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**DATE: 17 March 2021**

## **JOINT AUDIT RISK ASSURANCE COMMITTEE**

### **AGENDA**

|                                     |  |
|-------------------------------------|--|
| <b>DATE OF MEETING</b>              | 25 MARCH 2021  |
| <b>TIME OF MEETING</b>              | 13:30 – 17:00  |
| <b>LOCATION</b>                     | Virtual Meeting  |
| <b>PCC CONTACT OFFICER</b>          | Mrs Liz Kelly (0300 1226007)   |
| <b>CONSTABULARY CONTACT OFFICER</b> | C/Supt. Wilson(101)  |
| <b>DISTRIBUTION</b>                 | Commissioner H Dhindsa<br>Chief Constable R Swann<br>Mr D Peet<br>Mr A Dale<br>Mr S Allsop<br>Mr J Peatling<br>Mrs L Kelly<br>Mr D Hoose (Mazars)<br>Mr M Lunn (Mazars)<br>Helen Henshaw (EY)<br>Hayley Clark (EY)<br>Members of the JARAC:<br>Ms S Sunderland (Chair)<br>Ms J Charlton<br>Ms L Gelderd<br>Mr L Harrold<br>Mr A Jenkinson<br>Mr B Mellor |

*Meeting of the Joint, Audit, Risk and Assurance Committee on 25  
MARCH 2021*

**AGENDA: Reports attached**

| <b>ITEM</b>          | <b>SUBJECT</b>   | <b>Presented by</b> |
|----------------------|--|---------------------|
| <b>1</b>             | <b>APOLOGIES FOR ABSENCE</b>   | <b>CHAIR</b>        |
| <b>2</b>             | <b>DECLARATIONS OF INTEREST (IF ANY)</b>   | <b>ALL</b>          |
| <b>3</b>             | <b>MINUTES OF THE MEETING OF THE JARAC HELD ON 27 November 2020</b>  | <b>CHAIR</b>        |
| <b>4</b>             | <b>REVIEW OF ACTIONS</b>   | <b>CHAIR</b>        |
| <b>4A</b>            | <b>FORWARD PLAN</b>  | <b>CHAIR</b>        |
| <b>CORE BUSINESS</b> |  |                     |
| <b>5</b>             | <b>EXTERNAL AUDIT</b>  |                     |
| 5A                   | External Audit Plan – VERBAL UPDATE  | <b>EY</b>           |
| 5B                   | Annual Audit Letter – VERBAL UPDATE  | <b>EY</b>           |
| <b>6</b>             | <b>INTERNAL AUDIT</b>  |                     |
| 6A                   | Internal Audit Recommendation Monitoring   | <b>CHAIR</b>        |
| 6B                   | Interim Audit Progress Report <ul style="list-style-type: none"> <li>- Collaboration Business Continuity</li> <li>- Core financial Systems</li> <li>- Final Internal Audit memo</li> </ul> Updated Workforce Planning (updates in red) (separate item) | <b>MAZARS</b>       |
| 6C                   | Internal Audit Plan 2021/22 and Internal Audit Charter   | <b>MAZARS</b>       |
| <b>7</b>             | <b>FINANCIAL ASSURANCE</b>   |                     |
| 7A                   | Year End Arrangements and Approval of Accounting Policies  | <b>SA</b>           |
| 7B                   | 2020/21 Financial Update   | <b>JP</b>           |
| <b>8</b>             | <b>INTERNAL CONTROL AND GOVERNANCE</b>   |                     |
| 8A                   | HMIC Improvement Plans – VERBAL UPDATE   | <b>SA</b>           |

|                                  |  |            |
|----------------------------------|--|------------|
| 8B                               | Force Management Statement – VERBAL UPDATE   | <b>SA</b>  |
| <b>9</b>                         | <b>RISK MANAGEMENT</b>                       |            |
| 9A                               | Force Risk Management Review – VERBAL UPDATE | <b>SA</b>  |
| 9B                               | OPCC Risk Management Review                  | <b>AD</b>  |
| <b>END OF THE PUBLIC MEETING</b> |  |            |
| <b>CLOSED SESSION</b>            |  |            |
| 9                                | N/A  |            |
| <b>DEVELOPMENT</b>               |  |            |
| 10A                              | Assurance / Governance Map – discussion      | <b>ALL</b> |

**MINUTES** of a meeting of the **JOINT AUDIT, RISK ASSURANCE COMMITTEE**  
held remotely via Microsoft Teams on 27 NOVEMBER 2020

**P R E S E N T**

Ms S Sunderland (in the Chair)  
Mr A Jenkinson  
Ms J Charlton  
Ms L Gelderd  
Mr L Harrold  
Mr B Mellor

**OPCC Present:** Mr A Dale, Mrs E Kelly  
**Constabulary Present:** Mr S Allsop, Mr J Peatling  
**Internal Audit:** Mr M Lunn  
**External Audit:** Ms H Clark. Ms H Henshaw

**Noting the full agenda and potential time constraints, the Chair asked members to consider withdrawing the Financial Handbook from this meeting, to bring back to a future meeting.**

**It was noted that the Financial handbook had been sent to members under separate cover and comments had been provided, Mr Dale advised that the handbook is an internal view of how Finance operate and included is a section which gives a clear steer to the JARAC Terms of Reference, rather than providing lots of detail on how the JARAC operate. Mr Dale though, will consider the comments and any further updates made to the Financial Handbook will be circulated to all members prior to the next meeting.**

**66/20      APOLOGIES**

66.1 No apologies received.

**67/20      DECLARATIONS OF INTEREST**

67.1 No declarations declared.

**RESOLVED:**

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

**68/20      MINUTES OF THE MEETING OF THE JARAC HELD ON 15 OCTOBER 2020**

68.1 Referring to minute 56.1, members noted that the minutes were inaccurate in stating that the Redmond Review had indicated a change to the deadline for the Financial Statement to be produced. This should

instead, state that there had been a change to the deadline of the audit of accounts.

- 68.2 Members reflected that Minute 57.8 should be expanded to include the discussion around Disaster Recovery to cover the higher risks around the use of IT since COVID. It was noted that this would be discussed at a later agenda item.

**RESOLVED:**

1. The Minutes of the meeting of the JARAC held on 15 OCTOBER 2020 were confirmed as a true record by the Committee.

**69/20      REVIEW OF ACTIONS**

- 69.1 Noting the actions arising from the meeting held on 11 August around the Annual Audit Progress Report, it was noted that the ongoing actions for Internal Audit are now Business as Usual, to be marked as such as discharged from the action log.
- 69.2 It was noted that the action to produce a condensed version of the performance pack would be presented to the meeting of the JARAC in February.
- 69.3 Mr Allsop advised that an update on pressures relating to overtime would be provided to the Committee at their meeting in December, when the budget paper has been received.
- 69.4 The more recent set of actions should be amended to show that the actions arose from the meeting held on 15 October.
- 69.5 Ms Sunderland advised that organising a meeting between regional Audit Committee chairs was in progress.
- 69.6 Recommending the ToRs to the PCC and CC was included as an action and Mr Dale added that this would be presented to the upcoming SPA Board as a late agenda item. To be removed from the Action Plan.
- 69.7 Mr Peet had agreed to provide members with a brief of the regular meetings held with the IOPC representative. To be added to a future JARAC agenda.
- 69.8 The Financial Scrutiny role for Audit committees had been deferred to be held at a future meeting. It was agreed this be added to the budget setting meeting in December.

**RESOLVED**

To update the Actions.

**70/20      FORWARD PLAN**

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

**RESOLVED**

The forward plan was noted, to be updated.

**71/20      EXTERNAL AUDIT REPORT (ISA 260)**

71.1 Ms Henderson opened by thanking Mr Allsop, Mr Dale and the Finance team for supporting the Audit and she went on to highlight the draft opinion as set out on pages 21-24 of the Audit Report.

71.2 Ms Clark continued by highlighting the risks as outlined in Section 2 of the Audit Report.

71.3 Ms Sunderland acknowledged that the audit had gone well this year, despite the difficult circumstances and she was pleased to note that good relations between External Audit and the finance team had been established quickly, which was welcomed.

71.4 Ms Sunderland acknowledged that the sign off around pensions was out of the control of External Audit, she questioned however, whether this was a national issue. Ms Clark advised that this hasn't affected all Force areas, as it is dependent upon the makeup of assets, however, Derbyshire are not the only area facing this issue.

71.5 Ms Sunderland probed further ahead to ask how the Audit will be managed next year to achieve a sign off date by end of September. Both Ms Henshaw and Ms Clark advised this year had been particularly difficult as it had been affected by the necessity to adapt to remote working, coupled with annual leave and staff absenteeism. However, looking forward to next year there will be ample opportunity to resource plan in advance, therefore they feel reasonably confident that this can be achieved.

71.6 Mr Dale added that he was very grateful to both Ms Henshaw and Ms Clark for their engagement and a good working relationship. Mr Dale continued by thanking Mr Peatling, Ms Cook and the Finance team for delivering the Accounts under difficult circumstances, he added that the team continue to impress year on year and are a credit to the Organisation. Both Mr Allsop and Ms Sunderland echoed this.

