA said that the changes do not represent the best form of financial reporting for local authorities, but are a “temporary expedient to help improve an unacceptable situation”.

The consultation closed on Thursday 3 March. Any updates to the Code are subject to oversight by the Financial Reporting Advisory Board before implementation.

The consultation can be found here:

<https://www.cipfa.org/policy-and-guidance/consultations/emergency-proposals-for-update-of-202122-and-202223-codes>

Summary of the Grant Thornton response

Property, Plant & Equipment Valuations

In principle we are very supportive of changes to the measurement basis for operational property, plant and equipment. However our view is that it is too late to effect change for the 2021/22 reporting cycle. Our response highlighted a number of difficulties with this approach, including the risk that some assets then fall outside of the requirement to be revalued every five years as a minimum, and the challenge of consistent application of indexation. The proposed amendments to the Code do not appear to override the requirement that the carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period, which stems from IAS 16:31. If the financial reporting requirements are not sufficiently tightly defined and auditors therefore cannot obtain sufficient and appropriate audit evidence to support this requirement, there is a risk that audit opinions could be modified as a result.

Deferral of IFRS 16 - Leases

The removal of the requirement for disclosure (based upon IAS 8) in 2021/22 is not likely to have a significant impact in terms of freeing up auditor time and audit work covering the disclosures in 2022/23 would then be required in the 2022/23 audit. Savings to preparer time and effort would depend on what progress has already been made in preparing for the imminent implementation of IFRS 16.

Prudential Code and Treasury Management Code – CIPFA

On 20 December CIPFA published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code).

CIPFA commented “These two statutory and professional codes are important regulatory elements of the capital finance framework in which local authorities operate. Local authorities are required by regulation to ‘have regard to’ their provisions. These two codes have been published a principles-based consultation from February to April, which was followed by a second consultation on the detailed changes to the code from September to mid-November.

The updated Prudential Code includes some substantive changes. Most notably, the provisions in Code which present the approach to borrowing in advance of need in order to profit from additional sums borrowed have been strengthened. Additionally, the relevant parts of Code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for-yield as the primary purpose of the investment or represent an unnecessary risk to public funds.”

The updated Prudential Code removes the "advance of need" terminology and emphasises the legislative basis for borrowing, namely that a local authority can borrow and invest for any legislative function and/or for the prudent management of their financial affairs.

The examples listed in the Code of legitimate prudential borrowing are:

- Financing capital expenditure primarily related to the delivery of a local authority’s functions;
- Temporary management of cash flow within the context of a balanced budget;
- Securing affordability by removing exposure to future interest rate rises; or
- Refinancing current borrowing, including replacing internal borrowing, to manage risk or reflect changing cash flow circumstances.



Good practice in annual reporting – NAO

The National Audit Office (NAO) has published this guide which sets out good practice principles for annual reporting with examples from public sector organisations

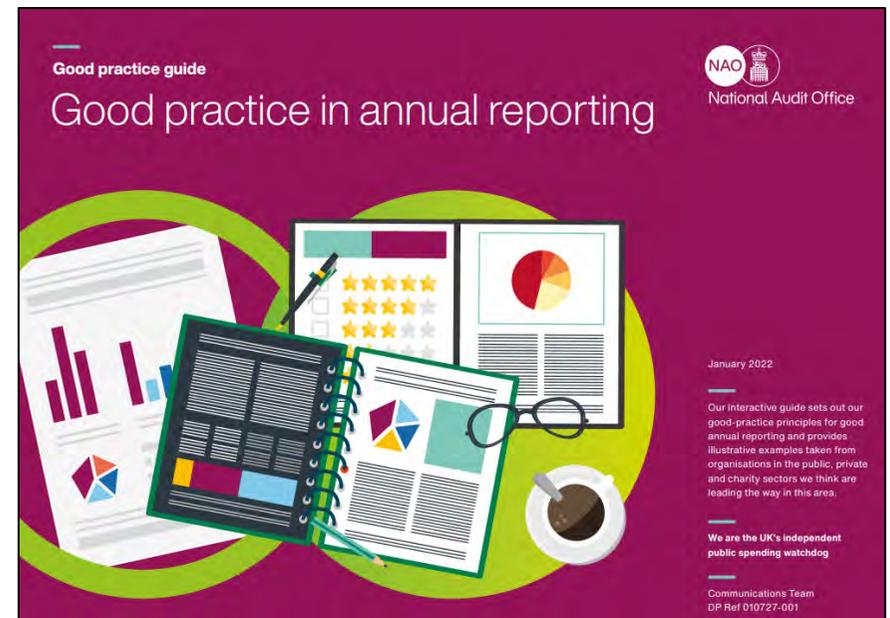
The NAO comment that the guide sets out “good-practice principles that we believe underpin good annual reporting. These principles are: Supporting Accountability; Transparency; Accessibility; and the need for the report to be Understandable.”

The NAO further comment “The best annual reports we have seen use these principles to tell the “story” of the organisation. It is important that stakeholders, including the public and Parliament, are able to hold an organisation to account. To do this effectively, stakeholders need to properly understand the organisation’s strategy, key risks that might get in the way of delivering this strategy and the effectiveness of their management, and the amount of taxpayers’ money that has been spent to deliver the outcomes the organisation seeks to achieve.”

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

Although the guide does not include any local authority examples, those included, and the underlying principles, are equally relevant to all public facing organisations.



The guide can be found here:

[Good practice in annual reporting - National Audit Office \[NAO\] Report](#)

Climate change risk: A good practice guide for Audit and Risk Assurance Committees – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a key role in supporting and advising the board and Accounting Officer in their responsibilities over risk management.

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks. We have outlined specific reporting requirements that currently apply.

Our primary audience is ARAC chairs of bodies that we audit, but the principles of the guide will be relevant for bodies across the wider public sector. It promotes good practice and should not be viewed as mandatory guidance.

Climate change and the nature of its impacts on organisations globally is changing rapidly. This guide acknowledges the evolving nature of climate change and its associated risks and opportunities and will be refreshed in the future to reflect those changes.”

The guide includes sections on “How to support and challenge management”. This includes sections on governance and leadership; collaboration; risk identification and assessment; risk treatment, monitoring and reporting and continual improvement. There is also a “Complete list of questions that Audit and Risk Assurance Committees can ask” for each of these areas. The guide also includes “Key guidance and good practice materials” with links.



The report can be found here:

[Climate change risk: A good practice guide for Audit and Risk Assurance Committees - National Audit Office \(NAO\) Report](#)

The Value of Internal Audit

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, [Internal Audit: Untapped Potential](#), lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

Culture and governance

The Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

Challenge

- Does your organisation demonstrate it values internal audit by providing sufficient resource, sufficient voice and sufficient engagement with them?
- Does management direct internal audit to areas of known risk to seek their insights and experience?
- Is internal audit independent, retaining a direct reporting line to Executives or Officers and having sufficient representation at the audit committee?
- Is your internal audit service keeping up with the changing landscape and providing assurance in emerging risk areas?

For more information, [Rob Whiteman](#) share his views on this report.



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