



Police and Crime Commissioner for Derbyshire
Butterley Hall
Ripley
Derbyshire
DE5 3RS

Tel: 03001226007

Email: Elizabeth.kelly.4817@derbyshire.pnn.police.uk

Web: www.derbyshire-pcc.gov.uk

DATE: 25 June 2021

JOINT AUDIT RISK ASSURANCE COMMITTEE

AGENDA

DATE OF MEETING	1 JULY 2021
TIME OF MEETING	13:30 – 17:00
LOCATION	Virtual Meeting
PCC CONTACT OFFICER	Mrs Liz Kelly (0300 1226007)
CONSTABULARY CONTACT OFFICER	C/Supt. Wilson(101)
DISTRIBUTION	Commissioner A Foster Chief Constable R Swann Mr D Peet Mr A Dale Mr S Allsop Mr J Peatling Mr D Hoose (Mazars) Mr M Lunn (Mazars) Helen Henshaw (EY) Hayley Clark (EY) Members of the JARAC: Ms S Sunderland (Chair) Ms J Charlton Ms L Gelderd Mr L Harrold Mr A Jenkinson Mr B Mellor

*Meeting of the Joint, Audit, Risk and Assurance Committee on 1
JULY 2021*

AGENDA: Reports attached

ITEM	SUBJECT	Presented by
1	APOLOGIES FOR ABSENCE	CHAIR
2	DECLARATIONS OF INTEREST (IF ANY)	ALL
3	MINUTES OF THE MEETING OF THE JARAC HELD ON 24 March 2021	CHAIR
4	REVIEW OF ACTIONS	CHAIR
4A	FORWARD PLAN	CHAIR
CORE BUSINESS		
5	EXTERNAL AUDIT	
5A	Annual Audit Letter	EY
5B	20/21 External Audit Plan	EY
6	INTERNAL AUDIT	
6A	Internal Audit Recommendation Monitoring	CHAIR
6B	Interim Audit Progress Report - Project Management - Budgetary Control	MAZARS
7	FINANCIAL ASSURANCE	
7A	Verbal update. Annual financial statements Update	SA/AD
8	INTERNAL CONTROL AND GOVERNANCE	
8A	National Entry routes into the Police (action update)	S Watts
8B	HMIC Overview – verbal update	DCC Meynell
8C	Organisational Learning Culture and Ethics – Summary of Performance Reporting - Presentation	Supt. Lambert
8D	JARAC Terms of Reference	AD

8E	JARAC Meeting Dates	AD
8F	JARAC Annual Report	SS
8G	JARAC member self-Assessment (CIPFA Checklist) – Verbal introduction	SS
9	RISK MANAGEMENT	
9A	Force Risk Management Review	SA
END OF THE PUBLIC MEETING		
CLOSED SESSION		
10	Thematic Review Update	DCC Meynell
DEVELOPMENT		

MINUTES of a meeting of the **JOINT AUDIT, RISK ASSURANCE COMMITTEE**
held remotely via Microsoft Teams on 25 MARCH 2021

P R E S E N T

Ms S Sunderland (in the Chair) (SS)
Mr A Jenkinson (AJ)
Ms J Charlton (JC)
Mr L Harrold (LH)
Mr B Mellor (BM)
Ms L Gelderd (LG)

OPCC Present: PCC Dhindsa, (part of meeting), Mr A Dale, Mr D Peet
(part of meeting)
Miss J Kennedy (notes)
Constabulary Present: DCC K Meynell, (KM), Mr S Allsop, (SA), Mr J Peatling (JP)
Internal Audit: Mr M Lunn (ML)
External Audit: Ms H Henshaw (HH)

01/21 APOLOGIES

01.1 None.

02/21 DECLARATIONS OF INTEREST

02.1 No declarations declared.

RESOLVED:

1. To note that no members declared any personal or prejudicial interests.

**03/21 MINUTES OF THE MEETING OF THE JARAC HELD ON 27
NOVEMBER 2020**

03.1 The minutes were agreed.

RESOLVED:

1. The Minutes of the meeting of the JARAC held on 27 NOVEMBER 2020
were confirmed as a true record by the Committee.

04/21 **REVIEW OF ACTIONS**

- 04.1 Mr Dale apologised to the Committee as some of the updates had not been actioned and assurance was given that these would be progressed.
- 04.2 Ms Sunderland agreed that the action relating to the meeting held on 20th February 2020 be removed from the action log.
- 04.3 As there had been a delay with the Assurance Map, Mr Dale asked the Committee if specific themes could be identified so that these could be submitted in a Report and assurance given. Ms Sunderland supported this and asked the members to consider possible themes to be identified. Mr Dale confirmed that the identified themes would be incorporated into the Assurance Map. Ms Sunderland advised that she would forward a reminder to the Committee so that suggested themes could be built into the agenda setting for the next meeting taking place on 24th June.
- 04.4 Mr Allsop asked for the action regarding the briefing on the national entry routes to the Police to be added to the Forward Plan.
- 04.5 Ms Sunderland asked for the complaints performance briefing to also be added onto the Forward Plan.
- 04.6 Arising from the meeting held on 14th December, Mr Dale confirmed that the Financial Handbook will be re-drafted and implemented by 1st April 2021.

RESOLVED:

To update the Actions.

4A FORWARD PLAN

The forward plan to be updated to include appropriate items raised in the actions

RESOLVED:

The forward plan was noted, to be updated.

05/21 **EXTERNAL AUDIT**

5A External Audit Plan

- 05.1 Ms Henshaw asked the Committee if she could present the External Audit Plan to the next meeting being held in June. The Committee

agreed to this and Ms Sunderland asked that if the VRM Assessment hadn't been completed at that stage, the Committee would like to receive the Audit Plan, minus the risk assessment so that the Plan could be considered.

5B External Audit Letter

- 05.2 Ms Sunderland asked Ms Henshaw if she could provide an update as to when the Annual Audit letter would be presented to the Committee. Ms Henshaw advised that the draft audit letter had been shared for comment and this would be presented to the Committee once finalised.
- 05.2 Mr Dale advised that the audit fees have been proposed and Mr Allsop will present a counter offer for consideration. If this requires adjudication this would be referred to the PSAA.
- 05.3 Mr Harrold probed further to ask how the Audit will be managed next year to achieve a timely sign-off. Ms Henshaw outlined the system wide issue with audit fees nationally and the delay which had been caused by remote working and resource issues. Ms Sunderland asked Ms Henshaw to keep the Committee updated and give a realistic estimate about the delivery of the 2020/21 audit as soon as this was known.

RESOLVED:

1. The Committee to consider the External Audit Plan at the next meeting being held on 24 June 2021.
2. The Committee to receive the Annual Audit letter as soon as this has been finalised.

06/21 INTERNAL AUDIT (Mark Lunn – Mazars)

6A Internal Audit Recommendation Monitoring

- 06.1 The internal audit recommendation monitoring form had not been updated following the last meeting. Mr Dale agreed to forward the updated form to the Committee within the next two weeks.

6B Interim Audit Progress Report

- 06.2 Mr Lunn provided a verbal update on progress and advised that the Partnership and IT audit would take place in April.
- 06.3 Mr Lunn advised the process for Collaboration audits had been discussed at a meeting of all five Force Audit Committee Chairs. A further discussion had also taken place at a regional Chief Finance

Officer meeting. Mr Dale confirmed that the 21/22 plan would be more focussed and specific than the previous thematic approach.

- 06.4 Mr Jenkinson stated that the presentation of the progress report was very helpful. Reference was made to the performance timeline grid and colour coding. Mr Mellor queried the colour code for the Victim Support audit and it was agreed that this be changed from green to amber. Mr Mellor asked if there is a KPI measurement with regards to management response. As there is no specific KPI, the Committee agreed this to be implemented and set at 21 days.
- 06.5 Ms Charlton raised a question around the customer satisfaction questionnaires as three had been issued and no responses received. Mr Allsop gave the assurance that in future these would be formally recorded on a timely basis.

Mr David Peet joined the Committee Meeting.

At this point in the meeting, the Commissioner expressed his thanks for the valuable work being undertaken by the Committee. The Commissioner mentioned that as the Elections are taking place on the 6th May, this may be his last meeting. The Commissioner then left the meeting as he had another diary commitment.

- 06.6 Collaboration Business Continuity – Mr Harrold asked for clarity around the business continuity for EMSOU. Mr Dale confirmed that the findings in the report were justified but he gave assurance to the Committee that most of the actions in Section 4 of the report have been completed. This assurance was echoed by Mr Lunn.
- 06.7 Mr Mellor outlined that on Recommendation Priority 3 (housekeeping) it would be helpful for the Committee to understand the progress of the management response. Mr Lunn agreed to update the report to include this detail.
- 06.8 Final Internal Audit Memo – Payroll – An error had been found in the recommendation as this should say Leicestershire and not Derbyshire.
- 06.9 Final Internal Audit Report – Victim Support – Mrs L Gelderd expressed disappointment regarding lack of governance and updates. Mr Dale gave assurance to the Committee that this is being progressed by Dawn Robinson in the OPCC team.
- 06.10 Final Internal Audit Report – Workforce Planning – Ms Sunderland advised that it was helpful to receive the updated text highlighted in red.

06.11 Mr Lunn confirmed that in relation to the draft reports there are no significant issues, at this stage, which the Committee need to be informed about.

6C Internal Audit Plan 2021/22 and Internal Audit Charter

06.12 Mr Lunn presented the Operational Plan 2021/22 and the Audit Charter. Reference was made to the new Mazars branding. Mr Lunn outlined that the plan shows progression and new areas of work have been reflected. Ms Charlton queried how the Plan for 2021/22 fits into the overall framework and mapping. Mr Lunn gave assurance that he would consider and discuss this with Mr Dale and Mr Allsop.

06.13 Mr Harrold questioned whether validation on an annual basis was required for core financial and payroll as this was taking up 25% of the Audit Plan. Mr Allsop and Mr Dale in their roles as S151 officers for the Force and OPCC, both confirmed that this detail was required as it gives assurance to the Committee.

06.14 Information Technology – Mr Lunn agreed to liaise with the specialist IT team so that target start dates for the IT audits can be added onto the operational plan. Due to homeworking, the Committee asked that the audit includes cyber security and data security so that assurance can be given around adequate controls being in place. It was also agreed that a target date be added for the Collaboration audit.

RESOLVED

1. Members noted the Internal Audit Operational Plan and Audit Charter and the relevant updates/amendments to be made by Mr. Lunn.

07/21

FINANCIAL ASSURANCE (Simon Allsop)

7A Year End Arrangements and Approval of Accounting Policies

07.1 Mr Allsop presented the 2020/2021 Year End Accounting arrangements and Accounting Policies. Mr Peatling to update the Code of Practice date to 20/21 on Pg 17 of the Meeting pack. Reference was also made to having an effective Covid vaccination in place and Mr Peatling agreed to update this on Pg 17. The date change to 2021 to also be made on Pg 18.

RESOLVED

1. Members supported the recommendations and approved the three Appendices attached to the Report.

7B 2020/21 Financial Update

- 07.2 Mr Peatling presented the Financial Update and referred to the PowerPoint presentation which had previously been forwarded to members of the Committee.
- 07.3 Ms Gelderd queried whether £1.311m grant for Council Tax would be enough to cover future costs or if there would be a shortfall to fund. Mr Peatling advised that this was difficult to predict at this stage but the position would be clearer in the Autumn when the Furlough Scheme has ended and the effect of this on payments would be known. Mr Allsop gave assurance that the Council Tax collections are monitored by the IA meeting.
- 07.4 Ms Gelderd queried the over-spend on insurance excess. Mr Dale outlined that this relates to public liability and fleet.
- 07.5 Mr Mellor raised a question with regards to cost of Policing. The Committee agreed that this would be added to the Forward Plan for consideration in September under the closed section of the meeting.

RESOLVED:

1. The financial briefing was noted.
2. The Committee to consider the Cost of Policing at the meeting taking place on 30th September 2021.

08/21 INTERNAL CONTROL AND GOVERNANCE

8A HMIC Improvement Plans and
8B Force Management Statement

- 08.1 Mr Allsop introduced DCC Kate Meynell to the Committee members. Ms Meynell thanked Mr Allsop and gave the following update. Ms Meynell advised that an addendum is being produced to the Force Management Statement to outline the Covid demand and possible future demand on the service when the lockdown restrictions have been lifted. Ms Meynell confirmed that the updated Force Management Plan would be shared with the Committee once this has been approved. It was also agreed that the operational performance risk assessment would be linked into the FMS.
- 08.2 Ms Meynell gave assurance to the Committee that the Force receive an early indication from HMIC if any issues are highlighted. With regards to the HMIC tracker, work is underway to embed this as part of 'business as usual'.

- 08.3 Ms Meynell informed the Committee that the Chief Constable will be announcing by the end of this month her new priorities and this will come into effect on 1st April 2021.
- 08.4 Mr Allsop shared the presentation on HMICFRS – Derbyshire – Our Current Position with the members of the Committee. The presentation outlined (a) Continuous Assessment; (b) PEEL 2019-20 Areas for Improvement; (c) HMICFRS Teams Space and (d) Characteristics of Good.

RESOLVED

1. The Committee noted the content of the presentation by Mr Allsop.
2. The Committee to receive a copy of the updated FMS and the addendum once this had been approved.

09/21 RISK MANAGEMENT (Simon Allsop)

9A Force Risk Management Review

- 09.1 The Committee agreed for the Force Risk Management Review to be considered at the next meeting taking place on 24th June 2021.

9B OPCC Risk Management Review

- 09.2 Mr Dale made reference to the closure of risk STR0044 which had been removed from the report. The following two risks had been moved down to 'Amber': STR0043 (Funding Shortfalls), STR0017 (Policing Uplift).
- 09.3 In order to provide assurance to the Committee when a rating had changed, Mr Dale agreed to provide context in the report so that the Committee members had an understanding of the rationale.
- 09.4 Mr Jenkinson raised a question around STR0016 Partner Disinvestment in key services. Mr Dale gave the assurance that this risk diminishes year on year as more Partnership Agreements are locked-in. Mr Dale advised that he is not aware of any Partnership agreements being terminated.
- 09.5 Mr Jenkinson referred to STR1983 Diverse Community representation policy and raised a question about the short-term secondment role. Mr Peet explained that the secondment role will undertake specific work on behalf of the PCC to identify barriers and potential solutions to improve diversity across the Constabulary and OPCC workforce. The PCC Election is taking place on the 6 May, and if the current PCC is returned, Mr Peet gave the assurance to the Committee that

engagement with BAME communities would be enhanced as this is an objective in the current Police and Crime Plan. If a new Commissioner is elected, Mr Peet advised that the new Police and Crime Plan would need to be delivered within three years, due to the delay with the Election process due to Covid-19.

RESOLVED:

1. The OPCC Risk Management Update was noted by the Committee.

10/21 ANY OTHER BUSINESS

- 10.1 Ms Sunderland informed the Committee that she will draft the Annual Report for consideration at the June meeting. Ms Sunderland asked Committee Members to let her know if there were any specific items to include to highlight good practice or any areas which need to be made a priority for next year.
- 10.2 Ms Sunderland confirmed that as the next meeting will take place after the PCC Election, an item will be added to the June agenda so that there is opportunity for the Committee to be introduced to the PCC.

Public Meeting closed at 3.50 pm.

	HR to provide the Committee with a briefing on the national entry routes to the Police.		<i>from Steph Watts)</i>
	Complaints Performance Mr Peet to provide members with a brief of regular meetings with the IOPC Representative.		<i>No recent meetings with the IOPC. Add to September Agenda .</i>
Meeting of the JARAC held on 25 March 2021			
6A CLOSED	Internal Audit Recommendation Monitoring Mr Dale to ensure that the Internal Audit Recommendation Monitoring be updated and forwarded to the Committee within 2 weeks.		<i>Actioned.</i>
6B	Interim Audit Progress Report KPI colour code for the Victim Support audit be changed from green to amber. As there is no KPI for a management response it was agreed these be implemented within 21 days. Collaboration Business Continuity To include progress of the management response to Priority 3 recommendations. Final Internal Audit memo – Payroll Recommendation should say Leicestershire and not Derbyshire.		<i>To be incorporated into the next IA Progress Report</i>
6C	Internal Audit Plan 2021/22 and Internal Audit Charter Mr Lunn, Mr Dale and Mr Allsop consider how the plan fits into the overall framework.		<i>To ensure the plan fits with the overall framework, relevant risks for each audit in the plan to be incorporated for the future.</i>

	IT audit to include Cyber Security and Data Security.		<i>The revised scope of the IT audit for 20/21 is Cyber Security.</i>
--	---	--	---

FORWARD PLAN 2021/22

	Internal audit Progress Report	
	Strategy for IA and IA Plan (*March 2021 only)	
	External Audit (EA) Plan (*March 2021 only)	
	HMIC Value for Money	
	Year End Accounting Arrangements & Accounting Policies (*March 2021 Only)	
	Financial Monitoring and Planning	
	HMIC Activity	
	Fraud and Corruption - Condensed version of the performance pack	
	Force Risk Management – HR to provide the Cttee with a briefing on the national entry routes to the Police	
	Force Risk Management Review	
	IA Progress Report	
	EA Progress Report	
	EA Fees	
	PCC Annual Governance Statement	DEFERRED TO STAND ALONE MEETING - JULY
	CC Annual Governance Statement	DEFERRED TO STAND ALONE MEETING - JULY
	Draft PCC and CC Financial Statements	DEFERRED TO STAND ALONE MEETING - JULY
	Mid Year exception Reporting (inc year end forecast)	DEFERRED TO STAND ALONE MEETING - JULY
	Financial Monitoring and Planning	DEFERRED TO STAND ALONE MEETING - JULY
	HMIC Activity	
	JARAC Terms of Reference	
	JARAC Meeting dates	

	JARAC Annual Report	
	JARAC Member Self-Assessment (CIPFA Checklist)	
	PCC Election – meet the Commissioner	DEFERRED TO STAND ALONE MEETING - JULY
	Assurance Map – Discussion of Themes	
	Cost of Policing – to be considered in Closed Section of Agenda	
	IA Progress Report	
	EA Report ISA 260	
	Draft Letters of Representation	
	Final PCC & CC Financial Statements	
	HMIC Activity	
	Financial Monitoring and Planning	
	Anti Fraud and Corruption Update	
	Update on the Complaints Procedure	
	Work Force and Planning	
	Data Quality	
	Complaints Performance – Update on meetings with IOPC Rep (David Peet)	
	PCC Police and Crime Plan	
	Force Priorities Governance Model	
	IA Progress Report	
	EA Annual Audit Letter	
	Force Risk Management	
	OPCC Risk Management	
	HMIC Activity	
	Financial Monitoring and Planning	

	Year End Arrangements and approval of accounting policies	
	Budget Setting Process and Assumptions	
	External Audit Plan	
	Internal Audit Plan	



JOINT AUDIT RISK ASSURANCE COMMITTEE

REPORT TITLE	ANNUAL AUDIT LETTER 2020/21
REPORT BY	EXTERNAL AUDIT
DATE	1 JULY 2021

PURPOSE OF THE REPORT

- 1.1 To receive the Annual Audit Letter for year ended 31 March 2020 (1 March 2021).

ATTACHMENTS

Annual Audit Letter (Annex A)

RECOMMENDATIONS

- i. To receive the Annual Audit Letter for the year ended 31 March 2020 (1 March 2021).

CONTACT FOR ENQUIRIES

Name:	Andrew Dale
Tel:	0300 122 6000
Email	pccoffice@derbyshire.police.uk



**Police and Crime
Commissioner and Chief
Constable for Derbyshire
Police**

Annual Audit Letter for the year
ended 31 March 2020

1 March 2021



EY

Building a better
working world

Contents

		Page
Section 1	Executive Summary	3
Section 2	Purpose and Responsibilities	7
Section 3	Financial Statement Audit	10
Section 4	Value for Money	19
Section 5	Other Reporting Issues	22
Appendices		
Appendix A	Audit Fees	25

Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

Executive Summary

Executive Summary

We are required to issue an annual audit letter to The Police and Crime Commissioner for Derbyshire and the Chief Constable of Derbyshire (together 'Derbyshire Police') following completion of our audit procedures for the year ended 31 March 2020.

Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the delivery of the audit	
▶ Changes to reporting timescales	As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.
Impact on our risk assessment	
▶ Valuation of Property Plant and Equipment	The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by Derbyshire Police's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
▶ Disclosures on Going Concern	Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that Derbyshire Police would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and Derbyshire Police's actual year end financial position and performance.
▶ Events after the balance sheet date	We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of Derbyshire Police.
Impact on the scope of our audit	
▶ Information Produced by the Entity (IPE)	We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from Derbyshire Police's systems. We undertook the following to address this risk: <ul style="list-style-type: none">▶ Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and▶ Agree IPE to scanned documents or other system screenshots.
▶ Consultation requirements	Additional EY consultation requirements concerning the impact on auditor reports. The changes to audit risks and audit approach changed the level of work we needed to perform.

Executive Summary (cont'd)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Derbyshire Police:	
▶ Financial statements	Unqualified - the financial statements do give a true and fair view of the financial position of the Police and Crime Commissioner and Chief Constable as at 31 March 2020 and of their expenditure and income for the year then ended
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
▶ Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of Derbyshire Police.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Executive Summary (cont'd)

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	We had no matters to report.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of Derbyshire Police communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 20 November 2020.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 1 March 2021 We certify that we have completed the audit of the accounts of the Police and Crime Commissioner for Derbyshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

We would like to take this opportunity to thank Derbyshire Police's staff for their assistance during the course of our work.

Helen Henshaw
Associate Partner
For and on behalf of Ernst & Young LLP
Encl.

Section 2

Purpose and Responsibilities



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of Derbyshire Police.

We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report to the 27 November 2020 Governance and Performance Working Group, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for Derbyshire Police.

Responsibilities

Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued on 13 February 2020 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2019/20 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements Derbyshire Police and Crime Commissioner, and the Chief Constable for Derbyshire have to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of Derbyshire Police;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to Derbyshire Police, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. Derbyshire Police is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the return.

Responsibilities of Derbyshire Police

Derbyshire Police is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, Derbyshire Police reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

Derbyshire Police is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

Key Issues

Derbyshire Police's Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited Derbyshire Police's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 1 March 2021.

Our detailed findings were reported to the 27 November 2020 Governance and Performance Working Group.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Misstatements due to fraud or error	We did not identify any material weaknesses in controls or evidence of material management override.
The financial statements as a whole are not free of material misstatements whether caused by fraud or error.	We did not identify any instances of inappropriate judgements being applied.
As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	We did not identify any other transactions during our audit which appeared unusual or outside Police and Crime Commissioner and Chief Constable for Derbyshire Police's normal course of business.
In undertaking our fraud risk assessment we have not identified any specific risks for inclusion in our audit plan at this stage. We will continue to monitor this and provide you with an update as required.	

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Valuation of the Police Pension Scheme Liability (CC)</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Police Pension Scheme administered and underwritten by HM Government. The CC's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet. At 31 March 2019 this totalled £2,183.892 million. The information disclosed is based on the IAS 19 report issued to the CC by the actuary. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>Management obtained revised actuarial reports to reflect the recent McCloud remedy consultation which resulted in changes to the draft financial statements. The net liability moved from £2,072m in the initial draft financial statements to £2,049m in the final draft financial statements.</p> <p>We have reviewed the revised actuarial reports and the assumption contained within, and traced the figures produced by the actuary through to the final draft financial statements without issue.</p> <p>We are satisfied that the amounts recorded in respect of the police pension scheme are free material misstatement.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Higher Inherent Risk and Area of Audit Focus	Conclusion
<p>Valuation of Land and Buildings (PCC)</p> <p>The fair value of Property, Plant and Equipment (PPE) represent significant balances in the entity's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>The PCC will engage an external expert valuer who will apply a number of complex assumptions to these assets. Annually assets are assessed to identify whether there is any indication of impairment. As the PCC's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/ overstated. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We noted no issues with respect to the valuation of assets in the Balance Sheet of the Police and Crime Commissioner.</p> <p>We did raise a control recommendation with management as property valuations are performed on the 1 April each year. The CIPFA Code requires the accounts to consider the valuation as the balance sheet date. We recommend that management amend their valuation date to 31 March (i.e. the balance sheet date) so that the most up to date position is provided in the financial statements. This would also lead to a more efficient process as an additional roll forward from the start to the end of the year would not be needed for those assets revalued during the financial year.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Higher Inherent Risk and Area of Audit Focus	Conclusion
<p>Pension Liability Valuation (LGPS) (CC)</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Derbyshire County Council. The CC's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet of the CC. At 31 March 2019 this totalled £136 million.</p> <p>The information disclosed is based on the IAS 19 report issued to the CC by the actuary to the County Council. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We liaised with the auditors of Derbyshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Constabulary. We are satisfied that the amounts recorded in the financial statements are not materially misstated however two issues were raised as a result of these assurances being received. These led to unadjusted misstatements as at 31 March 2020, as follows:</p> <p>Derbyshire Chief Constable share of the uncorrected misstatement reported by Mazars LLP on the unquoted investments held by the Derbyshire Pension Fund</p> <p>Correcting journal: Cr Non-current Liabilities £387,400 Dr CIES £387,400</p> <p>The pension benefits paid for Derbyshire Police reported to us by the auditor of the Derbyshire Pension Fund is different to the amount used by the actuary by £890k. The net impact on the pension liability is nil, but within the disclosure there would be a gross impact on both the liability and asset reporting.</p> <p>The financial statements were not adjusted for these items.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Higher Inherent Risk and Area of Audit Focus	Conclusion
<p>Group Financial Statements (PCC)</p> <p>The PCC prepares group accounts which incorporate the activities of the DPFP LLP which is a joint venture with Derbyshire Fire and Rescue Authority used to provide both organisations with a joint headquarters and joint training centre. The currently has a 57.16% share of the net assets of the DPFP LLP. The Group Accounts have been produced using the equity method to reflect the nature of the partnership.</p> <p>The DPFP LLP financial statements are currently not subject to audit. Therefore, we will be required to undertake procedures on the balances and disclosures associated with the LLP to ensure that the group financial statements are not materially misstated.</p> <p>There is a risk of misstatement that the accounting treatment of the joint service arrangements are not in accordance with the relevant accounting standard in the financial statements.</p>	<p>Our work concluded that the equity method of accounting by the PCC of the LLP transactions is appropriate and in line with the CIPFA code of Practice for joint venture accounting. We did not find any material misstatements from our review of LLP transactions and in regard to the valuation of the LLP joint Headquarters and Training Centre.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Higher Inherent Risk and Area of Audit Focus	Conclusion
<p>Accounting for the PFI Schemes (PCC)</p> <p>The PCC has two PFI schemes which include several judgements made by management resulting in the accounting treatment shown in the financial statements. The arrangements are supported by complex models to calculate the figures to be included in the financial statements each year.</p>	<p>We did not identify any significant issues in our testing.</p>
<p>Collaborative Arrangements (CC)</p> <p>The CC participate in a number of Jointly Controlled Operations (JCO) or Collaborations with other East Midlands Forces. These are used to deliver services within the Force. The share of cost to Derbyshire is different depending on the number partaking in the JCO. There is also combination of JCO's being hosted by either Leicestershire or Derbyshire.</p> <p>Given the volume of transactions being accounted for across the 5 Forces that participate across the JCO's and their value, we consider there to be a risk associated with the accuracy of the information being reported and accounted for (i.e. the measurement/valuation, completeness and presentation and disclosure of balances included in the financial statements).</p>	<p>We did not identify any significant issues in our testing.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Higher Inherent Risk and Area of Audit Focus	Conclusion
<p>Going Concern (PCC and CC)</p> <p>Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19.</p> <p>We considered the unpredictability of the current environment gave rise to a risk that the Constabulary would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Constabulary's actual year end financial position and performance.</p>	<p>Based on our review of management's assessment and consideration of cash/liquidity throughout the period to 31 March 2022 and the available reserves, we conclude that the going concern basis of accounting in the production of the 31 March 2020 financial statements is appropriate and there is no material uncertainty in this regard. We are satisfied that the disclosures in the financial statements are sufficient to inform the reader about the applicability of the going concern basis of accounting as at 31 March 2020.</p>

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £6.8m for PCC Group which is 2% of gross expenditure on the surplus/deficit on provision of services less the one off pension past service cost, £1.4m for PCC Single Entity which is 2% of assets and £4.9m for CC Single Entity which is 2% of gross expenditure on the surplus/deficit on provision of services less the one off pension past service costs and intra-group funding.</p> <p>We consider planning and performance materiality to be one of the principal considerations for stakeholders in assessing the financial performance of Derbyshire Police.</p> <p>We have considered whether any change to our materiality is required in light of Covid-19. Following this consideration we remain satisfied that the basis for planning materiality, performance materiality and our audit threshold for reporting differences to you remain appropriate.</p>
Reporting threshold	<p>We agreed with the Governance and Performance Working Group that we would report to the Committee all audit differences in excess of; ££338k for PCC Group, £96k for PCC Single Entity and £329k for CC Single Entity.</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits.
- ▶ Related party transactions.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

We highlight the following misstatements which have been corrected by management that were identified during the course of the audit:

CC - The Management obtained revised actuarial reports to reflect the recent McCloud remedy consultation which resulted in changes to the draft financial statements. The net liability of the Police Pension Fund moved from £2,072m in the initial draft financial statements to £2,049m in the final draft financial statements. This led to various movements across the Financial Statements.

There were two uncorrected misstatements relating to the local government pension scheme which are set out on page 14.

Section 4

Value for Money



Value for Money

We are required to consider whether Derbyshire Police has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

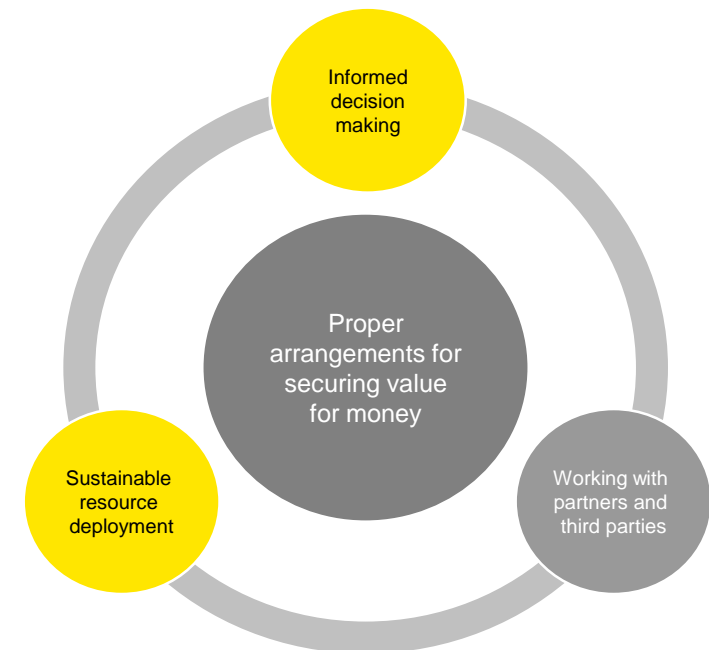
- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider NHS bodies' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

We identified 1 significant risk in relation to these arrangements. The tables below present the findings of our work in response to the risks identified and any other significant weaknesses or issues to bring to your attention.

We have performed the procedures outlined in our audit plan. We identified the following significant weaknesses in Derbyshire Police's arrangements, to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The current use of reserves to support the budget is not sustainable in the medium term.



Value for Money (cont'd)

Significant Risk	Procedures
<p>Securing financial resilience</p> <p>In common with other Police bodies, the PCC and CC is facing significant financial pressures in the medium term.</p> <p>Following the confirmation of the 2020/21 funding settlement and increase in precept the PCC and CC are able to balance the budget for 20/21, however, beyond this they are currently forecasting deficits in the medium term.</p>	<p>Given the uncertainty of the funding settlement post 2020/21 and the financial pressures set out above, we have considered this to be a significant area of focus in forming our value for money conclusion.</p> <p>The Revenue Budget Outturn for 2019/2020 reported an underspend of £0.327 million, which was better than originally planned. This has enabled the Constabulary to maintain its general reserves at £5.5 million in line with the 2020/21 precept report. However, the final underspend at the year-end was after the planned support from reserves of £3.124m which was included as part of the Revised Budget (equivalent to 1.7% of the total budget).</p> <p>The forecast overspend being reported as at October 2020 is £0.38 million against budget, which would be met through an increased contribution from reserves of the same amount. The Force have established a Finance Futures Board with an associated saving programme (Cost of Policing) which will be key in identifying savings to address the overspend and ensure the force can sustain the current level of investment in the future.</p>
Other Key Findings	Conclusion
<p>Covid continues to create pressures and is being monitored as part of the Covid Gold Group. The Constabulary have been tracking the financial impact since mid-March and has estimated this to be close to £3.3m by the end of October 2020, including £1.2m of opportunity costs. To date, the Government has only confirmed that the cost of medical grade PPE will be reimbursed and a claim was submitted in August for the sum of £221k. An additional claim of £99k for loss of income for the period April to July has also been submitted.</p> <p>Reserves are expected to decrease to £12.7 million by year end with the majority earmarked for operational, property and ICT projects. Whilst the level of reserves is lower than some other authorities, management has assessed the level as appropriate.</p>	<p>Whilst the MTFS presents some financial challenges for the Constabulary over the medium term, DPCC has a good track record of meeting and achieving savings. Whilst the level of reserves is lower than some other authorities, the DPCC has assessed the level as appropriate.</p> <p>We have reviewed the significant assumptions made in the MTFS and the risks reflected within it, which are consistent with our expectations.</p> <p>We are satisfied that we will have no matters to report in our audit opinion with respect to the Constabulary's arrangements to deploy resources in a sustainable manner. However, the current use of reserves to support the budget is not sustainable in the medium term. The robustness of assumptions underpinning the savings will need to be kept under review, delivery monitored and where appropriate mitigating actions identified</p>

A photograph of a business meeting in progress. Several people are gathered around a large wooden conference table, looking at documents. A woman with blonde hair is leaning forward, resting her chin on her hand, appearing thoughtful. A man in a blue shirt and red tie is standing in the background. The scene is brightly lit, suggesting a modern office environment.

Section 5

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by Derbyshire Police for Whole of Government Accounts purposes.

We are currently concluding our work in this area and will report any matters arising to the Joint Audit, Risk and Assurance Committee.

Annual Governance Statement

We are required to consider the completeness of disclosures in Derbyshire Police's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by Derbyshire Police or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires Derbyshire Police to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2019/20 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Governance and Performance Working Group on 27 November 2020. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware. However, wish to report the following area where improvements could be made to the operation or design of controls.

Description - Current Year Recommendations	Management response
Property valuations are performed on the 1 April each year. The CIPFA Code requires the accounts to consider the valuation as the balance sheet date. We recommend that management amend their valuation date to 31 March (i.e. the balance sheet date) so that the most up to date position is provided in the financial statements. This would also lead to a more efficient process as an additional roll forward from the start to the end of the year would not be needed for those assets revalued during the financial year.	<p>The shortened timescale for the production of the Annual Accounts provides limited time to obtain property valuations as at 31st March. The current arrangements provides for assets to be valued in Q3 or Q4 of each year and would normally be used as the closing valuation for the preceding year. Any adjustment for indexation and/or impairment would provide for a change in valuation at the end of the year. It is considered that this approach does not make any material adjustment to the value of assets held or reported within the Accounts.</p> <p>Alternative valuation arrangements will be considered to be able to provide for valuations as at 31st March without risking any further delays to the production of the Accounts.</p>

Audit Fees

Our fee for 2019/20 includes the scale fee set by the PSAA and an additional 'scale fee variation' to reflect the additional one-off matters requiring additional audit effort during the audit. With the exception of the additional impact of Covid-19, the additional matters are as anticipated in our Audit Planning Report.

Description	Police and Crime Commissioner		Chief Constable		Total	
	Final Fee 2019/20	Scale Fee 2019/20	Final Fee 2019/20	Scale Fee 2019/20	Final Fee 2019/20	Scale Fee 2019/20
	£	£	£	£	£	£
Audit Fee - Code work*	23,897	23,897	11,550	11,550	35,447	35,447
Audit fee - Code Work (see Scale fee variation on the following page)	11,553	-	9,865	-	21,418	-
Total Audit Fee	35,450	23,897	21,415	11,550	56,865	35,447
Non-audit work	Nil	Nil	Nil	Nil	Nil	Nil
Total Fees	35,450	23,897	21,415	11,550	56,865	35,447

*As highlighted in the recent Redmond Report, local government external audit fees have not kept pace with regulatory change. We believe that changes in the work required to address professional and regulatory requirements and scope changes associated with the risk of the organisation mean that the scale fee for the Group should more realistically be set at a level of £93k. The scale fee is set by PSAA Limited.

Audit Fees

Scale fee variation:

In our Audit Planning Report we identified and reported areas where audit work would be required over and above the level of the scale fee which corresponded to the risks set out in our audit plan. In addition, the Covid-19 pandemic has generated additional work required this year. This has involved revisiting our risk assessments (in respect of both the financial statement opinion and value for money conclusion), and performing additional procedures in respect of the going concern basis of accounting and associated disclosures in the financial statements.

We have discussed these additional costs with management. Management do not agree the additional fees. A final determination will be made by PSAA.

Description	Police and Crime Commissioner	Chief Constable	Total
	2019/20	2019/20	2019/20
	£	£	£
Additional pensions work	-	4,203	4,203
Property, plant and equipment valuation (C-19 risk reassessment)	1,377	-	1,377
Group accounts	1,920	946	2,866
Private Finance Initiative (PFI) accounting	539	-	539
Collaboration agreements	-	915	915
Value for money significant risk	1,274	627	1,901
Going Concern	4,269	2,103	6,372
Covid-19 (revisions to risk assessment, work inefficiencies)	2,174	1,071	3,245
Total Scale Fee Variation	11,553	9,865	21,418

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2018 EYGM Limited.
All Rights Reserved.

ED None

EY-000070901-01 (UK) 07/18. CSG London.



In line with EY's commitment to minimise its impact on the environment, this document has been printed on paper with a high recycled content.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com



JOINT AUDIT RISK ASSURANCE COMMITTEE

REPORT TITLE	20/21 EXTERNAL AUDIT PLAN
REPORT BY	EXTERNAL AUDITOR
DATE	1 JULY 2021

PURPOSE OF THE REPORT

- 1.1 To receive the External Audit Plan 2020/21

ATTACHMENTS

External Audit Plan

RECOMMENDATIONS

- i. To receive the External Audit Plan 2020/21
- ii. To raise any matters of concern with the Audit Director

CONTACT FOR ENQUIRIES

Name:	Andrew Dale
Tel:	0300 122 6000
Email	pccoffice@derbyshire.police.uk

OVERVIEW

1. An External Audit Plan covering the work that will be carried out to support the Audit opinion for the Statements of Accounts for 2020/21 has been provided to and reviewed by the two statutory Chief Finance Officers.
2. The plan details the audit approach which covers an overview of the 2020/21 audit strategy, a discussion of the main audit risks and EY's proposed work in those areas, identifying the value for money risks and EY's work in response, together with an overview of materiality, audit scope and the proposed timeline for the work. Appendix A to the audit planning report details the proposed fee for 2020/21, it should be noted that the additional fees identified for 2019/20 are, as yet, not agreed by management and have been referred to the PSAA for determination. A copy of the plan is attached as APPENDIX A to this report
3. A representative of Ernst & Young, will be present to talk to this paper and answer Members' questions.

The background image shows a top-down view of a white conference table. Several sheets of paper are scattered across the table, with a person's hand pointing to a specific section on one of them. In the upper left, a person's arms and hands are visible, wearing a yellow long-sleeved shirt and a gold bracelet. A black computer mouse is on the left side of the table. The overall scene suggests a professional meeting or collaborative work environment.