71.7 Ms Gelderd raised a query on page 16, enquiring what the PCC audit exemption was in relation to. Ms Clark explained that this was in relation to the LLP Board and that under the Companies Act, if small

enough they don't have to be audited. Mr Allsop added that the entries have been audited to check that the accounts are valid, despite not undergoing a full audit.

71.8 Ms Gelderd highlighted, on page 8 of the report, the reference to a forecast of overspend, suggesting that this should be amended to reflect this in the past tense, which was acknowledged.

71.9 Mr Dale advised the Committee that when the Auditors present the final opinion this will need to be signed and uploaded to the PCC website. He suggested that this responsibility be delegated to himself and Mr Allsop and that the Chair would be fully informed. Ms Sunderland responded to advise that the Committee were comfortable with this suggestion and therefore happy to accept the recommendation.

**RESOLVED:**

1. The Committee noted and commented on the External Audit Report (ISA 260) having heard from, and discussed it with, the External Auditor.
2. The Committee noted the outstanding work that remains before the External Auditor can finalise their opinion.
3. The Committee records and will monitor the recommendation raised by the External Auditor to ensure completion.
4. The Committee has reference to the later agenda item (revised Statement of Accounts) in supporting the CFO and FD in arranging both publication of the draft accounts by 30/11/20 AND later publication of the final accounts once the External Auditor opinion has been received.
5. The Committee join the CFO and FD in placing on record its thanks to the Force's Finance Team for delivering a quality set of accounts despite the ongoing global pandemic.

IT WAS AGREED THAT THE AGENDA ITEM: DRAFT STATEMENT OF ACCOUNTS BE BROUGHT FORWARD AND RECEIVED AS THE NEXT ITEM ON THE AGENDA.

**72/20      DRAFT STATEMENT OF ACCOUNTS (PCC GROUP AND CC)**

72.1 Ms Sunderland advised that for the future the Committee would welcome a tracked change version of the draft Statement of Accounts which would enable them to review the document effectively. Mr Dale drew members attention to the table at 1.8 which provided a summary of the changes, which he hoped provided reassurance that no radical changes had been made.

72.2 Members and External Audit were happy to accept the adjustments. Ms Sunderland reiterated the need for a tracked change version for the future but stated that she would be happy to accept and provide

assurance to the PCC and Chief Constable when complete, with the proviso that the Chair must be informed if any other changes are made, which was agreed.

**RESOLVED**

1. That Members provide a final overview of the PCC and Group Statement of Accounts, consider them alongside the External Auditor report elsewhere on this agenda and provide assurance to the Police and Crime Commissioner prior to him signing his statements of accounts.
2. That Members provide a final overview of the Chief Constable Statement of Accounts, consider them alongside the External Auditor report elsewhere on this agenda and provide assurance to the Chief Constable prior to him signing his statement of accounts.
3. That Members agree to the Chair being briefed in the event any further changes to the accounts are required following completion of the completion of the external audit.

**73/20 INTERIM PROGRESS UPDATE – VERBAL**

- 73.1 Mr Lunn provided a verbal update on progress, advising that the final report on Workforce Planning was attached, the draft memo on payroll had been issued, the Victim Support Audit was progressing well and POCA and Seized Cash had been delayed because the Auditor had to take unplanned leave. Mr Lunn hoped to have five Derbyshire Audits completed very soon and the final audits for quarter four had been booked in.
- 73.2 The three Collaboration Audits (20/21) are with the Chief Finance Officers and Mr Dale advised that discussions are taking place around the order in which these should be undertaken. Mr Dale to update members in due course.
- 73.3 It was noted that the 19/20 Collaboration Audit for Business Continuity was still outstanding, Mr Dale would chase this.

**RESOLVED:**

1. To note the update.

**74/20 WORKFORCE PLANNING INTERNAL AUDIT REPORT**

- 74.1 Mr Lunn presented the report highlighting that significant assurance could be taken from this audit.
- 74.2 Ms Sunderland, thanked Mr Lunn and agreed that this was a positive report, she queried however, the comment around the Check In, put in place to replace PDRs, which it was felt read that staff were not engaging with.



- 74.3 To provide reassurance, Mr Allsop advised that the Check In process was introduced a few years ago and feedback from surveys suggests that it is a better system than the previous PDR system. Mr Lunn advised that the wording may not be reflective of the meaning and he agreed to amend this.
- 74.4 Mr Harrold referred to para 4.1 and he queried whether the timescale of December was realistic given that the new DCC appears intrinsic to the recommendation but is not commencing in her role until the new year. After some discussion it was agreed sensible to change the timescale on this recommendation.
- 74.5 Referring again to para 4.1, Mr Harrold asked whether the low priority action was appropriate to the risk and suggested that the wording should be contextualised.
- 74.6 Continuing to probe further into para 4.1, Mr Mellor remained concerned that an action plan had been developed, yet it stated that this was not regularly monitored which he suggested, was fundamental, yet attracted a low priority action.
- 74.7 Mr Lunn responded to say that there is a formal group that monitor the plan, it is more of a documentation issue. Mr Allsop also provided reassurance by stating that there is an action plan and this is reviewed. Mr Dale added that, as an attendee on the Workforce Futures Board, he has been very impressed as this is a very professional and well-run Board meeting who manage the workforce plan in a very sophisticated way.
- 74.8 Mr Lunn agreed to re-look into this to assess whether the wording did not correctly describe the process, or to assess whether there was actually an issue which members should be aware of. Mr Lunn agreed to return to members with an amended report in due course.

**RESOLVED:**

1. Members noted the Internal Audit Report on Workforce Planning. This will be considered again following amendments made by Mr Lunn.

**75/20**

**IS INTERNAL AUDIT COVERAGE - DISCUSSION**

- 75.1 Due to the increase in homeworking, members queried at the previous meeting, whether an IS audit should be undertaken, so that assurance can be taken that adequate controls around cyber and data security are in place.

75.2 Mr Dale suggested alternative ways to help provide assurance to members, by having key individuals attend meetings and provide a brief on IT risks and the mitigations in place.

75.3 Members advised that they were receptive to second line assurances, however as the organisation had had to adapt quickly to homeworking, they remained convinced of the need for assurance in this area and following a lengthy discussion it was agreed that Mr Lunn investigate a tailored approach to the audit, to be reported back to members in due course.

**RESOLVED:**

1. IS Internal Audit coverage was discussed.

PUBLIC MEETING CLOSED.

**JOINT AUDIT, RISK AND ASSURANCE COMMITTEE**

**REVIEW OF ACTIONS**

| Agenda Item  | Report Title and Action Required   | Responsible Officer                          | Progress  |
|--|--|--|---|
| <b>Meeting of the JARAC held on 20 February 2020</b> |  |  |   |
|  | <p><b>Year End Accounting Arrangements and Accounting Policies</b></p> <p>Clarification sought as to why the reference around liabilities had been removed.</p>  | <b>Simon Allsop/Andrew Dale</b>              | <i>CIPFA Guidance Notes although will be discussed with EY in due course.</i> |
| <b>Meeting of the JARAC held on 11 August 2020</b>   |  |  |   |
|  | <p><b>Terms of Reference</b></p> <p>To share the OPCC Assurance Map with members when complete, to hopefully provide guidance and direction as to which policies should be reviewed by the Committee.</p> <p>UPDATE:<br/>Members queried when they might expect to receive the Assurance Map. Mr Dale informed the meeting that compiling this had been de-prioritised ahead of Commissioning work, however, as this as this is complete it will be forwarded to members by email.</p> | <b>Andrew Dale</b><br><br><b>Andrew Dale</b> | <i>Work in Progress</i>   |
|  | <p><b>Anti-Fraud and Corruption Forward Plan – Whistle Blowing</b></p> <p>For members to have some oversight of the themes arising from whistleblowing it was agreed that consideration be given to producing a condensed version of the performance pack.</p> <p>UPDATE:</p>  | <b>Simon Allsop</b>                          |   |

|   |  |   |  |
|---|--|---|--|
|   | Mr Allsop agreed to present this to the Committee at their meeting in February.  |   | <i>Need to agree when this will be presented – Chair/SA</i>                                    |
|   | <p><b>Financial Reporting</b></p> <p>To keep the committee updated on pressures relating to overtime.</p> <p>UPDATE:<br/>Mr Allsop agreed to provide an update to the meeting of the Committee in December.</p>  | <b>Andrew Dale/<br/>Simon Allsop</b>                  | <i>Ongoing</i>   |
| <b>Meeting of the JARAC held on 15 October 2020</b> |  |   |  |
|   | <p><b>Internal Audit</b></p> <p>To arrange a meeting between regional Audit Committee chairs to discuss Collaboration Audit Reports.</p> <p>To provide information in the Progress Report stating the status of the report and therefore advising the Committee of where the delay resides.<br/>Mr Lunn to circulate a proposal for members consideration.</p> | <p><b>Mr Dale / Mr Lunn</b></p> <p><b>Mr Lunn</b></p> | <i>ONGOING</i>   |
|   | <p><b>Force Risk Management</b></p> <p>HR to provide the Committee with a briefing on the national entry routes to the Police.</p>   |   |  |
|   | <p><b>Terms of Reference</b></p> <p>To recommend the Terms of Reference to the Police and Crime Commissioner and the Chief Constable.</p>  |   | <i>To be presented to the next meeting of the SPA Board and then removed from the actions.</i> |
|   | <p><b>Complaints Performance</b></p> <p>Mr Peet to provide members with a brief of regular meetings with the IOPC Representative.</p>  |   |  |

|  |  |  |                       |
|--|--|--|-----------------------|
|  | <b>Financial Scrutiny Role for Audit Committees</b><br>To defer to the next meeting of the JARAC.  |  |                       |
| <b>Meeting of the JARAC held on 27 November 2020</b> |  |  |                       |
|  | <b>Financial Handbook</b><br>Deferred from the meeting on 27 November, to be presented to the meeting on 14 December.  |  |                       |
|  | <b>Internal Audit : Workforce Planning Report</b><br>Mr Lunn to re-examine the contents of the report and amend as necessary before returning to members for consideration.  |  | <i>On this agenda</i> |
|  | <b>IS Internal Audit Coverage</b><br>Mr Lunn to investigate a tailored approach to the IS Audit and report back to members in due course.  |  | <i>On this agenda</i> |
|  | <b>Assurance Map</b><br>Mr Mellor/Ms Sunderland to forward the NHS Board Assurance Framework to Mr Dale for consideration. To be progressed outside of the formal meetings and to be added to the December meeting agenda. |  | <i>On this agenda</i> |

**FORWARD PLAN 2021/22**

| <b>MARCH</b> |   |  |
|--------------|---|--|
|              | 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<br>- Condensed version of the performance pack       |  |
|              | Complaints Performance – Update on meetings with IPOPC Rep                |  |
| <b>JUNE</b>  |   |  |
|              | IA Progress Report  |  |
|              | EA Progress Report  |  |
|              | EA Fees   |  |
|              | PCC Annual Governance Statement   |  |
|              | CC Annual Governance Statement  |  |
|              | Draft PCC and CC Financial Statements                                     |  |
|              | Mid Year exception Reporting (inc year end forecast)                      |  |
|              | Financial Monitoring and Planning   |  |
|              | HMIC Activity   |  |
|              | JARAC Terms of Reference  |  |
|              | JARAC Meeting dates   |  |
|              | JARAC Annual Report   |  |
|              | JARAC Member Self-Assessment (CIPFA Checklist)                            |  |

|                  |   |  |
|------------------|---|--|
| <b>SEPTEMBER</b> |   |  |
|                  | 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  |  |
| <b>NOVEMBER</b>  |   |  |
|                  | IA Progress Report  |  |
|                  | EA Annual Audit Letter                                    |  |
|                  | Force Risk Management                                     |  |
|                  | OPCC Risk Management                                      |  |
|                  | HMIC Activity   |  |
|                  | Financial Monitoring and Planning                         |  |
| <b>JANUARY</b>   |   |  |
|                  | Year End Arrangements and approval of accounting policies |  |
|                  | Budget Setting Process and Assumptions                    |  |
|                  | External Audit Plan                                       |  |
|                  | Internal Audit Plan                                       |  |

## 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 |                             |             |  |
|         |              | 02.19   | <b>Recruitment – Two P2 recommendations</b>  |          |                            |                                  |                                   |                             |             |  |
| Phil M  |              | 5B C    | <p><b>Retaining Documentation</b><br/>                     Retained HR should carry out sample tests on candidates that have been recruited to give assurance that the Service Centre are carrying out the process accordingly.<br/>                     There should be further guidance provided within the Service Centre around the importance of the pre-offer stage.<br/>                     Guidance and refreshers should be provided to all staff involved in the recruitment process, emphasising the importance of retaining documentation on e-recruitment.</p> | P2       | Dec 18                     | Accepted                         |                                   |                             |             | <p>The Service Centre will carry out monthly audit checks of the recruitment process and report back findings of these to both forces as part of the Client Liaison function.<br/>                     An offer and pre-employment checks has been created across all employee types to ensure each stage of the process is completed consistently and correctly before the vacancy is achieved.<br/>                     The Drug tests results are supplied on long lists of candidates, so these are saved locally and obtained by the supplier. But the result should be updated within E-Recruitment.<br/>                     The team will receive additional training to ensure they are adhering to process.<br/>                     The process around retaining documentation was reviewed in Oct/Nov and training has been provided to the Recruitment Team regarding this.<br/>                     The new checklist for pre-employment documentation was introduced in January 2019 and is now being utilised by the team and signed-off by Team Leaders.<br/>                     Plans are underway to standardise and automate contract creation. This will further help to reduce the risk of errors as contracts will be automatically created.<br/>                     The Service Centre has a robust process in place for carrying out regular audits. These audits ensure that the correct information is entered in Gateways when new records are created or records are amended.</p> |



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|--|--|--|--|--|--|--|--|--|---|---|
|  |  |  |  |  |  |  |  |  |   | <p>A new contract checklist has also been created and has been in use since January 2019. A checklist is completed for every candidate to ensure the contract has been created correctly, the correct documents have been up loaded and the HR system has been updated correctly. Checklists are signed off by another colleague,</p> <p>A decision log has also been created to record all decisions where any aspect of the recruitment process has been bypassed/amended or not followed. This log records the justification of the decision as is signed off at Team Leader level.</p> <p>A process is in place to audit 10 new starters. A dummy run of this audit was completed in Dec 2019 which highlighted the volume of work required to complete the audit. As a result this audit will be carried out once a year in July for the previous financial year.</p> <p>HR are confident that training arranged via the centre (L&amp;D predominantly and OSD) is ok and has the admin infrastructure in place to capture and record training records/updates. All of the Niche training falls under this bracket. However, training that happens outside of this, e.g. on divisions, has not always been captured accordingly. It is recognised that there are areas for improvement &amp; some of this will be captured by 2 ongoing pieces of work; a review of business processes for training and the force skills &amp; capability project.</p> <p><b>Assurance provided. To be signed off.</b></p> |
|  |  |  |  |  |  |  |  |  | 07/10/20<br>(Update S<br>Allsop)                              |   |
|  |  |  |  |  |  |  |  |  | Verbal<br>update from<br>Ms Taylor on<br>Agenda 15<br>October |   |

| Annual Audit Letter Recommendations                              |  |     |   |    |  |  |  |                          |   |
|--|--|-----|---|----|--|--|--|--------------------------|---|
| A Dale / S Allsop  |  |     | Formally assess the need to value its larger specialised assets frequently to take account of build costs outside of the five year cycle; and   |    |  |  |  |                          | Mr Dale and Mr Allsop will consider the recommendations and advise on a course of action in due course<br><br>Mr Dale and Mr Allsop are concerned about duplicated effort regarding increased valuation work at the same time as the external auditor performing their own specialist assessments. However, we will include in the 2020/21 valuation specification a requirement for the valuer to consider the impact of significant estates work on a given property in addition to the cyclical valuations already performed.  |
|  |  |     | Commission a formal impairment review from its valuer to determine whether there has been a material movement in values year on year.   |    |  |  |  |                          | Mr Dale and Mr Allsop will consider the recommendations and advise on a course of action in due course.<br><br>Mr Dale advised that the valuer will consider impairment as part of their valuation exercise.  |
| Property Management Recommendations 05/20 (4 P2 recommendations) |  |     |   |    |  |  |  |                          |   |
| Craig Myhill   |  | 4.1 | <b>Disposals</b><br>The Force should review their current disposal process and review appropriate actions that can be taken to address the current risk that is inherent with the process adopted.<br>Considerations to include:<br>Marking items as 'pending disposal' then disposal once destroyed. | P2 |  |  |  | August 2020 (J Peatling) | If we were to mark all items as 'pending disposal' it would leave us with hundreds / thousands of items in a suspended state while we await contractor collection (which can be monthly / quarterly. Once collected, there would be a large admin task / burden in then changing the status of these items to dead / disposed, effectively doing the admin work twice.<br><br>The current process achieves the correct outcome and satisfactory continuity without the excessive bureaucracy of performing the administration twice.<br><br>Since Niche go live this has been standard force practice without issue or concern. |