Police and Crime Commissioner and Chief Constable for Derbyshire Police

Audit planning report

Year ended 31 March 2021

June 2021



Private and Confidential
Police and Crime Commissioner and Chief Constable for Derbyshire
Butterley Hall
Ripley
Derbyshire
DE5 3RS

21 June 2021

Dear Members of the Joint, Audit, Risk and Assurance Committee

Audit planning report 2020/21

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as the auditor to Police and Crime Commissioner and Chief Constable for Derbyshire (the 'PCC' and 'CC' respectively). Its purpose is to provide the Joint, Audit, Risk and Assurance Committee (JARAC) with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the JARAC's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the PCC and CC and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the JARAC and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 1 July 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Henshaw
For and on behalf of Ernst & Young LLP

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Members of the Joint, Audit, Risk and Assurance Committee (JARAC) in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Members of the JARAC and management of the Police and Crime Commissioner and Chief Constable for Derbyshire those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the JARAC and management of the Police and Crime Commissioner and Chief Constable for Derbyshire for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2020/21 audit strategy



Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the JARAC with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error (PCC and CC)	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Valuation of the Police Pension Scheme liability (CC)	Higher inherent risk and area of audit focus	Decrease in risk or focus	The pension fund valuations separately involve external specialists, to provide these actuarial assumptions. A small movement in these assumptions could have a material impact on the value in the balance sheet. Following the outcome of the McCloud and Sargeant judgements in 2018/19 there remains significant uncertainty around the impact this will continue to have on the valuation of liabilities within the scheme, as well as the implications for the triennial review and funding requirements. At this stage in our planning, we have not identified a matter that would suggest this risk should remain as a significant risk in the 2020-21 audit and therefore it has been reduced to a higher inherent risk in 2020-21.
Valuation of Pension Liabilities - LGPS (CC)	Higher inherent risk and area of audit focus	No change in risk or focus	The estimation of the defined benefit obligations is sensitive to a range of assumptions such as rates of pay and pension inflation, mortality and discount rates. The pension fund valuations separately involve external specialists, to provide these actuarial assumptions. A small movement in these assumptions could have a material impact on the value in the balance sheet.
Valuation of land and buildings (PCC)	Higher inherent risk and area of audit focus	No change in risk or focus	The external valuation expert undertakes a rolling programme of valuations that ensures that all land and building assets required to be measured at fair value are revalued at least every five years. The valuation of land and buildings is subject to a number of assumptions and judgements and a small movement in these assumptions could have a material impact on the financial statements. As the Code requires all land and buildings are held at fair value, there is a risk that the remaining asset base is materially misstated.
Group financial statements (PCC)	Higher inherent risk and area of audit focus	No change in risk or focus	In 2014/15, the PCC entered into two joint service arrangements with the Derbyshire Fire and Rescue Authority which consists of a joint headquarters and a joint training centre. There is a risk of misstatement that the accounting treatment of these joint service arrangements are not in accordance with the relevant accounting standards in the financial statements and that balances may be misstated.
Accounting for the PFI schemes (PCC)	Higher inherent risk and area of audit focus	No change in risk or focus	The PCC has two PFI schemes which include several judgements made by management resulting in the accounting treatment shown in the financial statements. The arrangements are supported by complex models to calculate the figures to be included in the financial statements each year.

Overview of our 2020/21 audit strategy (continued)

Risk / area of focus	Risk identified	Change from PY	Details
Collaborative arrangements (CC)	Higher inherent risk and area of audit focus	No change in risk or focus	The joint arrangements operate with partners across the east midlands. There is a risk that the allocation of activity in the financial statements is not correctly recorded in the financial statements.

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of the Police and Crime Commissioner and Chief Constable for Derbyshire give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and
- Our conclusion on the entity's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the PCC and CC's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the PCC and CC.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these are relevant in the context of the PCC and CC audits, we will discuss these with management as to the impact on the scale fee. We have highlighted a number of these items throughout our audit plan and have included the impact on fees within appendix A.

There have been changes to the Value for Money approach in 2020/21, there will be the need for additional work. We have set out below where we believe there is the potential to give rise to additional fee. We will discuss with management during the audit and report back to the Audit Committee. These include:

- The 2020 Code has changed the scope of the value for money assessment and work required.
- Additional work that will be required to address the value for money risks if identified from the risk assessment.

Overview of our 2020/21 audit strategy (continued)

Audit team changes

Associate Partner - Hayley Clark

Hayley has a significant amount of audit experience within the public sector and was your Audit Senior Manager in 2019/20. Hayley will take over from Helen Henshaw as the engagement lead for 2020/21.

Manager - Natalie Ryan

Natalie has a significant amount of audit experience within the public sector and has been a Manager at EY since 2018.

Materiality

PCC

Planning materiality
£2.2m

Performance materiality
£1.7m

Audit differences
£112k

For the PCC materiality has been set using 2% of the prior years assets. For the CC materiality has been set using 2% of the prior years gross expenditure on the surplus/deficit on provision of services less the one off pension past service costs and intra-group funding.

Performance materiality has been set at 75% of materiality for both the PCC and CC.

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement greater than £112k for the PCC and £277k for the CC. Other misstatements identified will be communicated to the extent that they merit the attention of the JARAC.

CC

Planning materiality
£5.6m

Performance materiality
£4.1m

Audit differences
£277k



02 Audit risks



Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit. Throughout we have indicated whether the risk impacts the PCC and CC as single entities. In all instances the risks are relevant to the PCC's group financial statements.

Misstatements due to fraud or error* (PCC and CC)

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

In undertaking our fraud risk assessment we have not identified any specific risks for inclusion in our audit plan at this stage. We will continue to monitor this and provide you with an update as required.

What will we do?

We will;

- ▶ Identify fraud risks during the planning stages.
- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consider the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determine an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including:
 - ▶ testing of journal entries and other adjustments in the preparation of the financial statements;
 - ▶ assessing accounting estimates for evidence of management bias; and
 - ▶ evaluating the business rationale for significant unusual transactions.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus?

Valuation of Land and Buildings (PCC)

The fair value of Property, Plant and Equipment (PPE) represent significant balances in the entity's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

The PCC will engage an external expert valuer who will apply a number of complex assumptions to these assets. Annually assets are assessed to identify whether there is any indication of impairment. As the PCC's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/ overstated. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Pension Liability Valuation (CC)

The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Derbyshire County Council. The CC's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet of the CC. At 31 March 2020 this totalled £93million.

The information disclosed is based on the IAS 19 report issued to the CC by the actuary to the County Council. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

We will:

- ▶ Consider the work performed by the external valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

We will:

- ▶ Liaise with the auditors of Derbyshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the CC;
- ▶ Assess the work of the LGPS Pension Fund actuary including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the CC's financial statements in relation to IAS19.

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

Group financial statements (PCC)

The PCC prepares group accounts which incorporate the activities of the DPFP LLP which is a joint venture with Derbyshire Fire and Rescue Authority used to provide both organisations with a joint headquarters and joint training centre. The currently has a 57.16% share of the net assets of the DPFP LLP. The Group Accounts have been produced using the equity method to reflect the nature of the partnership.

The DPFP LLP financial statements are currently not subject to audit. Therefore, we will be required to undertake procedures on the balances and disclosures associated with the LLP to ensure that the group financial statements are not materially misstated.

There is a risk of misstatement that the accounting treatment of the joint service arrangements are not in accordance with the relevant accounting standard in the financial statements.

Accounting for the PFI schemes (PCC)

The PCC has two PFI schemes which include several judgements made by management resulting in the accounting treatment shown in the financial statements. The arrangements are supported by complex models to calculate the figures to be included in the financial statements each year.

Our audit approach?

We will:

- ▶ Update our understanding of the joint service agreements to understand the nature and responsibilities for both the Police and Crime Commissioner and Derbyshire Fire and Rescue Authority.
- ▶ Review management's assessment of the required accounting treatment in the Financial Statements.
- ▶ Test the accounting entries and disclosures to confirm that the correct accounting standard has been applied.
- ▶ Ensure that we have gained assurance over any balances included within the DPFP LLP accounts which are material to the entity's Group Financial Statements.

Our approach will focus on:

- ▶ We will review (with the support of EY specialists where required) the accounting judgements and models to ensure that we are comfortable with the judgements and related accounting treatment in the financial statements.
- ▶ For each of the schemes we will undertake testing of in-year inputs to the accounting models and agree relevant entries in the financial statements to year-end outputs from each of the models.

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

Collaborative arrangements (PCC and CC)

The CC participate in a number of Jointly Controlled Operations (JCO) or Collaborations with other East Midlands Forces. These are used to deliver services within the Force. The share of cost to Derbyshire is different depending on the number partaking in the JCO. There is also combination of JCO's being hosted by either Leicestershire or Derbyshire.

Given the volume of transactions being accounted for across the 5 Forces that participate across the JCO's and their value, we consider there to be a risk associated with the accuracy of the information being reported and accounted for (i.e. the measurement/valuation, completeness and presentation and disclosure of balances included in the financial statements).

Our audit approach?

We will:

- ▶ Review the underlying allocation of expenditure in the CC's own accounts against agreements in place.
- ▶ Consider the completeness of the reported balances within the financial statements.
- ▶ Seek assurance from the external auditors at Leicestershire Chief Constable on:
 - ▶ The processes in place to record and transact balances for other Forces.
 - ▶ Confirmation of the balances recorded and reported for Derbyshire Chief Constable.
 - ▶ How assurances have been gained that balances for each Force have been recorded completely and accurately within the finance system.

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

Valuation of the Police Pension Scheme liability (CC)

The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Police Pension Scheme administered and underwritten by HM Government. The CC's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet. At 31 March 2020 this totalled £2,048,842 million. The information disclosed is based on the IAS 19 report issued to the CC by the actuary. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our audit approach?

We will:

- ▶ Assess the work of the actuary (GAD) including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team;
- ▶ Review and test the accounting entries and disclosures made within the financial statements in relation to IAS19;
- ▶ Gain assurance over data that has been provided to the actuaries;
- ▶ Assess management's arrangements to reconcile the active and pensioner membership numbers.



03

Value for Money Risks





Value for Money

PCC and CC responsibilities for value for money

The PCC and CC are required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

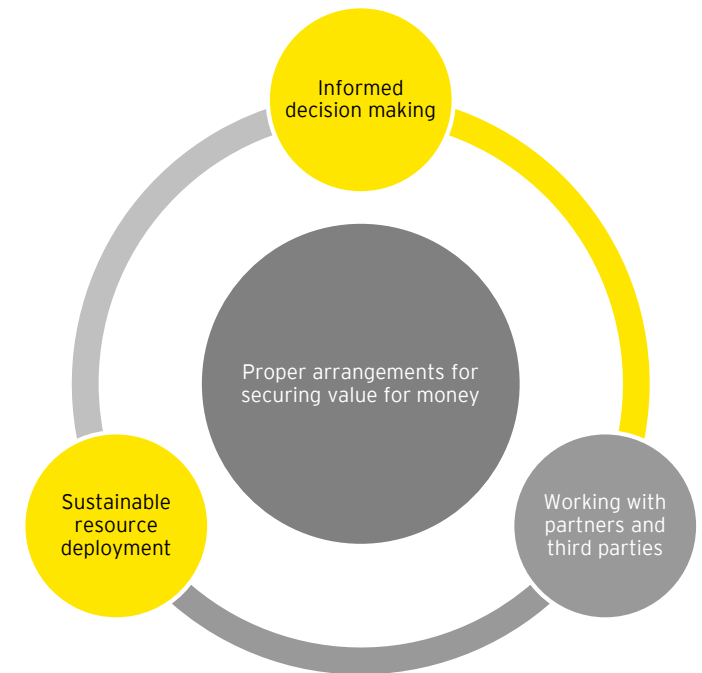
As part of the material published with its financial statements, the PCC and CC are required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the organisation tailor's the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the organisation has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the organisation a commentary against specified reporting criteria (see below) on the arrangements the organisation has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

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



Value for Money Risks

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the PCC and CC's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the bodies arrangements, we are required to consider:

- The PCC and CC's governance statement;
- Evidence that the PCC and CC's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies and;
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the PPC and CC to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the PCC and CC's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the PCC and CC;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the PCC and CC's reported performance;
- Whether the issue has been identified by the PCC and CC's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the organisation has had to respond to the issue.

Value for Money Risks

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the PCC and CC's have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the organisation's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2020/21 VFM planning

We have recently started our VFM assessment. In line with the 2020 Code, we will inform the committee if we identify any significant weaknesses in the PCC and CC's arrangements.



04

Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2020/21 has been set as set out below.

	PCC Group	PCC single entity	CC single entity
Materiality basis	2% of the prior years gross expenditure on the surplus/deficit on provision of services less the one off pension past service costs	2% of prior year assets	2% of the prior year gross expenditure on the surplus/deficit on provision of services less the one off pension past service costs and intra-group funding
Planning materiality	£6.273 million	£1.911 million	£6.095 million
Performance materiality	£4.075 million	£1.433 million	£4.571 million
Audit differences	£313k	£95.5k	£305k

Materiality will be reassessed throughout the audit process.

We have provided supplemental information about audit materiality in Appendix D.

We request that the JARAC confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at 75% of planning materiality.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement and balance sheet that have an effect on income or that relate to other comprehensive income. Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the JARAC, or are important from a qualitative perspective.

Specific materiality - We have set a materiality for remuneration disclosures, related party transactions and member allowances. As these disclosures are considered to be of interest to users of the accounts we have adopted judgement in ensuring that we have tested the disclosures in sufficient detail to ensure they are correctly disclosed.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the PCC and CC's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the PCC and CC has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Our Audit Process and Strategy (continued)

Audit Process Overview

Analytics: We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the JARAC.

Internal audit: We will review internal audit plan and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Scoping the group audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

- 1. Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
- 2. Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

Our preliminary audit scoping has identified 3 significant components and 0 non-significant components.

Scoping by entity and scope definitions

2 **Full scope:** locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations. This scope is relevant to the PCC and CC as single entities.

1 **Specific scope:** locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts. This scope is relevant to DFPF LLP.

Group audit team involvement in component audits

Auditing standards require us to be involved in the work of our component teams.

The DFPF LLP financial statements are currently not subject to audit. Therefore, we will be required to undertake procedures on the balances and disclosures associated with the LLP to ensure that the group financial statements are not materially misstated.



06

Audit team



Audit team

Audit team

The engagement team is led by Hayley Clark, who is supported by Natalie Ryan, Manager, who is responsible for the day-to-day direction of audit work and is the key point of contact for the finance team. Both work within our dedicated Government and Public Sector team and have significant experience on local government audits.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team will be utilised where any specific risks or issues are identified that require further consultation.
Pensions disclosures	EY Actuaries
PFI	EY PFI specialists (where required)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the organisation's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20.

From time to time matters may arise that require immediate communication with the JARAC and we will discuss them with the Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes. Walkthrough of key systems and processes	April and August	JARAC - July	Audit Planning Report
Year end audit	To be determined		Audit Results Report
Audit Completion procedures	To be determined		Auditors Annual Report





08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation] 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Helen Henshaw, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the organisation. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved. At the time of writing, there are no non-audit services to be provided.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of senior management of the organisation. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report June 2020 and can be found here:

https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2020/ey-uk-2020-transparency-report.pdf



09

Appendices



Appendix A

Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2020/21 accounts of opted-in principal local government and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

All fees exclude VAT

	Total fee 2020/21	Total fee 2019/20
	£	£
Total Fee - Code work (1)	35,447	35,447
Fee - Code work (2)	TBC	21,148
Total audit (3)	TBC	56,595
Other non-audit services not covered above	0	0
Total fees	TBC	56,595

1) Scale fee is split between the PCC (£23,897) and CC (£11,550).

2) We have discussed these additional costs with management. Management do not agree the additional fees. A final determination will be made by PSAA.

3) As per the Redmond Report, local government external audit fees have not kept pace with regulatory change. We believe that changes in the work required to address professional and regulatory requirements and scope changes associated with the risk of the organisation mean that the scale fee for the Group should more realistically be set at a level of £93k. The scale fee is set by PSAA Limited.

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the entity; and
- ▶ The entity has an effective control environment.

If you are unable to meet key dates within our agreed timetable, we will notify you of the impact on the timing of your audit, which may be that we postpone your audit until later in the summer and redeploy the team to other work to meet deadlines elsewhere.

Where additional work is required to complete your audit, due to additional risks being identified, additional work being required as a result of scope changes, or poor audit evidence, we will notify you of the impact on the fee and the timing of the audit. Such circumstances may result in a delay to your audit while we complete other work elsewhere. Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

In relation to 2020/21 the scale fee has been set at the same level as the prior year being £35,477. The results of our planning procedures has identified areas where audit work will be required over and above the level of the fee previously set which also correspond to the risks set out in our audit plan. The identified areas are:

- PPE valuations (use of specialists);
- Group accounts;
- PFI;
- Collaborative arrangements; and
- Exit packages
- Value for Money - The 2020 Code has changed the scope of the value for money assessment and work required. This could result in additional fees. Also, there may be additional work that will be required to address the value for money risks, if identified from the risk assessment.

We will discuss these with management and provided indicative fee levels for each of these areas. The actual amounts may differ and will be based on the actual audit effort incurred. Following discussions with management we have not included these amounts in this plan but will report the final levels to you upon conclusion of our work and agreement with management.



Appendix B

Required communications with the JARAC

We have detailed the communications that we must provide to the JARAC.







Our Reporting to you

Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the JARAC of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit results report




Appendix B

Required communications with the JARAC (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the JARAC to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 		Audit results report
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 		Audit results report
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 		Audit Planning Report and Audit Results Report
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 		Audit results report

Appendix B

Required communications with the JARAC (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the JARAC into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the JARAC may be aware of 	Audit results report	
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit results report	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report	
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report	
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit planning report Audit results report	

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the JARAC reporting appropriately addresses matters communicated by us to the JARAC and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the Group financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

JARAC – INTERNAL AUDIT RECOMMENDATION MONITORING

Contact	Last updated	REF NO	Audit / Recommendation	Priority	Recommendations			Audit Confirmed Implemented	Update date	Update
					Agreed Implementation Date	Manager Confirmed Implementation	Manager Confirmed Not Implemented			
Property Management Recommendations 05/20 (4 P2 recommendations)										
Craig Myhill		4.2	<p>Policy Review The Evidential Property Policy review should be completed and the updated version reviewed and approved by the relevant body/senior officer. Transportation from temporary stores at outlying sites to the permanent stores should also be covered in the guidance in order to set out clear processes for this. In addition the various Niche guides should be made available to staff via the intranet.</p>	P2	October 2020	Agreed			August 2020 (J Peatling) Update to meeting 15 October Update J Peatling 09/04	<p>Falls under the remit / ownership of Head of Finance and Business Support but due to staff issues this has not been completed. 4 major changes to workloads / ownership have taken place in the last 12months within the Operational Dept (Major Crime, Forensics, Drugs, Large Warrants) which means the policy cannot be simply amended but will have to be re-written in large parts. Target date of end Oct for first draft.</p> <p>The Policy review will be delayed by approx. 1 month. Update to be provided at next meeting.</p> <p>The Evidential Property Policy has been reviewed and revised for changes in working practices. A national NPCC Guidance Paper was issued in February relating to the Management and Retention of Physical and Digital Evidence. Our Property Policy is therefore being reviewed further to ensure compliance with the national guidance.</p> <p>The expected timescale for completion and circulation of the new policy is within the next 4 to 6 weeks.</p>

<p>Craig Myhill</p> <p>CLOSED</p>		<p>4.3</p>	<p>Training records A record of staff trained to use Niche should be maintained in order to ensure all relevant staff have received adequate training.</p>	<p>P2</p>	<p>End August 2020</p>	<p>Agreed</p>			<p>August 2020 (J Peatling)</p> <p>Update from meeting 15 October</p>	<p>HR Training maintain all officer and staff records of formal training given / attended. Property Office staff training has no course provided by the force so it is all 'in-house' training within the teams. All property staff within the organisation at the time of Niche release will have received formal Niche training, all new starters since that date will receive in house training and the passing of probation indicates that staff are Niche trained.</p> <p>Complete. To be archived.</p>
<p>Craig Myhill</p> <p>CLOSED</p>		<p>4.4</p>	<p>Insurance The Force should assure themselves that they have the correct insurance cover in place for seized property.</p>	<p>P2</p>	<p>End September 2020</p>	<p>Agreed</p>			<p>August 2020 (J Peatling)</p> <p>Update from meeting 15 October.</p>	<p>This is being reviewed as part of a wider review of Insurance cover for cash seizures. A revised Target date of Sept 2020 is proposed.</p> <p>Complete. To be archived.</p>
<p>Budget Control and Follow Up 05/20 (4 P2 recommendations)</p>										
<p>CLOSED</p>		<p>4.2</p>	<p>Financial Handbook The Financial Handbook and supporting scheme of delegation should be updated and reviewed on a sufficiently frequent cycle.</p>	<p>P2</p>	<p>September 2020</p>				<p>Update at meeting 15</p>	<p>Not Implemented Through discussion with the Joint Finance Director, it was noted that the Financial Handbook has not yet been reviewed or updated. This has been due to other demands, during the Covid Pandemic. The Financial Handbook will be updated and a revised date of 30th September 2020 for this to be done has been set.</p> <p>The CFO provided an email update to all members on 7th October 2010 confirming that completion of the review was expected over the next few days, leading in to a period for review and discussion with the DoF and HoF. The tracked/revised handbook would be tabled at the November JARAC meeting for discussion and assurance to the PCC/CC for adoption.</p>

									October	Mr Dale advised that the review will take place imminently.
Data Quality 05/21 (two P2 recommendations)										
		4.3	<p>The Exhibits Team should work with the Digital Forensics Unit to update the property items listed in Niche as 'tagged' to ensure the system is correctly stated.</p> <p>For the items identified through audit testing, the Niche system should be updated to ensure the system is correctly stated.</p> <p>The Exhibits Team should consider carrying out dip samples on records listed on Niche as with the DFU to ensure they are correctly stated and therefore data quality across the two systems is maintained.</p>	P2	31 December 2020				<p>15 October</p> <p>Update from meeting dated 15 October</p> <p>Update S Allsop 13/05</p>	<p>Agreed that there are issues with the use of Niche by the Digital Forensic Unit. The responsibility lies with The Digital Forensics Unit and the Forces policy is that Niche should be the Primary recording system. This is also being picked up regionally as part of the 2020/21 audits. The Joint Director of Finance and the Assistant Chief Constable will be looking to develop the Force Strategy in this area.</p> <p>As a department everything Property send to DFU is accurately recorded, however, as the DFU do not use the regional Niche system as an exhibit recording tool the exhibits teams have no idea if / when these items will come back into their possession or if items have been return to owners or destroyed. The lack of Niche use, and a lack of timely return of exhibits is creating the challenges.</p> <p>Simon Allsop to provide update at the meeting on 15 October.</p> <p>Mr Allsop advised that this is not being progressed as quickly as hoped due to IT issues. More detail to be provided at next meeting.</p> <p>Periodical reports will be sent to the DFU to show exhibits currently recorded as being in their possession to ensure that:</p>

- a) The exhibit is accurately recorded on Niche.
- b) The exhibit is still required, or can be returned to the Evidential Property Store.

Collaboration: Business Continuity – 2 P2 Recommendations

Muhammad Patal	4.2	<p><u>Business Continuity Plans - EMSOU</u></p> <p>EMSOU should ensure that BC Plans across the unit are in place and up to date. Once the Plans are up to date the unit should ensure that they are regularly reviewed and updated, it should be considered that the Risk, Assurance & Compliance Meeting are provided with oversight to ensure that the review and updates take place.</p>	P2	April 2021			Update M Patel 25/06	<p>BC Plans have now been written and approved by Notts BC Manager. A tabletop exercise now needs to take place to test these (being planned) and once this is done the plans can be published within EMSOU</p> <p>The BC plans have now been approved by the Notts BC Manager. A test exercise has taken place and the plans have been published.</p>
Muhammad Patal	4.3	<p><u>Business Continuity annual testing/exercises</u></p> <p>EMSOU SOC, EMCJS and EMCHRS OHU should carry out testing/exercising of all Business Continuity Plans on a regular basis to ensure they remain fit for purpose. Consideration should be given for the Force BC Managers to assist all the collaboration units with appropriate tests of their plans e.g. desktop-based exercises.</p>	P2	April 2021			Update M Patel 25/06	<p>EMSOU As above we have introduced testing for BC plans. The EMSOU Support Manager will coordinate the testing for EMSOU SOC in consultation with Notts Police. The frequency of testing will also be consistent with Notts police. The frequency of testing will also be consistent for Notts Police.</p> <p>Once the initial test exercise (as above) has taken place and the plans are confirmed regular tests will take place. The EMSOU BSU Manager will manage this process in conjunction with Notts Police.</p> <p>EMCJS: A review of business continuity, including who is responsible for the testing of it and the frequency required forms part of the</p>
Mark Harrison							Update M Harrison 28/04	

										<p>wider EMCJS review which is being undertaken. This is due to be completed by the end of April 2021 and assesses if the service that EMCJS is providing remains in line with the individual Force's needs. The findings will be considered by the Strategic Management Board.</p> <p>EMCJS review was completed in March 2021 and has been circulated for consideration. Members of the Strategic Management Board will be considering the report and recommendations early in June at which time a decision will be made on the business continuity functions.</p>
Final Internal Audit Memo – one P2 recommendation										
Mazhar Ahmad		4.1	Derbyshire should remind staff of the importance of completing the PIM request form correctly in all instances.	P2	End Dec 21					<p>The Service Centre completes roughly 8000 PIM forms annually and whilst we endeavour to complete all forms as accurately as possible there is always going to be some likelihood of human error due to high the volumes. The findings of the report will be shared with Service Centre colleagues and the importance of checking and accuracy will be reinforced. A project is currently underway with Payroll.</p> <p>Since the completion of the audit a number of actions have been completed by the HRSC to help reduce PIM errors. These are as follows:</p> <p>Further guidance and training has been provided to HRSC colleagues on PIM completion and the importance of accuracy.</p> <p>PIM errors are now being recorded on a monthly basis (since Oct 2020) with a view to utilising data to address errors and improve quality.</p> <p>The practice of reusing a PIM form has been ceased and HRSC colleagues will use a blank copy each time. This will avoid any old data remaining in the form.</p> <p>The payroll team have been asked to notify the relevant Team Leader in the HRSC as soon as an error is identified so that it can be corrected</p>

Update Maz
Ahmed
15/04

										immediately. PIM forms are now no longer completed for police officer recruitment. This is now done via a bulk upload from a spreadsheet directly into the payroll system.
Victim Support – one P2 recommendation										
Dawn Robinson COMPLETE		4.1	The format of the VCOP subgroup should be formalised. This includes production of a terms of reference that defines the purpose, aims and objectives of the forum. Agendas that set out the points of note to be covered during each meeting should be produced. The performance metrics and data that is required to be reported at each meeting should be defined. A standalone action plan should be produced which is used to highlight and monitor the progress of actions raised in prior meetings. Where meetings to discuss VCOP performance take place the Force & OPCC should consider documenting the items discussed through agendas or memos.	P2	End January 2021				Update D Robinson 08/04	VCOP subgroup will be formalised, agendas set and an appropriate action plan put in place with the Force. Formal reporting arrangements to LCJB and Force Assurance board will be confirmed. 4.1 The VCOP subgroup has been formalised with HOC in chairing role. The TOR have been refreshed and attendance agreed as Head of CJ, Force service Improvement Officer, Business Manager for the LCJB and OPCC Finance and Commissioning officer. Formal reporting line into the LCJB with agenda item agreed. Force also report through ACC Kirby and the Force Assurance board. VCOP subgroup met in January with formal agenda and minutes. An action plan is drafted in line with new Victims code and will be developed alongside Victims law.



JOINT AUDIT RISK ASSURANCE COMMITTEE

REPORT TITLE	INTERNAL AUDIT PROGRESS REPORT 2020/21
REPORT BY	MARK LUNN
DATE	1 JULY 2021

PURPOSE OF THE REPORT

- 1.1 To receive a progress report from the internal auditors on their work to date during 2020/21

ATTACHMENTS

Progress Report (Annex A)

RECOMMENDATIONS


- i. That the Committee takes assurance that the internal audit plan addresses relevant matters and is being delivered as expected, as detailed in the progress report.
- ii. It is recommended that the committee take assurance that the controls upon which the organisation relies to manage the functions detailed below are suitably designed, consistently applied and effective:
 - PROJECT MANAGEMENT
 - BUDGETARY CONTROL
- iii. To note that the internal audit Annual Report will be provided in draft form at the forthcoming Finance Workshop.

CONTACT FOR ENQUIRIES

Name:	Andrew Dale
Tel:	0300 122 6000
Email	pccoffice@derbyshire.police.uk

OVERVIEW

- 1.1 As part of the management of the internal audit process, a progress report is provided to each meeting of the JARAC.
- 1.2 Members are requested to review the covering progress report and the follow up of Audit Recommendations.
- 1.3 The committee can consider if it can take assurance that the controls upon which the organisation relies to manage each of the audit activities are suitably designed, consistently applied and effective as detailed in the report.
- 1.4 The report will be presented by a representative from Mazars. JARAC Members will then have the opportunity to question the internal auditor.



Office of the Police & Crime Commissioner
for Derbyshire & Derbyshire Police

Internal Audit Progress Report

Presented to JARAC: 1st July 2021

mazars

Contents

01	Summary	3
02	Current progress	4
03	Performance	5
A1	Plan overview	7
A2	Reporting Definitions	8
A3	Final Reports	9

Disclaimer

This report (“Report”) was prepared by Mazars LLP at the request of the Derbyshire Police and the Officer of the Police and Crime Commissioner (OPCC) for Derbyshire and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit the Derbyshire Police and the Officer of the Police and Crime Commissioner (OPCC) for Derbyshire and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

01 Summary

The purpose of this report is to update the Joint Audit, Risk & Assurance Committee (JARAC) as to the progress in respect of the Operational Plan for the year ended 31st March 2021, which was considered and approved by the JASP at its meeting on 20th February 2020. Moreover, the report provides an update as to the progress in respect of the Operational Plan for the year ended 31st March 2022, which was considered and approved by the JARAC at its meeting on 25th March 2021.

The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.

Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.

Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.

Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.

Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

02 Current progress

2020-2021

Since the last meeting of the JARAC, we have issued one final report in respect of Derbyshire's 20-21 IA Plan, this being Project Management. We have also issued the final report for the collaboration audit of budgetary control. Further details are provided in Appendix A3. We have also issued the draft report in regard to Governance.

The impact of the Covid-19 lockdown(s) has posed several challenges to the internal audit process and the move to remote auditing has caused some initial delays in setting dates when the audits will be carried out. Both parties have worked hard to ensure the audits could be completed and Mazars have regularly communicated with the Force and OPCC, which has enabled us to deliver the majority of the audit plan by 31st March 20-21. Unfortunately some of the 20-21 audit plan had to be completed post 31st March however, the remaining audits of IT Cyber Security, Partnerships and POCA are all work in progress with draft reports anticipated shortly.

There were three proposed audits as part of the Collaboration time assigned for the 2020/21 plan, however due to the impacts of the Covid-19 pandemic and the delays in starting audits it has been proposed that one of the collaboration audits be carried forward into the 2021/22 plan. This was discussed with the regional Chief Finance Officers and a priority based approach was assigned to the audits due to be completed. As noted above, audit can confirm that the final report for budgetary control has been issued. The Collaboration Workforce Planning audit has been issued in draft report with management comments gathered and the report is on the agenda for the next regional Chief Finance Officer meeting for discussion.

A summary of the 20/21 IA Plan in Appendix A1 has been updated to include the status of each audit to date.

2021-2022

The audit plan was approved at the last meeting of the JARAC and audit can confirm that planning work has begun in regard to the delivery of this plan. The first audit, Complaints Management, is due to start at the end of June.

The process for Collaboration audits was discussed at a meeting of all five Force Audit Committee Chairs with an intention to improve the speed of delivering final reports to audit committees. Actions have been taken and these will be monitored for the collaboration audits completed in 2020/21 and learning taken forward into 2021/22. Further to the last update provided to the committee a detailed and focused collaboration audit plan for 2021/22 has been drafted, circulated to regional CFO's for comment and is on the agenda to be approved at the next regional CFO meeting in July.

03 Performance



The following table details the Internal Audit Service performance for the year to date measured against the key performance indicators that were set out within Audit Charter.

Number	Indicator	Criteria	Performance
1	Annual report provided to the JARAC	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JARAC	As agreed with the Client Officer	Achieved
3	Progress report to the JARAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	83% (5/6)
5	Issue of final report	Within 5 working days of agreement of responses.	83% (5/6)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (9/9)
9	Customer satisfaction (measured by survey) "Overall evaluation of the delivery, quality and usefulness of the audit" – Very Poor, Poor, Satisfactory, Good, Very Good.	85% average satisfactory or above	100% (3/3) 2 x Good 1 x Very Good

Performance Continued.

Audit	Date of ToR	Start of Fieldwork	Days' Notice	Exit meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Receive Comments (15)	Final Report Issued	Time Taken to issue Final (5)
Workforce Planning	30-Jul-20	21-Sep-20	39	12-Oct-20	14-Oct-20	2	27-Oct-20	9	27-Oct-20	0
Core Financials	14-Oct-20	02-Nov-20	13	18-Nov-20	09-Dec-20	15	27-Jan-21	32	27-Jan-21	0
Payroll*	27-Sep-20	12-Oct-20	10	30-Oct-20	30-Oct-20	0	10-Dec-20	29	10-Dec-20	0
Victim Support	03-Nov-20	23-Nov-20	14	27-Nov-20	11-Dec-20	10	14-Jan-21	21	21-Jan-21	7
Project Management	23-Dec-20	01-Feb-21	25	19-Mar-21	30-Mar-21	7	07-Apr-21	5	07-Apr-21	0
Governance	21-Jan-21	15-Feb-21	17	05-May-21	13-May-21	6				

*Payroll mainly at Leicester

The days listed are working days.

A1 Plan overview



2020-21

Audit area	Fieldwork Date	Draft Report Date	Final Report Date	Target JARAC	Comments
POCA & Seized Cash	Mar 21			Sept 21	Fieldwork in progress
Project Management	Feb/Mar 21	Mar 21	Apr 21	Jul 21	Final Report Issued
Workforce Planning	Sept 20	Oct 20	Oct 20	Nov 21	Final Report Issued
Victim Support	Nov 20	Dec 20	Jan 21	Mar 21	Final Report Issued
Partnerships	Apr 21			Sept 21	Fieldwork in progress
Core Financials	Nov 20	Dec 20	Jan 21	Mar 21	Final Report Issued
Payroll	Nov 20	Dec 20	Jan 21	Mar 21	Final Report Issued
Governance	Feb/Mar 21	May 21		Sept 21	Draft Report Issued
Collaboration: Budget Control	Feb/Mar 21	Apr 21	Apr 21	Jul 21	Final Report Issued
Collaboration: Workforce Planning	Feb/Mar 21			Sept 21	Draft Report Issued
IT: Disaster Recovery	Apr/May 21			Sept 2021	Draft Report Issued

A2 Reporting Definitions

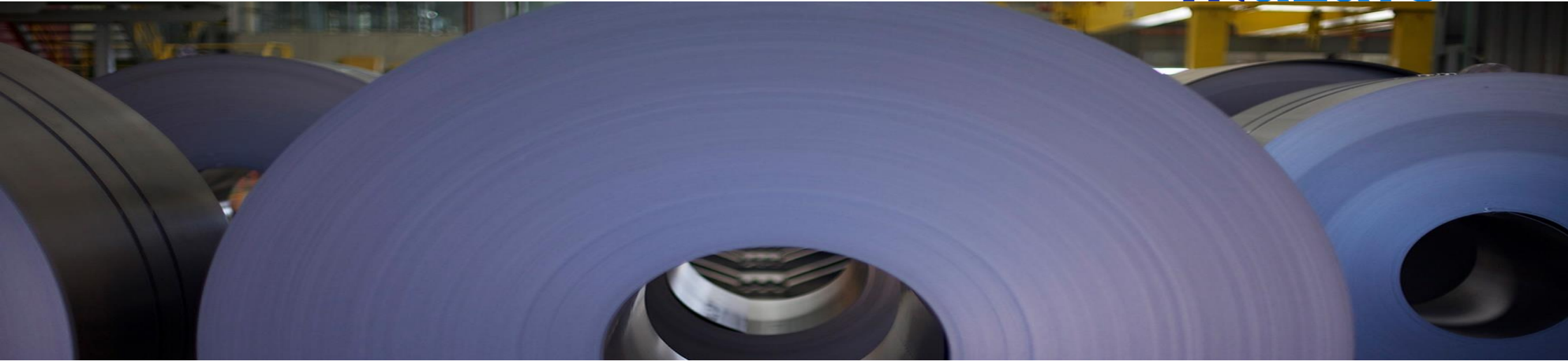


Assurance Level	Control Environment
Significant Assurance	There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.
Adequate Assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk. The level of non-compliance with some of the control processes may put some of the College's objectives at risk.
Limited Assurance	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk. The level of non-compliance puts the College's objectives at risk.
No Assurance	Controls are generally weak leaving the system open to significant abuse and/or we have been inhibited or obstructed from carrying out or work.

Recommendation Priority	Description
1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the Organisation to a high degree of unnecessary risk.
2 (Significant)	Recommendations represent significant control weaknesses which expose the Organisation to a moderate degree of unnecessary risk.
3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

A3 Final Reports

Below we provide the reports issued in final.



Office of the Police and Crime Commissioner for Derbyshire and
Derbyshire Police

Final Internal Audit Report
Project Management
April 2021

Contents

01. Introduction	12
02. Background	12
03. Key Findings	14
Risk Management	15
Value for Money	15
Sector Comparison.....	15
04. Areas for Further Improvement and Action Plan.....	17
A1 Audit Information	19
Scope and Objectives.....	19
A2 Statement of Responsibility	30
Status of our reports.....	30

If you should wish to discuss any aspect of this report, please contact Mark Lunn, Internal Audit Manager, mark.lunn@mazars.co.uk or David Hoose, Partner, david.oose@mazars.co.uk

01. Introduction

As part of the Internal Audit Plan for 2020/21 for the Office of the Police and Crime Commissioner for Derbyshire and Derbyshire Police, we have undertaken an audit of the controls and processes in place in respect of Project Management.

The specific areas that formed part of this review included: governance arrangements, project / programme initiation, performance management and reporting and lessons learned.

The fieldwork for this audit was completed whilst government measures were in place in response to the coronavirus pandemic (Covid-19). The fieldwork for this audit has been completed and the agreed scope fully covered. Whilst we had to complete this audit almost entirely remotely, we have been able to obtain all relevant documentation and/or review evidence via screen sharing functionality to enable us to complete the work.

We engaged with a number of staff members across the Force during the review and are grateful for their assistance during the course of the audit.

02. Background

Derbyshire's approach to managing change projects is through a dedicated Business Change and Innovation Team, that provides guidance and support for projects and changes that are being initiated and progressed. In addition to this, some business areas (for example the Information Systems team) have their own dedicated Project Managers to oversee changes in their local area. Therefore, the overall function of project / change management is not centralised across all areas. Changes are considered to be large bodies of work that introduce a new way of working, whereas projects are smaller step changes.

The Business Change and Innovation Team is led by the Temporary Head of Change who oversees a team of Project Managers and Change Managers. They support those business areas where there are no dedicated Project Managers in place, which includes the ongoing monitoring outside of the formal monthly performance reports.

The Business Change and Innovation Team maintain a suite of published guidance in respect of the procedures to be followed in respect to changes at the Force. This includes an intranet page with support in respect of starting a project / change, the business case process and templates to be used by to ensure a consistent approach is adopted by the Force.

Further to this, there are two frameworks in place at Derbyshire – the Project Framework and the Change Framework. The purpose of both frameworks is to support users in understanding what activities are required to be undertaken at each stage, in addition to highlighting in a succinct manner the templates that should be completed at these

milestones. The governance process was introduced by the Business Change and Innovation Team in the third quarter of 2019/2020. Since the introduction of the new processes, no projects / changes have yet been completed at Derbyshire.

Governance at Derbyshire over changes and projects is maintained by a number of forums and boards at different stages of progress. Business case templates are produced by local business unit areas, with the support of the Business Change and Innovation Team. The business case template is then presented to the Design Authority Group (DAG) who will scrutinise and provide feedback on the change / project. Where the business unit area requires additional funding for the change / project, the business case template is then presented to the Finance Futures Board (FFB) for financial scrutiny and evaluation. The business case is then presented at the Design Board (DB) for approval.