|              |  |     |   |    |                 |        |  |  |   |   |
|--------------|--|-----|---|----|-----------------|--------|--|--|---|---|
|              |  |     |   |    |                 |        |  |  | Update from meeting 15 October  | <p>Items are kept in bins, waste bags, disposal cage areas prior to destruction so that they cannot be re-entered onto the system or mistaken for live items.</p> <p>Pend dispose is used as a query filter for items where officers have requested disposal but there may be questions to be answered prior to disposal.</p> <p><b>Committee content to sign off.</b></p>  |
| Craig Myhill |  | 4.2 | <p><b>Policy Review</b><br/>The Evidential Property Policy review should be completed and the updated version reviewed and approved by the relevant body/senior officer.<br/>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.<br/>In addition the various Niche guides should be made available to staff via the intranet.</p> | P2 | October 2020    | Agreed |  |  | <p>August 2020 (J Peatling)</p> <p>Update to meeting 15 October</p>   | <p>Falls under the remit / ownership of Head of Finance and Business Support but due to staff issues this has not been completed.<br/>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.<br/>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> |
| Craig Myhill |  | 4.3 | <p>Training records<br/>A record of staff trained to use Niche should be maintained in order to ensure all relevant staff have received adequate training.</p>  | P2 | End August 2020 | Agreed |  |  | <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.<br/>Property Office staff training has no course provided by the force so it is all 'in-house' training within the teams.<br/>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><b>Complete. To be archived.</b></p>                         |

|  |  |     |  |    |                    |        |  |  |   |  |
|--|--|-----|--|----|--------------------|--------|--|--|---|--|
| Craig Myhill   |  | 4.4 | <b>Insurance</b><br>The Force should assure themselves that they have the correct insurance cover in place for seized property.  | P2 | End September 2020 | Agreed |  |  | August 2020 (J Peatling)<br><br>Update from meeting 15 October. | 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.<br><br><b>Complete. To be archived.</b>   |
| <b>Budget Control and Follow Up 05/20 (4 P2 recommendations)</b> |  |     |  |    |                    |        |  |  |   |  |
|  |  | 4.2 | <b>Financial Handbook</b><br>The Financial Handbook and supporting scheme of delegation should be updated and reviewed on a sufficiently frequent cycle.   | P2 | September 2020     |        |  |  | Update at meeting 15 October                                    | Not Implemented<br>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.<br><br>The CFO provided an email update to all members on 7 <sup>th</sup> 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.<br><br>Mr Dale advised that the review will take place imminently. |
| <b>Data Quality 05/21 (two P2 recommendations)</b>               |  |     |  |    |                    |        |  |  |   |  |
|  |  | 4.3 | 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.<br><br>For the items identified through audit testing, the Niche system should be updated to ensure the system is correctly stated. | P2 | 31 December 2020   |        |  |  |   | Agreed that there are issues with the use of Niche by the Digital Forensic Unit.<br>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.<br>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   |



# JOINT AUDIT RISK ASSURANCE COMMITTEE

|                     |  |
|---------------------|--|
| <b>REPORT TITLE</b> | INTERNAL AUDIT PROGRESS REPORT 2020/21 |
| <b>REPORT BY</b>    | MARK LUNN                              |
| <b>DATE</b>         | 25 MARCH 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:
  - COLLABORATION BUSINESS CONTINUITY
  - CORE FINANCIAL SYSTEMS
  - FINAL INTERNAL AUDIT MEMO

CONTACT FOR ENQUIRIES

|       |                                    |
|-------|------------------------------------|
| Name: | Andrew Dale                        |
| Tel:  | 0300 122 6000                      |
| Email | pccoffice@derbyshire.pnn.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.
- 1.5 There is an opportunity to review the content of the audit plan to ensure it continues to be fit for purpose.







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

Internal Audit Progress Report

Presented to JARAC: 25<sup>th</sup> March 2021

**mazars**

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## *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 20<sup>th</sup> February 2020.

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

Since the last meeting of the JARAC, we have issued three final report in respect of Derbyshire's 20-21 IA Plan these being Victim Support, Core Financials and Payroll. We have also issued the final report for the remaining collaboration audit of business continuity that was part of 2019-20. Further details are provided in Appendix A3.

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 31<sup>st</sup> March 20-21. The field work for the remaining audits of POCA, Project Management & Governance have been completed or due to be completed in March with draft reports soon to follow. Unfortunately, due to the impacts of Covid-19 there will be two audits that are due to be completed in early Q1 of 2021/22 these being in respect of Partnerships and IT Disaster Recovery (which had to be re-scheduled after the scope was requested to be changed).

As noted above audit have finalised the 19-20 Collaboration audit of Business Continuity, which was delayed whilst appropriate management comments were received.

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. Audit can confirm that the fieldwork for the two collaboration audits of Budgetary Control and Workforce Planning has completed during February and early March and draft reports will soon be circulated.

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. Furthermore, at a regional Chief Finance Officer last week it was agreed that the collaboration audit time assigned to the 21/22 plan be more focused and specific than the previous thematic approach. Audit had arranged a meeting with the Collaboration Manager in Lincolnshire to review the self-assessment assurance statements that the collaboration units have completed and to review the information available to draw up an audit plan or 2021/22.

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

## 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.  | 75% (3/4)   |
| 5      | Issue of final report                               | Within 5 working days of agreement of responses.             | 75% (3/4)   |
| 6      | Follow-up of priority one recommendations           | 90% within four months. 100% within six months.              | Achieved    |
| 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% (7/7)  |
| 9      | Customer satisfaction (measured by survey)          | 85% average satisfactory or above                            | -% (0/3)    |

## Performance Continued.

Following discussions with JARAC in regard to performance of the internal audit service please see below further details on each individual assignment:

| Audit              | Date of ToR | Start of Fieldwork | Days' Notice | Exit meeting | Draft Report | Time from Close to Draft Report | Management Comments Received | Time to Receive Comments | Final Report Issued | Time Taken to issue Final |
|--------------------|-------------|--------------------|--------------|--------------|--------------|---------------------------------|------------------------------|--------------------------|---------------------|---------------------------|
| Workforce Planning | 30-Jul-20   | 21-Sep-20          | 53           | 12-Oct-20    | 14-Oct-20    | 2                               | 27-Oct-20                    | 13                       | 27-Oct-20           | 0                         |
| Core Financials    | 14-Oct-20   | 02-Nov-20          | 19           | 18-Nov-20    | 09-Dec-20    | 21                              | 27-Jan-21                    | 49                       | 27-Jan-21           | 0                         |
| Payroll*           | 27-Sep-20   | 12-Oct-20          | 15           | 30-Oct-20    | 30-Oct-20    | 0                               | 10-Dec-20                    | 41                       | 10-Dec-20           | 0                         |
| Victim Support     | 03-Nov-20   | 23-Nov-20          | 20           | 27-Nov-20    | 11-Dec-20    | 14                              | 14-Jan-21                    | 34                       | 21-Jan-21           | 7                         |

\*Payroll is done mainly with Leicester

## A1 Plan overview

| Audit area                        | Fieldwork Date | Draft Report Date | Final Report Date | Target JARAC | Comments                                |
|-----------------------------------|----------------|-------------------|-------------------|--------------|---|
| POCA & Seized Cash                | Feb/Mar 21     |                   |                   | Jun 21       | Draft Report Issued                     |
| Project Management                | Feb/Mar 21     |                   |                   | Jun 21       | Fieldwork completed in February / March |
| 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         |                   |                   | Jun 21       | Fieldwork scheduled for Apr             |
| 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     |                   |                   | Jun 21       | Fieldwork completed in February / March |
| Collaboration: Budget Control     | Feb/Mar 21     |                   |                   | Jun 21       | Fieldwork completed in February / March |
| Collaboration: Workforce Planning | Feb/Mar 21     |                   |                   | Jun 21       | Fieldwork completed in February / March |
| IT: Disaster Recovery             | Apr/May 21     |                   |                   | May/ 2021    | Fieldwork scheduled Apr/May             |

## A2 Reporting Definitions

| Assurance Level              | Control Environment  |
|------------------------------|--|
| <b>Substantial Assurance</b> | There is a sound system of internal control designed to achieve the Organisation's objectives. The control processes tested are being consistently applied.  |
| <b>Adequate Assurance</b>    | 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. |
| <b>Limited Assurance</b>     | 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.   |
| <b>No Assurance</b>          | 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  |
|-------------------------|--|
| <b>1 (Fundamental)</b>  | Recommendations represent fundamental control weaknesses, which expose the Organisation to a high degree of unnecessary risk.  |
| <b>2 (Significant)</b>  | Recommendations represent significant control weaknesses which expose the Organisation to a moderate degree of unnecessary risk.                                     |
| <b>3 (Housekeeping)</b> | 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.



OPCC Derbyshire, Leicestershire, Lincolnshire and Nottinghamshire & OPFCC  
Northamptonshire

Final Internal Audit Report 2019-2020

Collaboration: Business Continuity

March 2021

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- 01 Introduction
  - 02 Background
  - 03 Key Findings
  - 04 Areas for Further Improvement and Action Plan
- Appendices
- A1 Audit Information
  - A2 Statement of Responsibility

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

## Status of our reports

*This report ("Report") was prepared by Mazars LLP at the request of the Office of the Police & Crime Commissioner for Derbyshire, Leicestershire, Lincolnshire and Nottinghamshire, and the Office of the Police, Fire and Crime Commissioner for Northamptonshire 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.*

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## 01 Introduction

As part of the Internal Audit Plans for 2019/20 for the Offices of the Police and Crime Commissioners for Derbyshire, Leicestershire, Lincolnshire, Nottinghamshire and 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 on 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 undertaken 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 processes in place across the region in respect of Business Continuity within a sample of collaboration units agreed by the CFOs – East Midlands Collaborative Human Resource Services Occupational Health Unit (EMCHRS OHU), East Midlands Special Operations Unit Serious Organised Crime Unit (EMSOU-SOC), East Midlands Special Operations – Forensic Services (EMSOU-FS) and East Midlands Criminal Justice Service (EMCJS).