Ongoing monitoring and oversight of projects / change is maintained by the Design Board on a monthly basis. For larger projects, standalone boards specific to the project are also created, to ensure that the level of oversight is sufficient and proportionate.

On conclusion of projects / changes, a lessons learned document is produced, with responses from stakeholders collated. The Force has recently changed the methodology of this, to perform this through use of MS Forms.

The Force are working to digitalise the file storage system in place for project / change documentation. As part of this, SharePoint has been adopted to maintain this documentation.

The Force are also using the MS Teams platform to further enhance the communication that is in place between the governance boards and the attendees / business case owners. Audit confirmed that MS Teams channels have been set up for the DB, DAG and FFB, noting that feedback is provided through this method.

03. Key Findings

Assurance on adequacy and effectiveness of internal controls	
	Significant Assurance

Priority	Number of Recommendations
1 (Fundamental)	-
2 (Significant)	1
3 (Housekeeping)	-

Examples of areas where controls are operating reliably

- The Business Change and Innovation Team provide support and guidance for organisational changes that require a project or change at Derbyshire.
- A framework is in place for both changes and projects with requirements outlined at each milestone. This supports consistency in the approach taken at Derbyshire for change.
- The Design Authority Group (DAG), Finance Futures Board (FFB) and the Design Board (DB) provide scrutiny, governance and act as a monitoring function over changes at Derbyshire.

- The Terms of Reference in place for the DAG, FFB and DB clearly define the roles and responsibilities in respect of their role in reviewing and approving business cases for change / projects.
- The DB is chaired by the Deputy Chief Constable and is attended by representatives from key business unit areas, such as Finance, OPCC, Business Change, Information Services, HR, Communications. This ensures that there is awareness of changes that are being proposed or progressed.
- Through review of the outline business cases presented at the February and March 2021 Design Board meetings, it was confirmed that the projects / changes are sufficiently defined, in addition to stating the needs that are to be addressed.
- Projects / changes presented to the Design Board in February and March 2021 have been appropriately costed, with detail included in the outline business case for scrutiny.
- Where appropriate, audit confirmed that funding is approved for outline business cases at the Finance Futures Board meetings, prior to presentation at the Design Board.
- Updates on projects and changes are presented at the monthly DB meetings. Projects and changes are RAG rated, and where they are graded as red, further detail on concerns are highlighted at these meetings.
- At each monthly DB there is a review of spend against the budget for the project / change to maintain oversight of the ongoing expenditure.

Risk Management

There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.

Outline business cases are presented to the Design Board for final approval. The template used for the outline business case includes a section on the benefits that are to be obtained from the change, in addition to how the benefits will be tracked and measured.

Audit reviewed the five outline business cases presented at the February and March 2021 Design Board meetings, where it was noted that in four of these cases the tracking and measurement of the benefits were either vaguely noted, or not stated at all.

Some examples of what has been recorded as how benefits will be tracked and measured are: cost reduction, employee satisfaction, time reduction, increase in productivity, wellbeing of staff, time efficiency.

These benefits have been poorly defined, with insufficient consideration of how these items can actually be tracked. This will result in difficulty for the Force in being able to suitably track them, in addition to holding the business case owner to account.

Audit have noted that the project / change frameworks are not formally approved by a Board, however sample testing confirmed that this has been adopted and working as intended across the Force. Therefore, no formal recommendation has been raised in this instance.

Further to this, it has been recognised by Audit that there is no centralised change management unit for overseeing changes and projects across Derbyshire. A formal recommendation has not been

raised in this instance however, Audit have explored the benefits that could be attained by Derbyshire through adopting this method within the Sector Comparison section of this report.

Value for Money

Value for money (VfM) considerations can arise in various ways and our audit process aims to include an overview of the efficiency of systems and processes in place within the auditable area.

Audit have noted that at the beginning of the 2020/21 financial year, Derbyshire are looking to implement a MS Form for outline business cases. This will replace the completion of PowerPoint templates. This change to an online form should drive consistency with completion. In addition to this, it should result in a uniform approach to completion of sections, by introducing mandatory fields for completion within the form.

Sector Comparison

From our experience across our client base, we are seeing pressure on resources and higher service demands that have resulted in challenges to the existing control environment. This often results in increased challenges to the decision making process where conflicting priorities exist and need to be balanced with effective risk management.

One the decisions making challenges that all Forces face is the prioritisation of projects / changes. This has been acknowledged by

Derbyshire, with the Design Board currently responsible for making decisions in respect of the priority for progressing business cases.

The BCI team are currently in the process of exploring methods in which the prioritisation exercise can be enhanced. One such consideration is to tailor the metrics used within the MoRiLE (Management of risk in Law Enforcement) matrix for the context of business cases. This is to be actioned through including risk based questions around the impact, harm and likelihood of risks materialising for various stakeholders. The answering of each question results in the assignment of a score, which is used to calculate a total risk score. Therefore, decision making will be supported by quantitative data and allow for greater support to be provided to decision makers.

On implementation, this will place Derbyshire amongst the highest performing peers in the sector in respect of having a data based method to prioritise projects / changes.

One difference that that has been noted at other Forces is the structure in place, whereby there is one central project / change management team that oversee all changes across the organisation. Derbyshire differs as there is the Business Change and Innovation Team, but also dedicated Project Managers within some business unit areas. The benefits obtained by Derbyshire through adopting this structure, is that the dedicated Project Managers develop in depth knowledge of the business unit area and are also driven by the priorities of the unit rather than the whole Force. It should be noted that there are potential disadvantages of this structure in comparison to a central team being in place. Some benefits that can be obtained from having a central team are: the “change team” have oversight of the full Force and so have input into all changes; there is greater planning of resources and

efficiency benefits as there is no “down time” for the Project Managers; synergies are obtained by having the Project Managers collaborate and work closely together; and consideration of the overall Force’s priorities are made prior to dedicating resources to change.

04. Areas for Further Improvement and Action Plan

Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

We identified a number of areas where there is scope for improvement in the control environment. The matters arising have been discussed with management, to whom we have made recommendations. The recommendations are detailed in the management action plan below.

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.1	<p>Benefits Definition</p> <p><i>Observation:</i> Audit have noted that outline business cases are presented to the Design Board for approval.</p> <p>As part of the outline business case template, there is a section for defining the key benefits, in addition to stating how they will be tracked and measured.</p> <p>Through review of five outline business cases presented to the Design Board in February and March 2021, audit identified inconsistencies in the completion of the benefits section in four cases.</p> <p>In these four instances, the tracking and measurement of the benefits were either vaguely noted, or not stated at all.</p> <p>Where the benefits are poorly defined, this will result in difficulty for the Force in being able to suitably track them, in</p>	<p>The outline business case should be updated to include improved guidance to support the completion of the benefits section. This should include examples / guidance around how SMART benefits can be defined.</p> <p>The BC&I Team should ensure that as part of their review of business cases, that the benefits measures are appropriate.</p>	2	<p>BCI are currently reviewing the governance process and the business case templates. As part of that we are working to strengthen benefits.</p> <p>This will be live from April.</p> <p>We have also just appointed a benefits manager, who hopefully will be in post from end June.</p>	<p>Assurance process by way of business cases live from April 21.</p> <p>The monthly DAG meeting will put more emphasis on benefits when scrutinizing cases.</p> <p>The successful candidate is an experienced benefits manager.</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>addition to holding the business case owner to account.</p> <p><i>Potential Risks:</i> Projects / changes are appraised with insufficient consideration over the benefits.</p> <p>The benefits for projects / changes are unclearly defined, therefore the Force are unable to suitably track them.</p> <p>The Force have insufficient oversight over benefits that have materialised.</p>				

A1 Audit Information

Audit Control Schedule	
Client contacts:	Simon Allsop, Joint Director of Finance and Business Services Sharon Adkins, Temporary Head of Change Matthew Lowden, Project Manager
Internal Audit Team:	David Hoose, Partner Mark Lunn, Internal Audit Manager Moosa Bahadur, Senior Internal Auditor
Finish on Site / Exit Meeting:	19 th March 2021
Draft report issued:	30 th March 2021
Management responses received:	7 th April 2021
Final report issued:	7 th April 2021

Scope and Objectives

Our audit considered the following risks relating to the area under review:

Governance Arrangements

- Governance arrangements are adequate to ensure that clearly defined roles and responsibilities, decision making processes, risk management and performance management arrangements exist in respect of all projects and programmes.

- There is effective oversight and reporting arrangements with relevant governance forum.

Project/Programme Initiation

- To confirm whether effective processes are in place in respect of the identification of projects/programmes, which is based on need. In addition, to confirm that all identified projects have been sufficiently defined.
- To verify that all identified projects are appropriately costed, based on realistic assumptions. To confirm that potential projects are effectively scrutinised prior to receiving formal approval and inclusion in the service improvement programme.
- There is effective communication across all stakeholders who would be impacted by the projects/programmes and these are considered prior to project approval.
- Benefits realisation objectives are clearly defined, with effective targets/ performance measures quantified in line with required outcomes.

Performance Management & Reporting

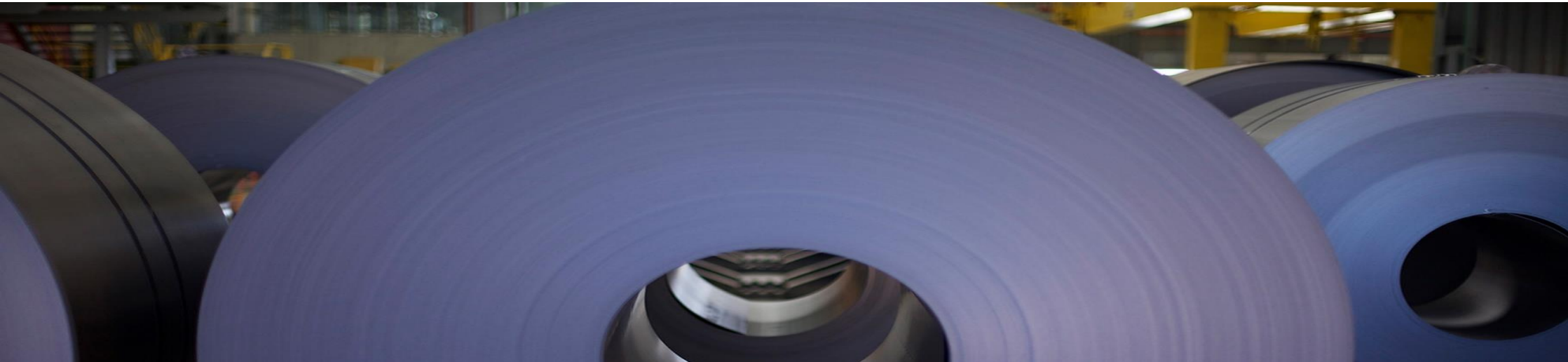
- An effective and consistent approach to performance management is undertaken across all projects.
- Regular reporting takes place across the governance structure to ensure that any issues are highlighted at an early stage and action plans are put in place.

Lessons Learned

- Where issues are identified in projects/programmes evaluation of the issues takes place and improvements are made to existing processes so that the issues are not repeated in future projects.

The objectives of our audit were to evaluate the adequacy and effectiveness of the Project Management system with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment it should be noted that assurance cannot be absolute. The most an Internal Audit Service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control.

We are only able to provide an overall assessment on those aspects of the Project Management process that we have tested or reviewed. Testing has been performed on a sample basis, and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.



Police & Crime Commissioners – Derbyshire, Leicestershire,
Lincolnshire, Nottinghamshire and Police, Fire & Crime
Commissioner Northamptonshire

Final Internal Audit Report
Collaboration: Budgetary Control
April 2021

Contents

01 Summary	3
02 Current progress	4
03 Performance	5
A1 Plan overview	7
A2 Reporting Definitions	8
A3 Final Reports	9
01. Introduction	12
02. Background	12
03. Key Findings	14
Risk Management	15
Value for Money	15
Sector Comparison	15
04. Areas for Further Improvement and Action Plan	17
A1 Audit Information	19
Scope and Objectives	19
05. Introduction	25
06. Background	25
07. Key Findings	27
Risk Management	27
Value for Money	28
Sector Comparison	28
08. Areas for Further Improvement and Action Plan	29
A1 Audit Information	30
Scope and Objectives	31
A2 Statement of Responsibility	32
mazars Status of our reports	32
Contacts	33

If you should wish to discuss any aspect of this report, please contact Mark Lunn, Internal Audit Manager, mark.lunn@mazars.co.uk or David Hoose, Partner, david.hoose@mazars.co.uk

05. Introduction

As part of the Internal Audit Plans for 2020/21 for the Offices of the Police and Crime Commissioners Derbyshire, Leicestershire, Lincolnshire, Nottinghamshire; the Office of the Police, Fire and Crime Commissioner of Northamptonshire; and, the respective Police Forces, it was agreed that an element of internal audit resource would be spent on regional issues or the collaboration units.

Since 2015/16 all Forces in the East Midlands have agreed to allocate internal audit time to provide assurance over the collaborative arrangements that are in place across the region. Over the first two years Internal Audit have undertaken high level reviews of the governance arrangements within most of the regional collaboration units. However, starting in 2018/19 thematic reviews have been carried out by audit, and have been carried out across a sample of regional collaboration units to provide each Force with assurance over key areas including Risk Management and Strategic Financial Planning.

As part of this review, we have carried out an audit of the process in place across the region in respect of Budgetary Control within a sample of collaboration units agreed by the CFOs – East Midlands Special Operations Unit – Serious Organised Crime (EMSOU-SOC), East Midlands Police Legal Services (EMPLS) and East Midlands Specialist Ops Training (EMSOT).

The specific areas that formed part of this review included: Roles and Responsibilities; Liaison with Key Staff; Governance Timetables; Policies and Procedures; Efficiency Savings; Financial Performance;

Variances; Monitoring; and, Financial Reporting in operation across the sample of units highlighted.

We engaged with a number of staff members across the Collaboration Units during the review and are grateful for their assistance during the course of the audit.

06. Background

Since 2001 when the first collaboration was established, the Forces have collaborated in more ways and there is now a range of collaboration approaches operating across the East Midlands. The collaboration units in place range from two to five Force collaborations and vary in size, structure and services delivered to Forces.

A Police and Crime Commissioners' (PCC) Board oversees all the collaboration units and ultimately agrees the annual budgets for the units each year. They are responsible for holding their individual Forces to account for the Collaborations they are engaged with.

The East Midlands Special Operations Unit (EMSOU) is one of the oldest collaborations and is the largest of them in terms of budget and staffing. It was brought together as a five-force collaboration between Derbyshire, Leicestershire, Lincolnshire, Northamptonshire, and Nottinghamshire Police.

It has four main units that sit within the EMSOU structure: Major Crime (EMSOU-MC), Serious Organised Crime (EMSOU-SOC), Forensic Services (EMSOU-FS) and Special Branch (EMSOU-SB). However, the unit has expanded over time and now houses multiple capabilities that are provided to the Forces in region.

The East Midlands Police Legal Services collaboration unit was brought together as a five force collaboration in July 2014 to provide legal services to all five Forces and is underpinned by a Section 22 collaboration agreement signed by the Police and Crime Commissioners and Chief Constables of each Force.

East Midlands Specialist Ops Training (EMSOT), formerly known as East Midlands Operations Support Services (EMOpSS), has undergone significant recent change, having reduced from a four to a three Force collaboration following the withdrawal of Nottinghamshire from the collaboration in May 2018. The financial administration of EMSOT is supported by Lincolnshire Police's finance team.

There is a governance structure in place for the collaboration units which incorporates a number of key meetings/boards. These include the PCC Board, a regional CC Board, Resources Board, Regional Efficiencies Board and a Joint OPCC and Force CFO meeting. These are all in addition to the governance boards and management boards within each collaboration unit.

A system of monitoring the delivery of budgets has been established, with monthly monitoring undertaken within the units themselves. A summary report of all the units is presented by the EMSOU Head of Finance and Corporate Services to the Joint OPCC and Force CFO meetings, the Resources Board and to the PCC Board. These reports include any projected budget underspends across the collaborative units.

07. Key Findings

Assurance on adequacy and effectiveness of internal controls	
	Significant Assurance

Priority	Number of Recommendations
1 (Fundamental)	-
2 (Significant)	-
3 (Housekeeping)	-

Examples of areas where controls are operating reliably

- Roles and responsibilities are clearly defined within job descriptions for the relevant persons and governance controls are in place to ensure that these are carried out by established deadlines.
- Key staff within collaboration units are consulted during the budget preparation process to ensure that assumptions and costs are accurately reflected.
- Timeframes for budget preparation are clearly defined in governance timetables and is aligned with key meetings for approval.

- Efficiency savings are notified to units as part of the budget preparation process and units appropriately identify and agree areas for savings to be recovered.
- Budget monitoring is appropriately carried out by units and budget managers/heads are consulted to review monitoring and ensure costs are accurately recorded.
- Variances and shortfalls identified through budget monitoring are discussed with budget managers/heads and actions are taken to address these.
- Virements are handled as a region, with bids and business cases submitted for approval as part of an annual process.
- Underspends are handled as a region through carry-forward bids submitted for approval as part of an annual process.
- Budget monitoring allows for regular and timely management information to be produced for governance boards to assess performance and the accuracy of each unit's financial position.
- Budget monitoring management information is regularly submitted to the East Midlands Police and Crime Commissioners & Chief Constables Board for review and feedback.

Risk Management

There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.

Each collaboration unit has a different approach assigning responsibility for budget preparation and monitoring within the unit, however it was noted that all persons appear appropriate for the role and that no issues were found with these activities.

Internal process for producing monitoring reports vary for each collaboration unit due to the different financial enterprise resource planning (ERP) solutions utilised by each force. This results in different report structures being combined, however liaison with other staff and key staff within Forces ensures that this is done effectively, and monitoring/reporting is accurate.

Budgets and financial performance are subject to regular monitoring and reporting to ensure that the financial position of units is known to all collaboration Forces and so that any variances/shortfalls are highlighted so actions are put in place.

Value for Money

Value for money (VfM) considerations can arise in various ways and our audit process aims to include an overview of the efficiency of systems and processes in place within the auditable area.

There is a clear governance structure for the budget preparation and monitoring processes that means that work is not duplicated when management information is prepared for the East Midlands Police and Crime Commissioners & Chief Constables Board and other governance boards. It also ensures that the governance boards are not saturated by multiple budget and monitoring reports, as these are all collated and submitted by a single point of contact.

Sector Comparison

From our experience across our client base, we are seeing pressure on resources and higher service demands have resulted in challenges to the existing control environment. This often results in increased challenges to the decision making process where conflicting priorities exist and need to be balanced with effective risk management.

Reduced resources mean that organisations have to accept a certain degree of risk within processes and systems in place and need to ensure this risk is identified and managed as business as usual.

08. Areas for Further Improvement and Action Plan

Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

We have identified no areas where there is scope for improvement in the control environment.

A1 Audit Information

Audit Control Schedule	
Lead Chief Officer(s):	Andrew Dale, Derbyshire OPCC, Chief Finance Officer Paul Dawkins, Leicestershire Joint Force & OPCC, Chief Finance Officer
Chief Officer(s):	Sharon Clark, Lincolnshire Police, Chief Finance Officer Julie Flint, Lincolnshire OPCC Chief Finance Officer Helen King, Northamptonshire OPFCC, Chief Finance Officer Vaughn Ashcroft, Northamptonshire Police, Chief Finance Officer Charlotte Radford, Nottinghamshire OPCC, Chief Finance Officer Mark Kimberley, Nottinghamshire Police, Chief Finance Officer
Key Client Contact(s):	EMSOU SOC – Muhammed Patel EMPLS – Jon Peatling / Steve Litchfield EMSOT – Marie Watts / Joe Laverick / Becky Taylor
Internal Audit Team:	David Hoose, Partner Mark Lunn, Internal Audit Manager Alexander Campbell, Senior Internal Auditor
Draft report issued:	13 April 2021
Management responses received:	16 April 2021
Final report issued:	16 April 2021

Scope and Objectives

Our audit considered the following risks relating to the area under review:

- Responsibility for creation, review and sign off of the budgets are defined and controls are in place to ensure these responsibilities are discharged effectively.
- The budget planning process includes liaison with key staff at the collaboration unit and appropriate assumptions are made as part of the planning process.
- There is a consistent timeline in place for the creation of and subsequent approval of the collaboration units' budget.
- Budget management procedures are in place to ensure consistent and effective budget management across the collaboration units, including virements and underspends.
- Efficiency Savings are incorporated into the budget, responsibilities for delivery of savings are agreed and understood.
- Regular communication and review with budget holders to ensure financial performance is aligned with overall budget management and monitoring procedures.
- Appropriate actions are put in place to address shortfalls and variances with individual budget holders/
- Regular monitoring is undertaken to enable timely management information to be produced to assess performance and accuracy of the unit's financial position.
- Reports on financial performance are submitted in a timely manner to the relevant forum, including the relevant regional forces. Any agreed actions are fed back to relevant units and monitored for completion.