The specific areas that formed part of this review include: roles and responsibilities, policies and procedures, business continuity plans, testing of plans, lessons learned and monitoring.

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.



## 02 Background

The Civil Contingencies Act 2004 places a duty on Police Forces to have a comprehensive framework of risk management and business continuity planning in place.

Business continuity is about building and improving resilience of the organisation through the identification of key activities and building plans to ensure that activities can continue to operate during periods of disruption. Furthermore, the management of business continuity is the process of identifying potential threats to the organisation and putting in place a framework for building resilience with the capability for an effective response.

Each Force has a Business Continuity Policy, which outlines the aims, scope and governance of business continuity management, including key roles and responsibilities within the Force. Moreover, each Force has a dedicated resource, the specific roles vary across the Forces, who manage Business Continuity. The Four Collaboration Units that were visited as part of this audit vary in their structure, size and staffing and as such the approach to Business Continuity differed accordingly.

### EMSOU

This is the largest of the regional collaboration units and its structure consists of a mix of standalone sites, used solely for EMSOU, and co-habiting in some Force sites as well. It is made up of a number of units including Serious Organised Crime and Forensics Services. The unit has a small team of support staff including a Head of Finance & Corporate Services; however, it does not have a dedicated role for business continuity. At the time of the audit visit the SOC unit, alongside others, were in the process of rewriting their business continuity plans with support from the business continuity manager at Nottinghamshire Police. The Forensics Unit, whilst it reports under the EMSOU structure, has a dedicated Quality Manager as the unit has to seek accreditation for the work that it carries out, as part of this it includes Business

Continuity Plans. The EMSOU governance structure includes a Risk, Assurance & Compliance Meeting where business continuity is overseen.

#### EMCHRS OHU





This is one of the smallest units in terms of staffing and the structure of the unit includes offices within Force sites. It has a small management team and therefore relies on the business continuity managers at the Force to provide support with their business continuity plans.

#### EMCJS

The EMCJS structure covers four out of the five Forces in the region (Derbyshire being the one not included) and the structure of the unit is embedded with the four Forces' estates. The business support team within EMCJS review the custody and prosecution plans that are owned by each of the Forces within the collaboration unit.

## 03 Key Findings

### Assurance on adequacy and effectiveness of internal controls

|            |  |
|------------|--|
| EMSOU SOC  |  <b>Limited Assurance</b>       |
| EMSOU FS   |  <b>Satisfactory Assurance</b>  |
| EMCHRS OHU |  <b>Satisfactory Assurance</b>  |
| EMCJS      |  <b>Satisfactory Assurance</b> |

### Examples of areas where controls are operating reliably

#### EMSOU SOC

- The EMSOU Unit has a Risk, Assurance and Compliance forum that oversees Business Continuity. The Nottinghamshire BC

Manager attends this forum to provide support for the unit.

#### EMSOU FS

- The unit manages business continuity through its Quality Manager and has a Quality Manual that refers to BC Plans. The quality manual is reviewed and updated annually.
- The unit maintains a single business continuity plan for the entire unit, and it was confirmed that this plan was up to date.
- In line with the accreditation requirements of the unit, EMSOU FS are required to maintain an adequate BC plan and this has been confirmed as part of their accreditation.
- Testing of the BC plan has taken place in the last twelve months with a full power down of systems that effected the unit.

#### EMCHRS OHU

- The unit maintains a single business continuity plan for the entire unit and the format is aligned to Leicestershire Police.
- The OHU BC Plan has been reviewed and updated at the end of 2019.
- An unplanned event had occurred during the year where the BC plan had to be implemented. Discussions were held following this to review how the event had been handled and the BC plan was updated to reflect this.

#### EMCJS

- The unit centrally co-ordinates Business Continuity Plans on behalf of each Force across Custody and Prosecutions.
- For a sample of plans review it was confirmed that these were all up to date.
- The Head of Unit quarterly report to the Strategic Board includes

an update on Business Continuity issues.

| Priority         | Number of recommendations |
|------------------|---------------------------|
| 1 (Fundamental)  | -                         |
| 2 (Significant)  | 3                         |
| 3 (Housekeeping) | 4                         |
| <b>TOTAL</b>     | <b>7</b>                  |

### Risk Management

While there is a basically sound system of internal control, there are weaknesses which put some of the Organisation's objectives at risk.

Each Collaboration Unit has a different approach assigning responsibility for business continuity within the unit and it was noted at both EMSOU SOC and EMCHRS OHU that there was a lack of clarity on where responsibility for Business Continuity lies.

At the time of audit, all business continuity plans at EMSOU were under review, as they had not been updated for some time. There is a risk that the unit could not continue effectively should an unplanned event occur and inadequate plans are in place. To ensure plans remain effective they should be regularly reviewed and updated.

To ensure business continuity plans are adequate and effective they should be subject to regular testing so that any errors or inconsistencies within the plans are corrected and improvements can be made. Therefore, all collaboration unit plans should have test plans put in place to ensure the BC plans are regularly scrutinised.

The collaboration unit does not have a dedicated business continuity officer or manager like each Force in the region does, however there is a regional business continuity manager meeting where they meet to share best practice, lessons learned and carry out horizon scanning. It was noted that not all units were aware of this group and therefore there is an opportunity for all units to engage with this group.

At EHCHRS OHU, the Management Board oversees business continuity. However, it was noted from a review of the Board agenda that this was not a standing addenda item. To ensure there is effective oversight of business continuity it should be on the agenda for regular discussion.

### 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 recommendations detailed in Section 04 below seek to address weaknesses in the control environment but also to improve the efficiency and effectiveness of the existing control environment.

One area that the BC Managers of each Force might consider is whether a consistent format of BC Plan could be adopted by all Forces in the region, which would allow for efficiency when completing the collaboration BC plans. Moreover, it would assist in comparing and reviewing areas of BC plans that place reliance on other areas/Forces.

Audit recognises that the Covid-19 Pandemic has brought business continuity to the forefront as all organisations have had to adapt to the unprecedented circumstances that have been faced. An inherent risk when such instances occur is that when organisations return to a normal state the lessons learned from the incident are not reviewed considered and then embedded into future plans. Audit have therefore raised a recommendation advocating that collaboration units take the opportunity to review the successes and failures of their business continuity actions once they have returned to a normal state of operation.

### Sector Comparison

From 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.

Business continuity is fundamental to public sector organisations in delivering their statutory requirements and it is therefore important that public sector organisations have effective business continuity functions in place. Comparisons between the collaboration units that were included within this review have been drawn throughout this audit report.



## 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.

It should be noted that the fieldwork was carried out between January and March 2020, during this time audit were provided with evidence that steps were being taken by the Forces and the Collaboration units to prepare for the impacts of the Covid-19 Pandemic. Following further discussions with EMSOU, audit was advised that their business continuity response included attendance at Force Gold Groups and a dedicated Silver Command Group to ensure that the risks that the pandemic presented were managed. Moreover, communications were carried out regularly and the SLT carried out analysis on the critical functions that EMSOU would maintain in the event that their staff numbers would be severely depleted. Audit were also informed that a lessons learned database was being maintained throughout the response to ensure that these are considered when reviewing future arrangements.

However, for clarity this report should be considered firstly as a snapshot of the controls and processes that were in place at the time of audit visit and prior to the impacts of the pandemic materialising and secondly as an opportunity to improve the control environment around business continuity in the future.

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/<br>responsibility           |
|-----|---|---|----------|--|--|
| 4.1 | <p><u>Roles &amp; Responsibilities</u></p> <p><i>Observation:</i> At each of the Forces in the region, a Business Continuity Policy sets out the Force's approach to BCM and documents the roles and responsibilities for business continuity.</p> <p>The collaboration units that audit visited for this review found that policies and procedures for</p> | <p>The EMSOU SOC &amp; EMCHRS OHU should formally document where responsibility for business continuity lies within the unit.</p> <p>The Collaboration Units should consider adopting their own business continuity policy that align</p> | 2        | <p>EMSOU:</p> <p>The Business Continuity Policy has been written and approved by Notts BC Manager. It will now be added to EMSOU Policy register and regularly reviewed.</p> | <p>COMPLETED</p> <p>Muhammad Patel</p> |

|     | Observation/Risk   | Recommendation   | Priority | Management response  | Timescale/<br>responsibility              |
|-----|--|--|----------|--|---|
|     | <p>business continuity were not in place, (either a separate policy or adopting one of the Forces).<br/>Therefore, in some instances (EMSOU SOC &amp; EMCHRS OHU, it was not clearly stated who has responsibility for business continuity.<br/>Risk: Lack of ownership and oversight of Business Continuity.<br/>Business Continuity Plans are not properly maintained and are therefore ineffective during an adverse event.</p>   | <p>to the Forces in the region and including the roles and responsibilities within this. Alternatively, they could adopt a Force Policy and amend the responsibilities for the unit.</p>   |          | <p>OHU:<br/>The plan owner and plan manager are specified within the OH BC Plan. These are the ACO with OH in their portfolio and the Head of OH.</p>  | <p>COMPLETED<br/><br/>Julie Feechan</p>   |
| 4.2 | <p><u>Business Continuity Plans - EMSOU</u><br/><i>Observation:</i> At the time of the audit visit, discussion with staff at EMSOU confirmed that they were in the process of reviewing and updating all of the BC Plans because it had been identified that they were outdated.<br/>The Unit does have a governance forum that oversees Business Continuity and therefore this forum should be kept up to date with the status of the BC plans across the unit moving forward.<br/>Risk: Business Continuity Plans are not fit for purpose.</p> | <p>EMSOU should ensure that BC Plans across the unit are in place and up to date.<br/>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 &amp; Compliance Meeting are provided with oversight to ensure that the review and updates take place.</p> | 2        | <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>April 2021<br/><br/>Muhammad Patel</p> |


|     | Observation/Risk   | Recommendation   | Priority | Management response   | Timescale/<br>responsibility            |
|-----|--|--|----------|---|---|
|     | Business Continuity Plans are not properly maintained and are therefore ineffective during an adverse event.   |  |          |   |   |
| 4.3 | <p><u>Business Continuity annual testing/exercises</u></p> <p><i>Observation:</i> The aims of testing business continuity plans is to ensure that in the event they need to be activated they are effective and are able to restore critical function as quickly as possible.</p> <p>Form our previous reviews of business continuity at each Force in the region we note all have some form of BC Plan testing in place.</p> <p>Audit noted that at EMSOU SOC and EMCHRS OHU there were no planned tests of business continuity plans. For the Force owned EMCJS plans it was unclear if business support would carry out testing or the Forces' BC Managers.</p> <p><i>Risk:</i> Where business continuity plans are not subject to appropriate testing, they maybe not up to date or fit for purpose.</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.</p> <p>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> | 2        | <p>EMSOU:</p> <p>We intend to introduce BC testing once our plans have been updated. The EMSOU Support Manager will coordinate the testing for EMSOU SOC in consultation with Notts Police.</p> <p>The frequency of testing will also be consistent with Notts police</p> <p>Discussions are ongoing about the best form for a test to take. It is hoped to carry this out within a few weeks</p> | <p>April 2021</p> <p>Muhammad Patel</p> |

|  | Observation/Risk  | Recommendation | Priority | Management response  | Timescale/<br>responsibility  |
|--|---|----------------|----------|--|---|
|  | Business Continuity Plans are not properly maintained and are therefore ineffective during an adverse event |                |          | <p>EMCJS:</p> <p>A review of business continuity, including who is responsible for the testing of it and the frequency required forms part of the 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>April 21</p> <p>Mark Harrison</p>                                |
|  |   |                |          | <p>OHU</p> <p>The plans are reviewed regularly and at that time an assessment is made as to whether they remain fit for purpose. This is validated at 03 findings within the report. Whilst it is understood that there is a need for regular testing, the BC arrangements are constantly tested within OH due to real life occurrences. This has included the global shortage of Hep B Vaccine, and a flood at Northants clinic that necessitated using alternative accommodation. A tabletop exercise took place in March 20 to plan for the various scenarios surrounding Covid 19, this was an adapted version of the NPCC Covid 19 exercise (adapted to make it OH specific).</p> | <p>COMPLETED</p> <p>(Nov 21 review is BAU)</p> <p>Julie Feechan</p> |

|     | Observation/Risk  | Recommendation  | Priority | Management response   | Timescale/<br>responsibility                             |
|-----|---|---|----------|---|--|
|     |   |   |          | A further BC exercise will be undertaken late 21  |  |
| 4.4 | <p><u>Business Continuity Support</u></p> <p><i>Observation:</i> The Business Continuity Mangers at the five Forces in the region hold a quarterly meeting where they meet to discuss emerging issues and areas of best practice. It was noted from discussions at the collaboration units that we visited, that not all of them were aware of or had been invited to this meeting.</p> <p>This managers meeting is a useful forum to provide support and guidance to staff with business continuity responsibilities at the collaboration units, therefore the collaboration units should attend where possible.</p> <p><i>Risk:</i> Staff with business continuity responsibility are not provided with support in carrying out their duties.</p> | <p>All of the regional collaboration units should be invited to attend or dial in to, the Regional East Midlands Business Continuity Meeting.</p> <p>The collaboration units should ensure they are represented at this meeting to ensure their Business Continuity approaches are aligned with the Forces and other units in the region.</p> | 3        | <p>EMSOU</p> <p>The EMSOU Support Manager has asked that she is invited to this meeting to represent EMSOU SOC. We are now been added to the invite list for this meeting</p> | COMPLETED  |
|     |   |   |          | <p>EMCJS:</p> <p>Samantha Lilley-Brown is already invited to and attends the regional East Midlands Business Continuity Meeting and this is part of an ongoing practice.</p>  | <p>Samantha Lilley-Brown (ongoing).</p> <p>COMPLETED</p> |
|     |   |   |          | <p>OHU:</p> <p>Andrew Burton BC Manager Notts Police has been contacted and informed of this recommendation and asked to invite OH to all future meetings</p>                 | <p>Julie Feechan</p> <p>COMPLETED</p>                    |

|     | Observation/Risk  | Recommendation  | Priority | Management response  | Timescale/<br>responsibility    |
|-----|---|---|----------|--|---------------------------------|
| 4.5 | <p><u>Monitoring &amp; Oversight of Business Continuity</u></p> <p><i>Observation:</i> At EMCHRS OHU audit noted that Business Continuity was not a standing agenda item at the Management Board Meeting. Whilst it was reported and discussed when an unplanned incident occurred, to ensure it is regularly reviewed it should remain a standing item.</p> <p><i>Risk:</i> Lack of management oversight of business continuity and therefore the unit is unprepared for unplanned events.</p>   | EMCHRS OHU should ensure Business Continuity remains a standing agenda item at the Management Board Meeting.  | 3        | OHU:<br><br>This has been added to the EMCHRS OHU Board Meeting Agenda | Julie Feechan<br><br>COMPLETED  |
| 4.6 | <p><u>Lessons Learned</u></p> <p><i>Observation:</i> All Forces and the Collaboration Units have faced the challenge of business continuance through the ongoing Covid-19 pandemic. Whilst each Force and Collaboration Unit will have increased scrutiny on its business continuity plans during such times, as the organisations move back to a normal operating state there is an inherent risk that lessons learned are not considered.</p> <p>There is no indication to audit that this will not take place, however, to ensure it remains a</p> | At the appropriate time each collaboration unit should carry out a review of the business continuity actions taken during the Covid-19 Pandemic and ensure all business continuity plans are updated to reflect the findings from the review. | 3        | EMSOU:<br><br>Covid lessons are captured in the revised plans          | COMPLETED<br><br>Muhammad Patel |

|  | Observation/Risk   | Recommendation | Priority | Management response   | Timescale/<br>responsibility          |
|--|--|----------------|----------|---|---------------------------------------|
|  | <p>consideration audit have raised it as a recommendation.</p> <p><i>Risk:</i> Lessons learned during the covid-19 pandemic are not reviewed therefore opportunities to improve are missed and failures that occurred could be repeated.</p> |                |          | <p>EMCJS:</p> <p>A review of business continuity, including the impact of Covid-19 is being undertaken as part of the wider EMCJS review which is being undertaken as detailed in 4.3.</p>  | <p>April 21</p> <p>Mark Harrison</p>  |
|  |  |                |          | <p>OHU:</p> <p>The BC actions are discussed regularly within the SLT and changes and updates are sent to Forces via the DCC's meeting and Regional Heads of HR Meetings. The interim changes that have been made involve changes in working practices that are Covid Specific, e.g. the wearing of PPE and maximum occupancy in offices. Other more disruptive changes have been governed by NPCC guidance, these have included appointing individuals to become Police Officers with clinical biometrics being performed at a later date. Such</p> | <p>COMPLETED</p> <p>Julie Feechan</p> |

|     | Observation/Risk   | Recommendation   | Priority | Management response  | Timescale/<br>responsibility           |
|-----|--|--|----------|--|--|
|     |  |  |          | changes are specific to this respiratory pandemic and would not therefore be updated in the business plan. However, information relating to the temporary changes made and any lessons learned will be kept with the BC Plan. This may be as an appendix (to be confirmed at the January 21 board meeting).                                    |  |
| 4.7 | <p><u>Future Considerations</u></p> <p><i>Observation:</i> The approach taken for business continuity differs at each collaboration unit and these seems reasonable given they differ in size, structure and resources.</p> <p>However, the Covid-19 pandemic has led to a focus on the potential wide scale loss of staffing and each unit should ensure they have a plan in place should this impact upon them. Both in terms of their staff but also in the event Forces would request collaboration unit staff be returned to home Forces’.</p> <p><i>Risk:</i> The Collaboration Units are unable to maintain its critical operations</p> | Each Collaboration Unit should consider having its own business continuity plan that covers loss of staff. | 3        | <p>EMSOU:</p> <p>Loss of staff form part of our revised BC plans.</p> <p>The plan below highlights the Network Critical Capabilities in ROCU's and the considerations before staff are returned to forces.</p> <p><br/>Appendix H - National Business C</p> | <p>COMPLETED</p> <p>Muhammad Patel</p> |