The objectives of our audit were to evaluate the adequacy and effectiveness of the Payroll system with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment it should be noted that assurance cannot be absolute. The most an Internal Audit Service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control.

We are only able to provide an overall assessment on those aspects of the Payroll process that we have tested or reviewed. Testing has been performed on a sample basis, and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

A2 Statement of Responsibility

Status of our reports

We take responsibility to the Office of the Police & Crime Commissioner for Derbyshire and Derbyshire Police for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

Registered office: Tower Bridge House, St Katharine's Way, London, E1W 1DD, United Kingdom. Registered in England and Wales No 0C308299.

Contacts

David Hoose

Partner, Mazars

david.hoose@mazars.co.uk

Mark Lunn

Internal Audit Manager, Mazars

mark.lunn@mazars.co.uk

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

*where permitted under applicable country laws.

www.mazars.co.uk

mazars



JOINT AUDIT RISK ASSURANCE COMMITTEE

REPORT TITLE	JARAC TERMS OF REFERENCE (AMENDED)
REPORT BY	ANDREW DALE
DATE	1 JULY 2021

PURPOSE OF THE REPORT

- 1.1 To present the amended Terms of Reference (ToR), attached at appendix A, for members to review, discuss and comment upon.

ATTACHMENTS

1. Amended Terms of Reference

RECOMMENDATIONS

1. To receive and discuss the amended ToRs
2. To make a recommendation for adoption of the ToRs to the PCC and Chief Constable

CONTACT FOR ENQUIRIES

Name:	Andrew Dale
Tel:	0300 122 6000
Email	pccoffice@derbyshire.police.uk

DERBYSHIRE CONSTABULARY
POLICE AND CRIME COMMISSIONER FOR DERBYSHIRE



**TERMS OF REFERENCE FOR
JOINT AUDIT, RISK & ASSURANCE COMMITTEE**

JUNE 2021

1. INTRODUCTION

- 1.1 In line with the principles of good governance as laid down by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Financial Management Code of Practice for the Police Service of England and Wales, this independent Joint Audit, Risk & Assurance Committee (JARAC) has been established, covering the separate roles and offices of both the Police & Crime Commissioner (Commissioner) and the Chief Constable.
- 1.2 The Commissioner and Chief Constable are intrinsically linked by the priorities of the Police and Crime Plan and therefore it is in the best interests of the public, value for money and probity that a Joint Audit, Risk and Assurance Committee (JARAC) is established.
- 1.3 The purpose of the JARAC is to provide independent assurance on the arrangements in place and the adequacy of the following:
- The risk management and the internal control framework operated by the Commissioner and the Chief Constable.
 - The effectiveness of their respective governance arrangements including providing for value for money services.
 - The financial reporting process (including the effectiveness of in-year monitoring).
 - The preparation and audit of the financial statements by having appropriate scrutiny of the annual accounts, with advice from External Audit.
 - The Chief Constable & Commissioner's arrangements to detect Fraud and prevent bribery and corruption.
 - The complaints and whistle-blowing arrangements together with proportionate and independent investigative arrangements.

The JARAC is not there to independently review detailed systems and process but rather assess the overall control environment in the context of risk and receive assurances from the Force and the OPCC on the arrangements in place.

In addition, the JARAC is responsible with partners for agreeing the joint appointment process of internal and external auditors. The JARAC will also support and keep under review the work of internal and external auditors as they provide assurance on risk management, internal controls and the annual accounts through their work.

- 1.4 The JARAC is a non-executive Committee and has no executive powers, other than those specifically detailed in these Terms of Reference.
- 1.5 The JARAC will establish effective communication with the Commissioner and Chief Constable, their nominated representatives,

their respective Chief Finance Officers, Head of Internal Audit, the External Auditor and other relevant stakeholders, for the purpose of fulfilling these terms of reference. A working protocol will be established to ensure that this is achieved by all parties.

- 1.6 It should be noted that activities to combat Fraud, Bribery and Corruption are managed by the Constabulary's **Organisational Learning, Culture and Ethics (OLCE) department** and overseen by scrutiny carried out directly by the Police & Crime Commissioner through his Head of Compliance and/or the Chief Executive. The work of JARAC is intended to provide an additional layer of assurance, and not confuse the lines of accountability. Wherever possible, the JARAC will make use of and take assurance from existing reports, updates and scrutiny work. There may be occasions where either attendance of key individuals or a bespoke report is deemed more appropriate and those arrangements will be made on a case-by-case basis between the Chair and the Commissioner/Chief Constable (or their representatives).

2. MEMBERSHIP

- 2.1 The JARAC will have a Chair, a deputy chair and four other members, all of whom must be independent of the Commissioner, the Chief Constable and the Police and Crime Panel.
- 2.2 Members of the JARAC shall be recruited by the JARAC Chair on application and through open competition, in conjunction with the Police and Crime Commissioner and Chief Constable or their representatives. They shall be recruited to ensure that the JARAC has all the necessary skills and experience to fulfil its terms of reference, in accordance with the job description for JARAC members. To ensure the independence of the JARAC, members shall not be:
- A **current** or ex-Commissioner or Chief Constable (**including their respective Deputies**).
 - A member or ex-member of a Police and Crime Panel.
 - Serving police officers or any person who has served as a police officer within the last 5 years (including Special Constabulary officers).
 - Serving police staff member (including OPCC employees) or any person who has served as such within the last 5 years.
 - Any individual who works as a volunteer with either the Constabulary or Commissioner or has worked as such within the last 5 years.
 - Currently serving officers or elected members of local authorities within the force area.
 - A member of a political party.
 - An employee of either the current or previous (if the change occurred within 1 year) internal or external audit provider.

- In a direct or indirect fiduciary relationship with the Constabulary or Commissioner not covered by the exclusions above i.e. a member of any partnership body.
- 2.3 In addition to the factors above that preclude someone from being a member of the JARAC, a candidate must be at least 18 years of age and a substantive (i.e. main home) resident of Derbyshire to be considered for the role.
- 2.4 The Chair of the JARAC will be jointly recruited by the Commissioner and the Chief Constable and will serve for one term in this role as Chair.
- 2.5 All JARAC Members will serve for a maximum of 2 terms, each term being a maximum of 5 years. To ensure continuity, where possible, member recruitment will be staggered to limit the churn and loss of expertise in any given year. A member who wishes to serve a second term of five years will be subject to a satisfactory performance review undertaken by the Chair in conjunction with the two Chief Finance Officers. If performance is deemed satisfactory, the Chair may grant a second term for a JARAC member.
- 2.6 The deputy Chair is selected by a simple majority vote of members of the JARAC with the Chair holding the casting vote. The deputy Chair will act as Chair at meetings in the absence of the Chair. If the Chair can no longer continue in this role, the deputy Chair will act as the Chair until the formal appointment of a new Chair. The deputy Chair will not automatically become the new Chair, although may apply for the post of Chair as part of the recruitment and replacement process run by the Commissioner and Chief Constable.
- 2.7 All members of the JARAC will participate in an annual self-assessment of the JARAC in September each year as detailed in clause 9.3.
- 2.8 On joining the JARAC, each member must attend an induction training course to help them understand the roles of the Commissioner and the Chief Constable, the Police and Crime Panel and the organisations pertaining to the Commissioner and Chief Constable. Further training on specific relevant topics will be provided as necessary, according to the members' own relevant experience and emerging business needs of the JARAC. Members of the JARAC will be expected to attend all such training and to develop their skills as part of a member development programme. Training needs will be considered during the annual self-assessment process and a training & development programme established both for the JARAC and its individual members as appropriate.
- 2.9 In accordance with the JARAC members' code of conduct, each member will be required to record any conflicts of interest in the register of pecuniary and non-pecuniary interests in September each year. In addition, JARAC members will be required to disclose any such interests at the commencement of any meeting where there is a need to do so due

to the nature of the JARAC agenda, or immediately if they arise unexpectedly in discussion.

3 RIGHTS

- 3.1 The JARAC may with reasonable justification and with prior agreement of the Commissioner and Chief Constable, procure specialist ad-hoc advice to obtain additional skills, knowledge and experience at the expense of the Commissioner and Chief Constable to support the JARAC in the achievement of its terms of reference. This will be considered appropriate where specialist advice is not available within the existing JARAC support arrangements or it is not considered appropriate to use this support.
- 3.2 Only members of the JARAC have the right to vote on matters.
- 3.3 The members of the JARAC will be remunerated and reimbursed for all expenses incurred in the fulfilment of their JARAC duties, roles and responsibilities in accordance with the schedule of allowances and expenses agreed by the Commissioner and Chief Constable. The allowances and expenses of the JARAC are detailed in par 3.4
- 3.4 The members of the JARAC will be remunerated on an allowance basis (paid monthly in arrears) and reimbursed for additional expenses incurred in the fulfilment of their JARAC duties, roles and responsibilities as follows:
- Chair - £3,000 per annum
 - Member - £2,000 per annum
 - The Chair will receive a further payment of £500 per annum in the event they are asked to participate in JARAC interview panels
 - Travel by car £0.45 per mile irrespective of engine size
 - Car parking: costs incurred, receipt required
 - Travel by taxi: costs incurred, receipt required
 - Carer or childcare: costs incurred¹, receipt required

4 SUPPORT

- 4.1 The Chair, in conjunction with the Commissioner and Chief Constable has responsibility for ensuring that the work of the JARAC is appropriately resourced, including appropriate secretariat support and any other specialist support necessary to ensure its members are effective in their role. The JARAC Chair has a duty to report any shortfall

¹ The carer cannot be a member of the claimant's household; The minimum rate will be the non-London adult hourly Living wage, and the maximum rate will be £12.34 (the hourly weekday rate charged locally by Derby City Council for a home care assistant).

The payment is payable only in respect of children aged 16 or under and in respect of other dependants where there is medical or social work evidence that care is required.

in the level of support to the Commissioner and Chief Constable in the first instance and in a public report if this is not remedied.

- 4.2 The allocation of secretariat support to the JARAC and its funding will be agreed between the Commissioner and Chief Constable. This will include ensuring that best practice as contained in relevant good governance codes and protocols are upheld so that the JARAC is effective and the members' independence is maintained.

5 FREQUENCY AND NOTICE OF MEETINGS

- 5.1 The JARAC will normally meet five times a year ("core" meetings) along with an accounts workshop. The calendar of meetings shall be agreed at the start of each financial year wherever possible. One of the meetings shall be held in May (or the month most appropriate) each year and dedicated to the scrutiny of the Annual Governance Statements of the Commissioner and Chief Constable before or close to submission to external audit. Furthermore, one of the meetings shall be held in July (or the month most appropriate) each year to receive and consider the report of the external auditor prior to publication of the annual statement of accounts for both the Commissioner and Chief Constable.
- 5.2 Further meetings outside of the normal cycle of the JARAC can be convened at the request of the JARAC Chair or any of its members, subject to agreement by the Chair.
- 5.3 The Commissioner and or Chief Constable may ask the JARAC to convene further meetings to discuss issues on which they want the advice of the JARAC.
- 5.4 Meetings can be requested by the external or internal auditors where this is considered necessary and on agreement of the JARAC Chair.
- 5.5 The Constabulary and/or the Commissioner will invite JARAC members to meetings or briefings both internally and externally in support of both their role and their continued development. This may be individually, in limited numbers or as a complete committee where it is considered to be appropriate. Such meetings are not considered part of the public timetable of meetings.
- 5.6 Unless otherwise agreed, formal notice of each meeting confirming the venue, time and date together with the agenda of items to be discussed, will be forwarded to each member of the JARAC, any other person required to attend and all other appropriate persons determined by the Chair, no later than five working days before the date of the meeting.
- 5.7 Any meetings held outside the normal cycle of meetings should be convened with a minimum notice of five working days. Extraordinary or urgent meetings may be held with less notice but should be for exceptional matters only, subject to the Chair's agreement and quorum requirements. In this case the agenda and any supporting papers will be

sent to the JARAC members and to other attendees at the same time as the meeting notice is sent out, recognising that if the matter is so urgent that there may only be an oral report. If this is the case, it will be identified on the agenda.

6 ATTENDANCE AT MEETINGS

- 6.1 Members of the JARAC are expected to attend all five core meetings (see 5.1) together with a briefing on the statement of accounts. If two or more such meetings are missed in a year, this will be discussed as part of the annual self-assessment process **and feature as part of a member's performance review should they wish to serve a second term.** Regular non-attendance of JARAC members will lead to their removal as a member of the JARAC on agreement by the Chair.
- 6.2 The Commissioner and Chief Constable, may attend all core meetings of the JARAC, or ensure that they are suitably and appropriately represented, therefore ensuring that the purpose of the meeting is not compromised and that the members are able to appropriately fulfil their responsibilities. In addition, the Police Reform and Social Responsibility Act 2011, Section 114 of the Local Government Finance Act 1988 and the Audit and Accounts Regulations 2011 assign a number of statutory responsibilities to each of the Chief Finance Officers of the Commissioner and Chief Constable. Given the nature of these responsibilities it is expected that both the Chief Finance Officers of the Commissioner and the Chief Constable will attend all meetings of the JARAC, or where this is not possible then their nominated representatives.
- 6.3 The Head of Internal Audit and representatives of the external auditor will be invited to attend meetings on a regular basis. The JARAC should meet with the Head of Internal Audit and representatives of the external auditor separately and privately at least once a year. At the Chair's discretion, the JARAC may choose to meet more frequently with the Head of Internal Audit or the external auditor and involve the two Chief Finance Officers as considered appropriate.
- 6.4 A minimum of four members of the JARAC must be present for the meeting to be deemed quorate, one of whom must be either the Chair or deputy Chair.
- 6.5 All core JARAC meetings will be held in public with the matters discussed being placed in the public domain. Where items are considered commercially sensitive or contain issues which are deemed confidential or relate to a member of staff the JARAC may consider those items during a private section of the agenda (or in a separate meeting excluding members of the public or press), and will record their reasons for this decision in the public domain.

- 6.6 The JARAC may hold private informal meetings e.g. for briefing and training purposes without any non-members present if they so decide. Decisions cannot be taken at such meetings.

7 ACCESS

- 7.1 The Chief Finance Officers, Head of Internal Audit and the representative of external audit of the Commissioner and Chief Constable will have free and confidential access to the Chair of the JARAC and the JARAC Chair will have free and confidential access to the Chief Financial Officers, the Head of Internal Audit and the representative of external audit.

8 MINUTES OF MEETINGS

- 8.1 The secretary of the JARAC will record the names of those present at the meeting, write minutes, including the key points and decisions of all JARAC meetings, along with any actions stemming from discussion that need to be taken. The minutes of the previous meeting must be approved by the JARAC.
- 8.2 The secretary of the JARAC will establish, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly, see also paragraph 2.9 of these terms of reference.
- 8.3 The unsigned and unapproved minutes of the most recent JARAC meeting will be circulated promptly and generally no later than ten working days after the meeting to all members of the JARAC, to the Commissioner and the Chief Constable along with their nominated representative at the JARAC, the Chief Finance Officers of the Commissioner and Chief Constable and to the internal and external auditors, once they have been considered by the Chair or deputy Chair in the Chair's absence.
- 8.4 The minutes of the JARAC will be placed in the public domain as soon as these have been approved and signed by the Chair, with exclusion to any matter deemed private and confidential, as per paragraph 6.5 of these terms of reference.

9 REPORTING

- 9.1 The Chair of the JARAC will provide the Commissioner and Chief Constable with an Annual Report in the name of the JARAC, timed to support finalisation of the accounts and the Annual Governance Statement, summarising its conclusions from the work it has done during the year and drawing attention to any significant or emerging issues as appropriate. This report will be placed in the public domain following its discussion with the Commissioner and Chief Constable along with their responses. The Chair will be responsible for dealing with any public or media questions relating to that report.

- 9.2 The JARAC will, having regard to best governance practice, review these terms of reference annually and make any changes deemed necessary in consultation with the Commissioner and Chief Constable.
- 9.3 The JARAC will annually review its own performance to ensure it is fulfilling its terms of reference and operating effectively. In doing so it will make any recommendations for change to the Commissioner and Chief Constable. This annual review of performance will be based on a self-assessment model found in the CIPFA publication "Audit Committees, Practical Guidance for Local Authorities and Police 2018".

10 RESPONSIBILITIES

10.1 Risk Management, Governance and internal control responsibilities

The JARAC will obtain assurance in connection with the following:

- 10.1.1. The establishment and maintenance of an effective system of risk management, integrated governance and internal control, across the whole of the Commissioner and Chief Constable activities that supports the achievement of the objectives of the Police and Crime plan, ensuring probity, value for money and good governance. In addition, the JARAC will review, consider and comment on the arrangements of both the Commissioner and Chief Constable related to combatting Fraud, Bribery and Corruption (including Whistleblowing).
- 10.1.2. The timely implementation of any actions necessary to ensure compliance with all internal standards and best practice, both financial and non-financial operated by the Commissioner and Chief Constable.
- 10.1.3. The adequacy of relevant disclosure statements, in particular the Annual Governance Statement, together with any accompanying Head of Internal Audit report, external audit opinion, risk register or other appropriate independent assurances, prior to endorsement by the Commissioner and / or the Chief Constable.
- 10.1.4. The adequacy of arrangements for ensuring compliance with relevant regulatory, legal, code of conduct and anti-fraud and corruption requirements as set out in Secretary of State Directives and other relevant bodies or professional standards.
- 10.1.5. The JARAC will recommend for adoption the Annual Governance Statement for the Commissioner and Chief Constable.
- 10.1.6. Major policies and procedures, either new or major revisions, relating to governance and key controls will be assurance reviewed by JARAC prior to approval by the Commissioner and/or Chief Constable. The specific policies and procedures to be reviewed will be agreed between the Chief Finance Officer, Director of Finance and the Chair of JARAC. Following the assurance review JARAC will provide support and/or

comments/suggestions or concerns in terms of the fitness for purpose of the policies and procedures.

- 10.1.7. Where the JARAC considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the JARAC wishes to raise, the chair of the JARAC must raise the matter with the Commissioner and Chief Constable and where appropriate seek legal advice if required. Exceptionally, the matter may need to be referred directly to the external auditor, HMIC and / or the Home Office e.g. fraud suspicion directly involving the Commissioner or Chief Constable.

10.2. Internal audit responsibilities

It is anticipated that the Commissioner and Chief Constable will engage the same internal auditors. The role of the JARAC in relation to internal audit will include advising the Commissioner and Chief Constable on the following:

- 10.2.1. Have oversight of the process for contracting with the Internal Auditor and provide assurance to the Commissioner and Chief Constable as necessary
- 10.2.2. Consider and make recommendations on the provision of internal auditors, including appointment, assessment of performance and dismissal.
- 10.2.3. Review and advise on the internal audit strategy and annual internal audit plan, ensuring that:
- It is consistent with professional standards;
 - It meets the audit needs of the Commissioner and Chief Constable;
 - It provides the JARAC with adequate coverage for the purpose of obtaining appropriate levels of assurance over the adequacy of the risk management, governance and internal control environment of both the Commissioner and Chief Constable: and
 - Any in year changes to priorities, scope or timescales are appropriate.
- 10.2.4. Consider the Head of Internal Audit's annual report and opinion, and a summary of audit activity (actual and proposed) and the level of assurance it gives over the risk management and governance arrangements of the Commissioner and Chief Constable.
- 10.2.5. Consider the findings of internal audit reports (or their summaries), the assurance provided and the adequacy of the response by the Commissioner and / or Chief Constable.
- 10.2.6. Monitor implementation of all priority 1 (red) and 2 (amber) internal audit recommendations in preparation for the internal auditor's follow-up work.