|  | Observation/Risk | Recommendation | Priority | Management response  | Timescale/<br>responsibility         |
|--|------------------|----------------|----------|--|--------------------------------------|
|  |                  |                |          |  |                                      |
|  |                  |                |          | <p>EMCJS:</p> <p>A review of business continuity is being undertaken as part of the wider EMCJS review which is being undertaken (detailed in 4.3). This will include the impact on the collaboration unit of the loss of staff.</p> | <p>April 21</p> <p>Mark Harrison</p> |

|  | Observation/Risk | Recommendation | Priority | Management response   | Timescale/<br>responsibility |
|--|------------------|----------------|----------|---|------------------------------|
|  |                  |                |          | <p>OHU:</p> <p>The OHU plan considers this aspect and specifies that the work would be moved around the region should there be the capacity and if this is not an option the service delivery has been prioritised and would incrementally shut down.</p> |                              |

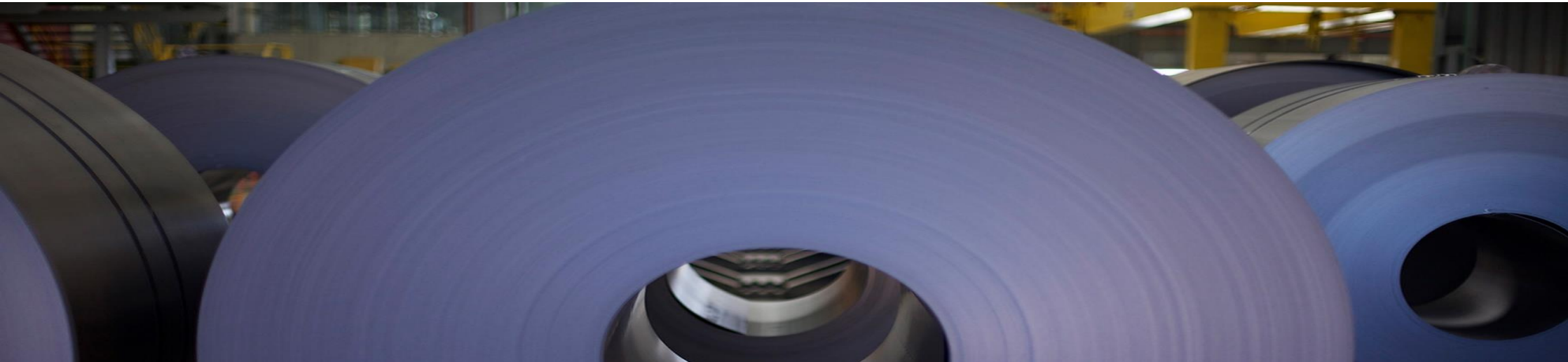
| Audit Control Schedule         |  |
|--------------------------------|--|
| Primary Sponsors:              | <p>Chief Finance Officers:</p> <p>Mark Kimberley – Nottinghamshire Police</p> <p>Julie Flint – Lincolnshire OPCC</p> <p>Sharon Clarke – Lincolnshire Police</p> <p>Andrew Dale - Derbyshire OPCC (LEAD)</p> <p>Simon Allsop – Derbyshire Police</p> <p>Charlie Radford – Nottinghamshire OPCC</p> <p>Helen King – Northamptonshire OPCC &amp; Police</p> <p>Paul Dawkins – Leicestershire OPCC &amp; Police</p> <p>Chief Officer</p> <p>DCC Chris Haward</p> |
| Client contacts:               | <p>Dave Kirby, Head of EMSOU</p> <p>Julie Feechan, Head of OHU</p> <p>Mark Harrison, Head of EMCJS</p> <p>Andrew Price, Head of EMSOU FS</p>   |
| Internal Audit Team:           | <p>David Hoose, Partner</p> <p>Mark Lunn, Audit Manager</p>  |
| Draft report issued:           | 19th May 2020  |
| Management responses received: | 11th March 2021  |
| Final report issued:           | 11th March 2021  |

## A1 Audit Information

| Sector Comparison  |
|--|
| <p>Our audit considered the risks relating to the following areas under review:</p> <p><u>Roles and Responsibilities</u></p> <p>Roles and responsibilities in respect of Business Continuity across the unit are clearly defined, with officers and staff having a full understanding and accountability for associated processes.</p> <p><u>Policies and Procedures</u></p> <p>Effective policies and procedures are maintained and regularly reviewed to ensure a consistent and effective approach to Business Continuity is applied across the unit.</p> <p>There is clear identification of critical functions within the unit.</p> <p><u>Plans</u></p> <p>There are effective Business Continuity Plans to ensure that incidents are effectively escalated, and emergency action is mobilised where required.</p> <p><u>Business Continuity Test Plans</u></p> <p>The Business Continuity Plans are subject to regular testing to ensure they remain fit for purpose</p> <p><u>Continuous Improvement and Lessons Learnt</u></p> <p>The delivery of testing plans, associated outcomes and unplanned events is monitored with systems embedded to drive continuous improvement and lessons learnt. Where issues are identified these are appropriately escalated.</p> <p><u>Monitoring and Reporting</u></p> <p>There is regular monitoring and reporting of business continuity processes and there is opportunity for effective challenge and scrutiny.</p> <p>The objectives of our audit were to evaluate the adequacy and effectiveness of the management of Business Continuity 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</p> |

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 Derbyshire Business Continuity system 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.



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

**Final Internal Audit Report**  
**Core Financial Systems**  
**January 2021**

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## 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 the Core Financial Systems.

The specific areas that formed part of this review included: General Ledger, Cash, Bank & Treasury Management, Payments & Creditors and Income & Debtors. The Payroll element of Derbyshire's Core Financial Systems is covered in a separate audit and is reported on separately.

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 majority of the scope was covered, but physical cash and cheque handling on site was unable to be 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

The administration and management of the core financial function is the responsibility of the Finance and Business Services directorate who are based at the Police Headquarters in Ripley, with the operation being overseen by the Joint Director of Finance and Business

Services. The Corporate Finance Manager oversees the specific areas covered by this audit, with the Finance Support Team dealing with day to day processing operations.

Derbyshire Police use the Agresso finance system to manage their General Ledger. The system is modular in nature, with access levels and permitted user controls embedded within the system. Access to the system is maintained by several system administrators within the Finance and Business Support Team.

The management of the ledger is overseen by the Corporate Finance Manager, with operational input by the Finance Support Team and budget control carried out by Operational Management Accountants.

The management of cash and cheques received at headquarters is carried out daily, with preparation of banking and delivery of monies to the bank completed. A safe is held in the office and a driver is called upon to accompany finance staff to transport funds to the bank. A manual cash receipts book and overall cashbook is maintained, updated and reconciled to the bank statements and the general ledger.


The Senior Operational Management Accountant ensures that funds held by the Force are controlled and maximised to assist the Force in meeting its organisational and statutory objectives. An annual Treasury Management & Investment Strategy is approved by the Strategic Priorities Assurance Board (SPA) and the Senior Operational Management Accountant carries out the strategy with oversight from the Corporate Finance Manager. A Borrowing Strategy is also in place; although borrowing is infrequent, with the latest borrowing being £10m taken out in March 2020.

The Finance Support Team administers the payment of suppliers through the processing of requests from other departments that are processed on the Agresso system. They are also responsible for managing the supplier standing data, including setting up new suppliers and amending existing ones.

The team also raise invoices to debtors based on the information provided by departments. If debtors fail to pay within the allotted payment period, the Finance Support Team also carry out the agreed debt recovery process, which includes reminder letters, before being passed to Legal for consideration of any legal action to recover outstanding debts.

Audit last completed a review of Core Financials at Derbyshire in February 2020, where a significant level of assurance was provided, with one housekeeping priority recommendation raised. This recommendation that was raised in the last audit has been reviewed, with details of the finding noted in both the **risk management** section and section 4 of the report.