- 10.2.7. Commissioning additional work from the internal auditor, having regard to any actual or potential conflicts of interest.
- 10.2.8. Ensuring co-ordination between the internal and external auditors to optimise audit resources.
- 10.2.9. Annually review the effectiveness of internal audit.

10.3. External audit responsibilities

The Commissioner and Chief Constable have agreed to engage the external auditors as appointed by the PSAA (Public Sector Audit Appointments). The role of the JARAC in relation to external audit will include advising the Commissioner and Chief Constable on the following:

- 10.3.1. Have oversight of the process for contracting with the External Auditor and provide assurance to the Commissioner and Chief Constable as necessary
- 10.3.2. Consider and monitor the performance of the PSAA-appointed external auditors at least annually.
- 10.3.3. Review, advise on and endorse the external audit strategy and annual audit Plan and Progress Report, ensuring that this is consistent with professional standards and the External Audit Code of Audit Practice.
- 10.3.4. Consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 10.3.5. Consider specific reports as agreed with the external auditor.
- 10.3.6. Commissioning work from the external auditor, having regard to any actual or potential conflicts of interest.
- 10.3.7. Consider major findings of external audit work and the adequacy of response of the Commissioner and / or Chief Constable
- 10.3.8. Ensuring co-ordination between the internal and external auditors to optimise audit resources.
- 10.3.9. Annually review the effectiveness of the external audit function (not the appointed auditor as referred to in 10.3.1).

10.4. Financial control and management including the Annual Accounts of the Commissioner and Chief Constable

The JARAC will:

- 10.4.1. Review and scrutinise the annual statement of accounts prior to their external audit. Specifically, it will seek assurances whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements.
- 10.4.2. Consider the external auditor's report to those charged with governance on issues arising from the audit of accounts.
- 10.5. Review Financial Reporting, Budget Preparation and Monitoring reports together with considering the processes underpinning them (in addition to responsibilities around the annual statement of accounts)
 - 10.5.1. The JARAC will be briefed and have oversight of the preparation each year of the Commissioner's revenue and capital budgets (incorporating the Constabulary).
 - 10.5.2. The JARAC will also be briefed and have opportunity to seek assurance on the Commissioner's medium-term financial strategy (MTFS) including plans to address any deficit as part of a wider change programme.
 - 10.5.3. The JARAC will receive regular reports on financial monitoring (both revenue and capital) at each meeting together with updates to the MTFS when they occur. In reviewing these reports, the JARAC will provide a degree of assurance to the Commissioner and Chief Constable as to the effectiveness of the financial monitoring arrangements as well as being able to offer challenge and alternative perspectives from an independent point of view.
 - 10.5.4. To support this role, the JARAC will be given appropriate training, briefings and invited to relevant internal meetings as agreed by the Chair and both Chief Finance Officers.
 - 10.5.5. The JARAC will receive regular exception reports around a range of financial controls including:
 - 10.5.5.1. Single tender waivers
 - 10.5.5.2. Losses and write offs
 - 10.5.5.3. Breaches of financial or standing orders
 - 10.5.5.4. Unusual staff payments

11 INFORMATION REQUIREMENTS

- 11.1 A programme for the annual cycle of JARAC meetings will be prepared. The current cycle is as follows:

Period	Approx month	Main topic(s)
Jan - Mar	February	Value for Money

Apr - Jun	May	Risk Management and Review and Advice on Internal Controls. Annual Governance Statements
Jul - Sep	July	Financial reporting / Final Accounts / External Audit / Data Quality and Appraisal
Oct - Nov	November	Risk Management / Fraud, Corruption & Bribery
Dec – Jan	Jan	Budget setting

11.2 In addition to the cyclic agenda, each meeting of the JARAC will be provided with:

- A progress report from the head of internal audit summarising:
 - Work performed and a comparison with work planned
 - Key issues emerging from internal audit work
 - Management response to audit recommendations
 - Changes to the periodic plan
 - Any resourcing issues affecting the delivery of internal audit objectives
- A progress report from the external audit representative summarising work done and emerging findings.
- A summary report of actions being tracked and progress made in particular in connection with the implementation of significant risk, governance and internal controls matters, thereby providing an on-going process of follow-up.
- To receive a regular update on HMICFRS Inspection Activity and the Constabulary / OPCC's response to HMICFRS' findings
- Financial monitoring and control exception reports

And where applicable: -

- A report summarising any significant changes to the Commissioner and Chief Constable risk and controls profile and any action planned in response.
- A report on any governance matters arising or a note that no governance matters have arisen since the last meeting and any action planned in response.
- Any other matters that should be raised in the interest of transparency and sound financial management.

Angelique Foster
Police & Crime Commissioner
for Derbyshire

Rachel Swann
Chief Constable of Derbyshire
Constabulary

v12
Effective from date to be inserted



**Derbyshire
Police and Crime
Commissioner**

Protecting Communities,
Fighting Crime



AGENDA ITEM

8E

JOINT AUDIT RISK ASSURANCE COMMITTEE

REPORT TITLE	JARAC MEETING DATES 2021/22
REPORT BY	ANDREW DALE
DATE	1 JULY 2021

PURPOSE OF THE REPORT

For the Committee to consider and agree the draft timetable of meeting dates 2021/2022 and the forward plan, as detailed below.

ATTACHMENTS

None

RECOMMENDATIONS

- i. To consider and agree the future meeting dates of the JARAC.

CONTACT FOR ENQUIRIES

Name: Andrew Dale
Tel: 0300 122 6000
Email: pccoffice@derbyshire.pnn.police.uk

1. OVERVIEW

As determined in the JARAC Terms of Reference, meetings of the Joint Audit, Risk and Assurance Committee will take place four times per year.

The final meeting dates September 2021 – January 2022 are reconfirmed (except for the November meeting which has been re-arranged to take place on 11 November instead of 18 November) and the dates for 2022 are presented below for consideration and approval.

JULY (DATE TBC)

FOCUS: DRAFT ACCOUNTS

30 SEPTEMBER 2021

AGENDA SETTING 12 AUGUST AT 10AM (Chair Only)

Member Pre-Meeting: 0900 – 0930

Meeting with Internal Audit: 0930 – 0945

Meeting with External Audit: 0945 - 1000

Public Meeting: 1015 – 1300

11 NOVEMBER 2021

AGENDA SETTING : 14 OCTOBER 10AM (Chair Only)

Member pre-meeting: 0900-0930

Public Meeting: 0930-1300

20 JANUARY 2022

AGENDA SETTING : 16 DECEMBER 2021 – 10AM (Chair Only)

Member Pre-Meeting: 0900-0930

Public Meeting: 0930- 1300

24 MARCH 2022

AGENDA SETTING: 17 FEBRUARY 2022 (Chair Only)

Member Pre-Meeting: 0900-0930

Public Meeting: 0930 - 1300

23 JUNE 2022

AGENDA SETTING: 19 MAY 2022 (Chair Only)

Member pre-meeting: 0900 - 0930

Public Meeting: 0930 - 1300

29 SEPTEMBER 2022

AGENDA SETTING – 25 AUGUST 2022 (Chair Only)

Meeting with Internal Audit: 0930 – 0945

Meeting with External Audit: 0945 – 1000

Public Meeting: 1015 - 1300

17 NOVEMBER 2022

AGENDA SETTING – 13 OCTOBER (Chair Only)

Member pre-meeting: 0900 - 0930

Public Meeting: 0930 - 1300



JOINT AUDIT RISK ASSURANCE COMMITTEE

REPORT TITLE	JARAC ANNUAL REPORT 2020/21
REPORT BY	CHAIR
DATE	1 JULY 2021

PURPOSE OF THE REPORT

- 1.1 To present the Joint Audit Risk and Assurance Committee Annual Report to members of the JARAC for its consideration prior to publication as a final document.
- 1.2 Following consideration by the members, the final report will be produced and subject to sign off by the Chair. The final report is a public document and will be published on the Constabulary and the Commissioner's websites.
- 1.3 In addition, the Annual Report will be presented by the Commissioner to the Police and Crime Panel at its next available meeting.

ATTACHMENTS

1. Annual Report 2020/21 (Appendix A)

RECOMMENDATIONS

That the Committee comments on the draft JARAC annual report for 2020/21 and The Chair signs off the final version.

CONTACT FOR ENQUIRIES

Name: Andrew Dale
Tel: 0300 122 6000
Email pccoffice@derbyshire.pnn.police.uk

Police and Crime Commissioner for Derbyshire
Chief Constable for Derbyshire

JOINT AUDIT RISK AND ASSURANCE COMMITTEE

ANNUAL REPORT 2020/21

Policing Governance

Police governance is vested in the elected Police and Crime Commissioner for Derbyshire, Hardyal Dhindsa, throughout 2020/21. It is the responsibility of the Commissioner to appoint the Chief Constable and to hold him to account for the efficient delivery of policing in the area. The Commissioner also produces a Police and Crime Plan and sets the budget and policing precept. The Police and Crime Panel holds the Commissioner to public account between elections. The elections due for May 2020 were postponed for 12 months in response to the COVID 19 pandemic and a new Commissioner, Angelique Foster was elected.

The Chief Constable retains responsibility for operational policing, and has direction and control of all police officers and staff who do not directly support the Commissioner. The Police and Crime Commissioner appointed Rachel Swann as Chief Constable with effect from July 2020 following the retirement of Peter Goodman.

Current Home Office guidance is that Chief Constables and Commissioners will be supported by independent Audit Committees. In Derbyshire, this is the Joint Audit Risk and Assurance Committee or JARAC.

The purpose of the JARAC is to provide independent assurance to the Chief Constable and the Commissioner on:

- The adequacy of risk management and the internal control framework operated by the Commissioner and the Chief Constable.
- The effectiveness of their respective governance arrangements including providing for value for money services.
- The appointment, support and review of the work of internal and external auditors in their provision of assurance on risk management, internal controls and the annual accounts through their work.
- The financial reporting process, including:
 - undertaking appropriate scrutiny of annual accounts, with advice from External Audit and
 - Review of budget setting process and assumptions and in-year monitoring
- The arrangements to detect fraud and prevent bribery and corruption. Including ensuring that that effective complaints and whistle-blowing arrangements exist, together with proportionate and independent investigative arrangements.

The JARAC is a non-executive committee and works to Terms of Reference approved by the Commissioner and the Chief Constable, based on national professional guidance from the Chartered Institute of Public Finance & Accountancy. The JARAC operates in line with the principles of good governance and reviews its terms of reference and self appraises its performance each year.

JARAC membership

The In Derbyshire, there are 6 JARAC members, all independent of the Commissioner and the Chief Constable. The members are appointed through an open recruitment process and selected on the basis of experience and expertise. They have been appointed for a term of 5 years. The members for the 2020/21 financial year were:

- Sue Sunderland (Chair)
- Andrew Jenkinson (Deputy Chair)
- Lee Harrold
- Barry Mellor
- Leanne Gelderd
- Joanne Charlton (with effect from May 20)

JARAC meetings

The JARAC meets in public at least 4 times a year, usually at Constabulary HQ at Ripley, however as a result of the COVID pandemic all meetings in 2020/21 have been held online via MS Teams. A programme for the annual cycle of JARAC meetings exists and this was reviewed and extensively updated in January 2021. Changes were implemented with immediate effect but the full year impact will be seen in 2021/22.

The meetings for 2020/21 were as follows:

Month	Main topic(s)
May	Internal Audit Annual Report including opinion on internal control framework Internal Audit reports External Audit fees Draft Annual Governance Statements COVID impact update Force Management statement Financial, Risk & Treasury management arrangements
August	Financial reporting - final accounts - external auditors update Internal Audit reports Anti Fraud & Corruption Forward Plan HMICFRS PEEL – Force update & action plan Financial assurance – 2019/20 outturn reports, Treasury Management & prudential indicators JARAC annual report, forward plan & review of Terms of Reference

October	Risk Management (Force & OPCC) Internal Audit reports External Audit – verbal update on audit of the accounts HMICFRS activity update Financial monitoring and planning report COVID impact update Complaints performance
December	Budget planning workshop Update on position re External Audit of the financial statements
March	Internal Audit plans Internal Audit reports External Audit verbal update Financial reporting – budget and precepting process as well as year-end accounting arrangements and policies HMICFRS improvement plans & Force Management Statement – verbal update OPCC risk management review Financial handbook

The detailed papers and minutes are available via the Commissioner's website

<https://www.derbyshire-pcc.gov.uk/News-and-Events-Meetings/Meeting-Information/JARAC-Meetings.aspx>

Specific issues of note

Links with Police and Crime Commissioner and Chief Constable

As the key aim of the JARAC is to provide the Commissioner and Chief Constable with the assurances that they need we have welcomed the sustained links that we now enjoy, specifically:

- the annual meeting between the JARAC Chair and Deputy Chair, the Commissioner and the Chief Constable which provides an opportunity to review the focus of the JARAC and identify any areas where further assurance would be appreciated.
- the regular attendance of both the Deputy Commissioner and Deputy Chief Constable at JARAC meetings, supplemented by the attendance of the Commissioner and Chief Constable when they are able. Their presence and input has added to the effectiveness of the meetings.

We look forward to developing an effective working relationship with the new Commissioner.

Follow up

The Committee continued its focus on ensuring that recommendations from Internal Audit and other inspections were followed up and acted upon. In particular, this year our focus remained on ensuring that there are appropriate arrangements to internally monitor implementation. We have continued to see more realistic implementation dates being agreed and improvements in the quality of management responses so that they clearly set out the action that is to be taken. The number of recommendations yet to be implemented has also substantially reduced.

COVID impact

The JARAC has sought assurance from the Force and the OPCC as to how effectively they have been able to adapt working arrangements to mitigate the impact of the pandemic. The JARAC have been assured that existing business continuity and command structures have facilitated the necessary changes. In addition, the committee has sought assurances around revised governance arrangements, cyber security and information governance arrangements especially linked to increased remote working.

The COVID 19 pandemic has also had a significant impact on how the JARAC has operated, with a switch to virtual meetings via MS Teams. Whilst the virtual meetings have enabled the JARAC to continue its' work it has reduced the transparency of our work to the public. Our agenda and reports remain available via the website link above but our meetings during the pandemic have not been available for members of the public to attend and it has not proved possible to make recordings available. It is hoped that we will be able to return to face to face meetings in September.

Risk management

The Commissioner's office has adopted the same system of Risk Management as the Force. This has helped the JARAC to see a clear link (and any gaps or overlaps) between the OPCC and Force Risk registers and for us to gain further assurance that risk mitigation is effectively managed and coordinated.

A member of the JARAC continues to attend the Force Risk Board once a year to gain assurance that the Board is actively managing risk. The Committee has continued to receive confidential briefings on non-specific operational risks.

External Audit

Throughout the year the committee had constructive discussion with Ernst Young (the external auditors) as to how they would manage the audit for 2019/20 following national concerns regarding the ability of the external auditors to resource and deliver the audit of the financial statements before the reporting deadline.

The JARAC held a final accounts workshop in June and was satisfied that the draft accounts produced by the deadline were of their usual high standard. The External Auditors did not produce their report on the audit until November 2020 and were still not in a position to conclude the audit.

The auditors' opinion was as expected unqualified, highlighting a few relatively minor issues and they confirmed that the Chief Constable and Commissioner satisfied the requirement to provide value for money. Unfortunately the audit opinion was significantly delayed, being finally issued 1 March 2021 nearly a year after the year end to which the opinion relates.

Whilst we appreciate that there were some delays relating to the audit of the local authority pension fund which impacted on the audit, other delays were due to resourcing issues within Ernst Young. As a committee we are concerned about the scale of the delay which significantly diminishes the value of the opinion in providing the Committee with assurance around the financial statements.

Looking to the future we are not assured that the situation will improve and would welcome greater transparency from the external auditors around the timing and delivery of the external audit, particularly if unexpected issues arise which may impact on delivery of the audit and opinion.

Internal Audit

The Internal Auditors were late in starting delivery of their audit work due to the impact of the pandemic. However, they have completed the majority of the audit plan by 31 March and the JARAC have noted an improvement in the quality of reporting which is welcomed. Four reports have been issued re 2020/21 and these have provided significant or satisfactory assurance.

Audit reports are still awaited for Project Management & Governance and the review of Proceeds of Crime Act (POCA) *but it has been confirmed that no significant control issues have been identified from the fieldwork.*

Two audits remain to be completed early in quarter 1 of 2021/22 (Partnerships and IT Disaster Recovery).

Completion of internal audits of the collaboration arrangements has continued to be slow. In particular, the JARAC has noted the difficulties in obtaining management agreement and response to the draft reports and pushed for more timely responses. During the year the collaboration business continuity audit from 2019/20 was finally presented to the JARAC in March 2021. This report highlighted satisfactory assurance in three of the four areas reviewed but only limited assurance in the final area. The JARAC notes that action has been taken to implement the recommendations during the delay to agreeing the report which mitigates to some extent the impact of the delay.

We were also informed that the fieldwork for the collaboration audits of budgetary control and workforce planning has been completed and that reports will be issued shortly. We hope that the revised arrangements for dealing with these audit reports across the collaboration will improve the timeliness of providing management responses and finalising them.

The Head of Internal Audit has confirmed that sufficient work has been completed to enable him to provide his Internal Audit Opinion. The Internal Auditors issued an overall report for the year ended that there was adequate and effective risk management, control

and governance arrangements to manage the achievement of the organisation's objectives for the Chief Constable and Commissioner.

Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS)

Last year we noted the outcome of the HMICFRS 2018/19 PEEL Police Effectiveness assessment and the Force's comprehensive response to the findings of the inspection. We noted that rapid and appropriate action was being taken to address the findings, many of which the Force had already recognised as requiring action.

This has remained an area of focus for us throughout the year with regular reports of progress against the action plan and links to the Force Management Statement. As a result we are able to provide assurance to the OPCC that the Force continues to respond appropriately and has implemented a number of actions to address the issues raised.

Anti fraud and corruption

The JARAC has received a series of presentations addressing different aspects of the Force's anti fraud and corruption arrangements during the year. Each of the reports has provided good assurance to members that appropriate arrangements are in place. The particular areas covered this year include:

- whistleblowing arrangements
- cyber security

Committee effectiveness

The effectiveness of the JARAC is reliant on the commitment and experience of its members and I would like to thank each of the members for their valuable contributions over the last 12 months.

In order to help Member's keep up to date a development session has been added to the end of each JARAC meeting to allow briefings on a range of issues including; the commissioning strategy, financial management arrangements including budget planning and monitoring and the Gold/Silver command arrangements around the COVID19 pandemic.

Following a detailed self assessment in October 2019 using the CIPFA guidance and self assessment criteria we have taken some time to update our terms of reference. This was to ensure that it properly reflects our role, particularly in new areas such as financial monitoring. This work led into the decision in January 2021 to review our work programme to link it more directly to the terms of reference. As a consequence no specific effectiveness review has been undertaken this year although the actions referred to above are intended to improve our effectiveness.

Looking forward

In 2021/22 the JARAC will:

- Develop effective working relationships with the new Commissioner and her deputy.
- Seek improvements in the timeliness of the External Audit of the financial statements
- Seek improvements in the timeliness of management responses to Internal Audit reports on collaboration audits
- Seek the development of assurance mapping and/or risk based deep dives to enable us to be satisfied that we are sufficiently sighted on all risks in order to provide the Commissioner and Chief Constable with the assurance that they require.
- Review our effectiveness in light of our new work programme
- Explore opportunities to compare ourselves with other police audit committees within the region

Sue Sunderland
Chair JARAC
May 2021



Protecting Communities,
Fighting Crime



AGENDA ITEM

9A

JOINT AUDIT RISK ASSURANCE COMMITTEE

REPORT TITLE	FORCE RISK MANAGEMENT – 2020/2021 INCLUDES MID-YEAR REVIEW
REPORT BY	CHIEF CONSTABLE
DATE	1 JULY 2021

PURPOSE OF THE REPORT

To provide a summary report to the Joint Audit, Risk and Assurance Committee (JARAC) of the arrangements with regards to the management of risk at the 2021/22 mid-year point and to update the committee on work being undertaken to mitigate those risks.

ATTACHMENTS

Appendix A. – Corporate Risk Register (Summary Version)
Appendix B. – Archived Risks

RECOMMENDATIONS

To determine if the PCC can gain direct assurance that this area of business is being managed efficiently and effectively.

CONTACT FOR ENQUIRIES

Name: C/Supt Steve Wilson
Tel: 101
Email: spaenquiries@derbyshire.police.uk

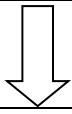
1. INFORMATION AND ANALYSIS

- 1.1 The Chief Constable is responsible for the management of the Force’s operational and strategic business risks and is supported by an executive team which determines the Force’s appetite for risk.
- 1.2 The Corporate Risk Register (CRR) is a key governance document and under the Risk Management Strategy 2019-21, the CRR captures the key strategic risks and major challenges faced by the Force. The register continues to be refreshed with risk owners, so it remains focused and relevant.
- 1.3 It is important to note that risks are liable to change as circumstances alter and the CRR presents the position at a particular point in time, (Appendix A) to this report reflects our mid-point position.
- 1.4 A total of four risks have been closed and archived with board approval since the last mid-year review report of which these are highlighted at (Appendix B).
- 1.5 The remainder of this report focuses on changes that have been made in the latest review.

2. FINDINGS - STRATEGIC RISK REGISTER REVIEW

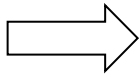
- 2.1 Appointed risk owners have reviewed their risks via an intranet-based software system in consultation (where applicable) with their respective Command or Senior Management teams.
- 2.2 Our risk registers are managed electronically via the corporate risk management system and risks held on behalf of the OPCC are not included in this force report.
- 2.3 Our key risks have been assessed, analysed, and re-scored using the risk matrix and a total of 41 risks now exist following the latest review. Currently, there are 7 risks with high (Red) residual scores, 12 risks with medium (Amber) residual scores and 22 risks with low (Green) residual scores. The latest review has provided an opportunity for risk owners to archive 1 risk including 3 new risks for consideration subject to board approval. The re-scored and archived risks are briefly outlined below:-

2.4 Op TALLA – Wuhan Corona Virus (renamed COVID-19)

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0035 People	4 Very High	3 High	12 Red	16 Red	
Risk Owner: Deputy Chief Constable					

- 2.5 The risk has matured and includes a substantial list of risk controls implemented by the force to protect people from harm and these continue to be updated on a weekly basis. Staff also continue to be kept updated via Connect with weekly information items including regular vlogs and virtual surgeries held. The Force continues to assess and act on information from Government, National Police Chief’s Council (NPCC) and Public Health England (PHE) including monitoring sickness absence levels/positive Covid test notifications although these continue to be low with all divisions/departments currently reporting a green status. Our PPE and hand hygiene stocks remain good with supplies now provided by the national hub. Both Silver and Gold groups now meet every two weeks with real-time updates provided by divisions and departments. In May, as part of the governments roadmap we had an easing of lockdown restrictions and shielding requirements. Given the continuing vaccination programme (all adult population to receive their first vaccination by July) including a significant fall in Covid-related sickness absence. Therefore, the decision has been taken to lower the risk scoring.

2.6 **Loss of Estate through lack of Maintenance**


Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR2014 Infrastructure and Assets	4 Very High	3 High	12 Red	12 Red	
Risk Owner: Strategic Head of Assets (Police and Fire)					

2.7 Work has now commenced in our Contact Management and Resolution Centre (CMARC) building re-routing soil and waste pipework away from critical basement server/battery back-up rooms. Progress with the new Ascot Drive police station remains good and is on target for a partial handover in June for IT systems installation. The Cotton Lane site will then be considered for disposal once staff vacate the building to the new site.

2.8 The Strategic Priorities Assurance Board (SPA) have approved funding for the North East (NE) and North West (NW) hubs. In terms of the NE Hub we have instructed Legal Services to commence discussions with the landowner for the conveyancing. In respect of the NW Hub an offer has been put forward to High Peak Borough Council of which they are considering their wider plans.

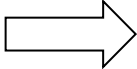
2.9 In terms of asset disposals a report was submitted to the SPA Board which sets out proposals to sell off surplus land at force headquarters in order to generate additional funds for the above projects including the consideration for the construction of a 25 acre solar farm on this site which will generate 4 million watts of electricity and exceed our consumption requirements putting the surplus back into the National Grid as income generation. With the advent of a more agile workforce consideration is being given to the relocation of the Office of the Police and Crime Commissioner to the main building. Other sites being considered are Buxton Divisional headquarters, but this is reliant on progress with the NE Hub including Clay Cross station which is reliant on progress with the NW Hub including a potential co-location with the Derbyshire Fire and Rescue Service.

2.10 **IS resources (Finance and Staff) are insufficient to meet the demands of the organisation**

	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
IS0019 Information Systems/ Technology	3 High	3 High	9 Red	9 Red	
Risk Owner: Head of Information Services					

2.11 Part of the IS strategy includes our financial planning approach that looks forward up to five years and in detail during the next two years. It also highlights the budgetary challenges we face during the forthcoming year. However, the force ambition is still greater than the funding and resources to achieve this. Whilst this is to be applauded realistic decisions in the future need to be made. However, the force has recently implemented a Design Board to make key decisions on meeting the forces priorities and to also monitor progress on achieving these. This includes any financial and resourcing decisions that cannot be made at local project board or programme level.

2.12 **High Risk Properties - Risk Based Reviews**

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR2014 Infrastructure and Assets	3 High	3 High	9 Red	9 Red	
Risk Owner: Strategic Head of Assets (Police and Fire)					

2.13 Since the estate became Covid secure in-line with Government and PHE requirements our Assets staff are now focussing on key building and refurbishment projects. The joint building inspections for spring 2021 have now commenced with Assets and Risk Manager. However, our contracted service provider for building fire risk assessments had identified a number of deficiencies across the estate such as routine building fire safety checks not being conducted by fire wardens, fire alarm testing, wedging open fire doors and evacuation drills not being performed or recorded. Some of our non-compliances are attributed to our Covid-19 risk reduction measures such as wedging open fire doors in an effort to reduce human contact points to prevent virus transmission and appointed contractors for fire equipment servicing facing a significant backlog in workloads with clients. The Assets department is taking risk-based approach to address the concerns raised with updates on progress being provided to the Force Health and Safety Committee.

2.14 **Public Order Training Incident**

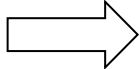
Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
OPS0050 Operational	3 High	3 High	9 Red	-	NEW RISK
Risk Owner: Head of Operational Support					

2.15 An incident occurred on 2 February 2021 at the South Yorkshire Police Public Order training facility in which three officers sustained burn injuries, during a Level 2 refresher training. All three officers were taken to hospital having sustained burns to their upper/lower legs and buttocks. It appears the newly issued protective coveralls had melted under the intense heat. The incident was reported to the Health and Safety Executive by South Yorkshire Police.

2.16 On 2 March, the HSE served the Force with a H&S Breach Notice identifying inadequacies within our risk assessment governing petrol reception. The concerns highlighted are not connected to the actual incident itself and our subsequent reply has addressed all concerns raised. However, under the HSE's cost recovery scheme "Fee for Intervention (FFI)" we will now be liable for the investigative costs.

2.17 The Force has suspended petrol reception training until the accident causation has been established and steps are taken to prevent any reoccurrence. Whilst the incident attracted some media attention, we are not aware of anything being published either nationally or locally following those enquires.

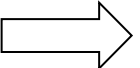
2.18 **Financial Resources Insufficient to Fund Development and Pressures**

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR1192 Finance	3 High	3 High	9 Red	9 Red	
Risk Owner: Director of Finance and Business Services (Police and Fire)					

2.19 A more favourable police funding settlement for 2021/22, combined with a £15 increase in precept (Band D property) has provided the Constabulary with available funding of £202.630m. This represented an increase of £12.75m and will ensure that the force is able to maintain our operational policing capabilities, to build upon the progress made so far to increase police officer numbers and to increase resilience in key priority areas of threat and risk and community safety. However, the extra funding is by no means a permanent solution to our funding challenges, with significant uncertainty remaining over future public spending and sustainable funding from the Government. However, the settlement for 2021/22 provides a stable foundation to continue our commitment to improve policing across Derbyshire.

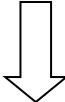
2.20 The underlying budget pressures will remain, with further costs and uncertainties in relation to pension liabilities, essential investment in the Estates plan and increasing costs associated with national accreditation requirements. The continued absence of a multi-year funding settlement makes planning and resourcing for the medium to long-term very difficult. The Cost of Policing (CoP) programme will help to prioritise costs and consider options for change, aligning resources against services based upon our understanding of risks and demand. However, the CoP programme alone will not resolve all our financial challenges and a robust savings and efficiency plan will be required to address the significant budget gaps from 2023/24 onwards.

2.21 **Major Incidents and Disasters and/or Civil Emergencies within the County**

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR1090 Operational	3 High	3 High	9 Red	9 Red	
Risk Owner: Head of Operational Support					

2.22 During 2020 we increased the risks likelihood scoring following the experience of 2019. This was borne out of Covid-19 which has required continuing the Strategic Co-ordinating Group (SCG) and Tactical Coordinating Group (TCG) meetings with the Chief and Deputy Chief Constables and Civil Contingencies team being heavily involved in the multi-agency responses. We have also staged a multi-agency response to a further flooding event in January this year (Storm Christoph). All this activity has meant that there is an urgent need at Local Resilience Forum (LRF) level to catch up with routine plan updates, training and exercising which had been curtailed during the pandemic. This will be the focus of work throughout this year.

2.23 **Business Continuity and Disaster Recovery Planning**

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR1089 Operational	3 High	2 Medium	6 Amber	9 Red	
Risk Owner: Head of Operational Support					

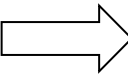
2.24 With over 12 months into our Covid-19 response it has presented significant challenges for business continuity planning. However, with a few exceptions the Forces operational capabilities have remained stable in terms of being able to maintain its critical activities due to both Gold and Silver planning groups and the significant amount of work done by Divisions/Departments both at team/section level. The focus on Covid-19 had meant that attention was drawn away from refreshing our Business Continuity plans although these have now been reviewed and updated in December 2020. Therefore, the decision has been taken to lower the risk scoring.

2.25 **Capita – Control Works Issues**

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0048 Information Systems/ Technology	3 High	2 Medium	6 Amber	-	NEW RISK
Risk Owner: Head of Contact Management					

2.26 Ongoing multiple issues with the Capita Control Works system in the Force Operations Room are affecting the force's ability to undertake critical business. The system has suffered a number of issues since an upgrade in August 2020, including freezing, loss of calls, loss of Airwave talk-groups, and errors with incorrect information in some records, culminating in an event the weekend of 19 December where 999 calls in progress were affected resulting in the control room operator losing contact with a 999 caller and being unable to respond to their emergency call. All issues are logged with IS and Capita who have investigated the issue to rectify the problem and provide patch fixes. Temporary processes have been implemented to prevent the loss of calls and talk groups as risk mitigation until a permanent resolution is achieved.

2.27 **Public Order Training – Recovery Plan**

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
OPS0040 Operational	3 Medium	2 Medium	6 Amber	6 Amber	
Risk Owner: Head of Operational Support					

2.28 Delivery of Level 2 Public Order Support Unit (PSU) has continued throughout the pandemic and this approach, were it not for other factors, would place us in a good position to meet our Strategic Policing Requirements (SPR) and keep officers trained within the required 365 days. On 31 January 2021 we committed to our national requirement. Due to events of the 2 February however (see risk OPS0050) we are now only able to commit to two fifths of our requirement. Delivery of Officer Safety Training (OST) has also affected the number of PSU officers we have available for deployment in-line with national requirements. However, with increased capacity

coming on-line as of week commencing 8 March this backlog will start to decrease. PSU and OST training will improve considerably over the next one to two months, however our ability to commit to SPR requirements will continue to be affected by OPS0050 (Manvers Incident - HSE Investigation) until suitable resolutions are in place.

2.29 Policing Protests – Capacity to meet Operational Deployments

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0047 Operational	2 Medium	2 Medium	4 Green	4 Green	
Risk Owner: Assistant Chief Constable (Crime and Territorial)					

2.30 The Brexit transition at the end of 2020 did not trigger local disorder, nor more widespread disorder requiring mutual aid deployments. There is still the potential for protests relating to specific aspects of Brexit as transition arrangements bed-in. For example, due to the disruption of importation and exportation there remains a low risk of disruption around the supply of Covid vaccines in Derbyshire and elsewhere. In the main due to conspiracy theorists some civil rights groups have indicated opposition to proposed Vaccination Passports, that would allow individuals to attend events and so on. There is currently no direct indication that this opposition would lead to protest or disorder, however the possibility remains.

2.31 Redbox Voice Recorders (Intermittent Failures)

	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR1944 Operational	2 Medium	2 Medium	4 Green	4 Green	RISK CLOSED
Risk Owner: Head of Contact Management					

2.32 As an additional piece of work from this risk, and the Telephony Replacement Project, it was agreed that the Redbox infrastructure would be updated/replaced to a modern software version. This work was completed in October 2020 and to date there have been no issues since relating to Redbox. Given this risk has now stabilised the risk can be closed.

2.33 Remote Working and Virtual Private Network (VPN) stability

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0049 Information Systems/ Technology	3 High	1 Low	3 Green	-	NEW RISK
Risk Owner: Head of Information Services					

2.24 The rollout of a remote workforce in the wake of Covid-19 has challenged the preparedness of most organisations. The force has facilitated a host of provisions to allow officers/staff to work remotely. However, it carries the increased risk of cyber-attacks. The virtual private network (VPN) provides privacy, anonymity, and security to users by creating a private network connection across a public network connection. VPNs can be used in combination with proxy servers and overlay networks. Our IS department are monitoring VPN to ensure our supporting infrastructure remains resilient. In addition, our Mobile Workplace programme is working with departments looking at the future of remote working as varying degrees of agile working will be feasible across the whole spectrum of officer/staff roles.

3. OPERATIONAL AND REPUTATIONAL RISK

- 3.1 The Chief Constable continues to be provided with a monthly risk management report for one to one discussions with the Police and Crime Commissioner so the Board is assured from a governance perspective that risks in these areas are being captured, namely:-
- **Summary of Operational Risks (Crime Support)** – emerging criminalities and issues facing the Force.
 - **Summary of Reputational Risks (Organisational Learning)** – adverse judgements, specifically from the Coroner and opportunities for capturing organisational learning.
 - **Summary of Operational Risks (Operational Support)** – emerging criminalities and issues facing the Force.
- 3.2 The reports are scanned by the Risk Manager who informs the board on items for further consideration and inclusion onto the forces risk register. Due to operational sensitivity these risk summaries will not feature within this JARAC report.

4. RISK MANAGEMENT SOFTWARE (KETO)

- 4.1 Since the last reporting period we continue to work with the supplier on minor upgrades and enhancements.

5. SUMMARY

- 5.1 Our Strategic Risk Register has been reviewed to ensure that our risks are accurately recorded. This report combined with tracking and monitoring the forces highest risks via our software solution is a record of the principal risks that the force faces and the existing/planned controls to address these risks as far as is reasonably practicable. The board is ultimately responsible for considering and accepting the risks and agree any further actions or controls it deems appropriate regarding the risks reported on.

DERBYSHIRE CONSTABULARY
CORPORATE RISK REGISTER

APPENDIX A
JARAC
1 JULY 2021

Reference No	Risk Title	Priority Rating	Risk Status	Responsible Officer
STR0035	Op TALLA - Wuhan Corona Virus (renamed COVID-19)	12	Managed	Deputy Chief Constable
STR1035	Loss of Estate through lack of maintenance	12	Managed	Head of Assets
OPS0050	Public Order Training Incident	9	Managed	Head of Ops Support
STR2014	High risk properties – Risk based reviews	9	Managed	Head of Assets
IS0019	IS Dept Resources (Finance and Staff)	9	Managed	Head of Information Services
STR1192	Financial resources insufficient to fund development and pressures	9	Pending Controls	Director of Finance and Business Services
STR1190	Major incidents and disasters and/or civil contingencies within the county	9	Managed	Head of Ops Support
STR2018	Adverse Incidents in Custody Suites due to physical condition	8	Managed	Head of Criminal Justice
SE0046	Borer Access Control Problems	6	Pending Controls	Head of Assets
STR0048	Capita – Control Works issues	6	Pending Controls	Assistant Chief Constable (Crime and Territorial)
STR1046	Failure to comply with information management legislation	6	Managed	Head of Information Management
STR2016	GDPR and DPA 2018 compliance	6	Managed	Head of Information Management
STR1913	Loss of power to force IT systems	6	Managed	Head of Information Management
STR1089	Business Continuity and Disaster Recovery	6	Managed	Head of Ops Support
STR0026	Failure of Gateway HR system	6	Managed	Head of Human Resources
OPS0040	Public order training – Recovery Plan	6	Managed	Head of Ops Support
STR0029 <i>Confidential Risk</i>	Funding of Regional Organised Crime Unit (ROCU)	6	Managed	Assistant Chief Constable (Crime and Territorial)
SE0020	Reception building – dispatch office sewer-drain	6	Pending Controls	Head of Assets

DERBYSHIRE CONSTABULARY
CORPORATE RISK REGISTER

APPENDIX A
JARAC
1 JULY 2021

STR1959	Inability to meet legislative and operational data requirements for PND	6	Pending Controls	Head of Information Management
STR0047	Policing Protests – capacity to meet operational deployments	4	Managed	Head of Ops Support
IS0030	IS Dept On-call Resources	4	Pending Controls	Head of Information Services
STR0027	Police and Crime Commissioner – Election 2021	4	Pending Controls	Head of Corporate Services
STR1960	Cyber attack	4	Managed	Head of Information Services
CRIMJ1950	Letter-box style sinks – Ligature risk	4	Managed	Head of Criminal Justice
STR1957	Niche PLX extract does not meet business needs	4	Managed	Head of Information Management
STR1944	Redbox voice recorders (intermittent failures)	4	Managed	Head of CMARC
STR1219	Officer and staff wellbeing	4	Managed	Head of Human Resources
STR0049	Remote Working and Virtual Private Network	4	Pending Controls	Head of Information Services
CRIMJ1992	Cell drowning incident – suicide risk	4	Managed	Head of Criminal Justice
STR0009	Crime data integrity	4	Pending Controls	Head of Information Management
CRIME1931	Potential withdrawal of ABM source management by IT system supplier	4	Managed	Head of Crime Support
STR0033	Op UPLIFT - Funding	3	Pending Controls	Head of Human Resources
STR2019	Loss of Airwave through handset shortage	3	Managed	Head of Corporate Services
STR1882	Loss of operational communications capability	3	Managed	Head of Corporate Services
STR1033	Data, IT and communications integrity	3	Managed	Head of Information Services
STR1088	Corruption or inappropriate actions of police officers and staff	3	Managed	Head of Organisational Learning, Culture and Ethics
STR0024	Impact of new officer entry routes	2	Pending Controls	Head of Human Resources
STR1094	Adjusted duty - police officers	2	Managed	Head of Human Resources
IS0018	Encryption on the wide and local area networks	2	Managed	Head of Information Services
STR0025	Skills and staffing shortages	2	Pending Controls	Head of Human Resources
STR0010	Cyber attack on forensic services	1	Pending Controls	Head of Information

			Management
--	--	--	------------

High Priority (Red 9 – 16)	Comprehensive controls, Frequent Monitoring and reporting, Immediate action, and comprehensive contingency plans
Medium Priority (Amber 6 – 8)	Cost effective controls, Regular monitoring and reporting, Necessary action and outline contingency plans
Low Priority (Low 1 – 4)	Low cost controls, Occasional monitoring and reporting, Sporadic action, and contingency plans not essential

TOTAL RISKS = 41

Red = 7

Amber = 12

Green = 22

CLOSED RISKS

Reference No	Risk Title	Priority Rating at Closure	Archived	Responsible Officer
STR0048	Capita – Control Works Issues	6	April 2021	Head of Contact Management
STR0021	Road Traffic Collision Data Recording	4	March 2021	Executive
STR1422	Redbox Voice Recorders (Intermittent Failures)	4	March 2021	Head of Contact Management
IS0039	Poor Airwave signal at Glossop Police Station	4	November 2020	Head of Information Services