### 03. Key Findings

| Assurance on adequacy and effectiveness of internal controls                      |                              |
|---|------------------------------|
|  | <b>Significant Assurance</b> |

| Area Assurance on adequacy and effectiveness of internal controls |                     |
|---|---------------------|
| General Ledger  | <b>Satisfactory</b> |
| Cash, Bank & Treasury Management                                  | <b>Significant</b>  |
| Payments & Creditors  | <b>Significant</b>  |
| Income & Debtors  | <b>Significant</b>  |

#### Examples of areas where controls are operating reliably

- The General Ledger is regularly and independently reconciled, with unbalanced items investigated;
- Banking transactions are accounted for correctly, with appropriate cross checking of manual records, bank statements and the Agresso Financial system;
- Cashflow information is prepared daily to assist the decision-making process for investments undertaken by the Force;
- Investments are made with approved counterparties and up to agreed limits for individual investments and total investments per counterparty type;
- A robust bank reconciliation process is in place to ensure all items are accounted for;
- Invoice payments are made when appropriate authorisation has been obtained to proceed;
- BACS processing and Cheque payments are undertaken with appropriate segregation of duties between processors and authorisers;
- Robust processors are in place for raising debtor invoices and chasing payments when they fall overdue; and,
- Debt collection actions are undertaken in a timely manner, in line with the Debt Collection Policy and write offs are reviewed and authorised before being processed.

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

## Risk Management

While there is a basically sound system of internal control, there are weaknesses which put some of the Organisation's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.

We noted during our audit that the Force's Financial Handbook has not been recently reviewed or updated, with the current version appearing to be from 2012. Discussions with management identified that the publishing of an updated Financial Handbook was scheduled for 30 September 2020 following a recommendation from last year's Internal Audit Plan (Budgetary Control and Follow Up – May 2020). Due to the Coronavirus (COVID-19) global pandemic, this deadline has been delayed due to other competing demands and a Financial Handbook Review was taken to JARAC on 27 November 2020. However, the Force should ensure that the Financial Regulations are reviewed and updated at the earliest possibility.

In our testing, we have reviewed the list of employees who have left the Force against users with access to Agresso. Through this we identified 24 users with active status Agresso accounts who were also

identified as having left the Force. We have noted mitigating controls for user access, specifically physical access is required to access the Force's network, users are required to use a Force IT asset (i.e. laptop or desktop computer) to access Agresso Services and a live Active Directory profile is required to log on to the Force's IT assets and access Agresso services. However, the number of users and the presence of users with privileged access demonstrates the controls are not being consistently applied. Therefore, the Force should ensure that removals are enforced in a timely manner (**Recommendation 4.1**).

During our testing, we reviewed the suspense balances to 28 November 2020 and identified balances relating to April, July and September 2020. As the Force carries out daily checks on the suspense accounts and period end reviews, it seems reasonable that these 'Long Term' balances should have been cleared earlier.

While we have now been provided with evidence that shows that management have reviewed these balances and taken appropriate action, it has still not been carried out in a timely manner (with balances from April, July and September reviewed in November). Therefore, the Force should remind management of the importance of reviewing suspense accounts to identify, investigate and reallocate balances in a timely manner (**Recommendation 4.2**).

In the 2019/20 audit of Core Financial Systems one recommendation was raised in relation to the retention of supporting documentation when amending debtor accounts. During this audit we have noted an instance where this has occurred again, alongside other issues regarding the accuracy of debtor transactions (opening, amending, invoicing and credit notes).

In this instance, one amendment of a debtor file has been agreed to the supporting documentation provided for the opening of the debtor account. However, it remains unclear why the reviewed amendment took place or what the amendment was. In discussions with management it was suggested this was due to a “double save”, where an amendment is made and the file is saved twice, recording as two distinct amendment events in the audit trail.

Our testing also found additional issues regarding discrepancies between details submitted to raise debtor invoices and the invoice raised; and, an instance where a debtor invoice was raised in error instead of a creditor invoice.

Therefore, a recommendation has been raised for management to remind staff of the importance of accurately raising transactions and to ensure that actions are appropriately supported, either by attaching documentation or notes explaining the action (**Recommendation 4.3**).

### 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 while staff have been working from home due to Covid-19, there has been some impact on the efficiency in completion of some key tasks (i.e. suspense account review, removal of leaver Agresso accounts, etc.), as referenced within the Risk Management section of the report. In the longer term, to ensure that value for money is delivered and there is greater efficiency in the processing of tasks, consideration should be made to how these tasks can be scheduled, completed and monitored remotely to ensure compliance.

### 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.

Per the audit work completed, Derbyshire have an overall strong control framework, suitable in managing the risks associated with key financial controls.

## 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/<br>responsibility                      |
|-----|---|--|----------|--|---|
| 4.1 | <p><b>Agresso user access</b></p> <p><i>Observation:</i> When a staff member leaves the organisation, HR adds them to a report of employees leaving from 2 weeks before their leaving date. Finance review this report at least weekly, so the administrators for the Agresso system can remove the users' access.</p> <p>In our testing, we have reviewed the list of employees who have left the Force against users with access to Agresso. Through this we identified 24 users with active status Agresso accounts who were also identified as having left the Force.</p> <p>While there are mitigating controls for user access, specifically physical access required to access the Force's network and Active Directory access required to access Agresso services, the number of users and the presence of users with privileged access demonstrates the controls are not being consistently applied.</p> | <p>The Force should ensure that access for leaving Agresso users is removed in a timely manner, especially those with privileged access and/or approval roles.</p> | 3        | <p>None of the users identified have accessed the Agresso system since they left as their access would have been removed from the network. Agresso accounts are normally closed once the payroll has been run – this is to allow for any legacy payments to be processed. However, the User accounts and Payroll accounts are separate, so we can in fact close the Agresso User</p> | <p>January 2021<br/>Corporate Finance Manager</p> |

|     | Observation/Risk  | Recommendation  | Priority | Management response  | Timescale/<br>responsibility  |
|-----|---|---|----------|--|---|
|     | <p>Therefore, the Force should ensure that removals are enforced in a timely manner.</p> <p>Additionally, user access controls have been raised in previous reviews regarding Core Financials.</p> <p><i>Potential Risk:</i> Unauthorised system access and unauthorised amendments to data.</p>  |   |          | <p>accounts straight away, which will reduce the time the account is left open.</p> <p><b>An update has been sent out to staff to remove Agresso users in a timely manner.</b></p>   |   |
| 4.2 | <p><b>Timely review and clearance of suspense accounts</b></p> <p><i>Observation:</i> The Finance Support Team carries out daily checks on the suspense accounts to ensure any postings are identified, investigated and reallocated in a timely manner. This is generally through discussions with budget holders to identify appropriate coding of transactions. Suspense accounts are also reviewed as part of the period end reconciliations.</p> <p>However, testing of the suspense balances to 28 November 2020 identified balances relating to April, July and September 2020.</p> <p>Discussion with management confirmed that there had been delays in responses from</p> | <p>The Force should remind the Finance Support team of the importance of reviewing suspense accounts to identify, investigate and reallocate balances in a timely manner.</p> | 3        | <p>We do avoid posting to suspense wherever possible and investigate missing paperwork and unidentified cash book items quickly, sometime this is not always in our control and payments are returned. Our process is to review items within suspense regularly and monthly reports from Agresso are detailed and saved, we do attempt to clear all outstanding items from suspense when</p> | <p>January 2021</p> <p>Claire Widdowson<br/>Finance Support<br/>Manager</p> |

|     | Observation/Risk   | Recommendation   | Priority | Management response   | Timescale/<br>responsibility   |
|-----|--|--|----------|---|--|
|     | <p>budget holders due to COVID-19, which meant that these transactions had not been reallocated in a timely manner.</p> <p>During the audit visit we were provided with evidence that confirmed that management have now reviewed these balances and taken appropriate action.</p> <p><i>Potential Risk:</i> Accounting transactions are not accurately posted to the general ledger in a timely manner.</p>   |  |          | <p>approaching year end where possible.</p> <p><b>A discussion with the staff involved with this process has taken place followed by an email to ensure unidentified items are not held longer than necessary in future.</b></p>  |  |
| 4.3 | <p><b>Accuracy of Debtor entries and amendments</b></p> <p><i>Observation:</i> When a debtor is required, the relevant service department submits an authorised form to the Finance Support Team outlining the details of the debtor to be opened and the invoice/credit note details. Debtors can also be raised by customer purchase orders received by the Finance Support Team, which are authorised by budget holders. In both cases, the supporting documentation should be retained on Agresso.</p> | <p>The Force should remind staff of the importance of accurately raising transactions and to ensure that actions are appropriately supported, either by attaching documentation or notes explaining the action</p> | 3        | <p>Three issues were raised by audit –</p> <p>1. An invoice which was raised for a £1 more than requested, this was an oversight and has been highlighted to the staff member, a follow up email to the team requesting we double check values before posting on Agresso has been done.</p> | <p>January 2021</p> <p>Claire Widdowson</p> <p>Finance Support Manager</p> |



|  | Observation/Risk  | Recommendation | Priority | Management response  | Timescale/<br>responsibility |
|--|---|----------------|----------|--|------------------------------|
|  | <p>Changes in details are rare, usually relating to name changes or changes of address. These are usually submitted by the debtor directly and can be forwarded from the service department.</p> <p>In our testing of Debtors transactions (opening, amendment and invoicing), we have found:</p> <ul style="list-style-type: none"> <li>An invoice raised where the value was £1 greater than the details submitted to the Finance Support Team, with no explanation or supporting documentation for the difference provided within Agresso.</li> <li>A debtor invoice raised in error due to the incorrect document type being selected on the form submitted by the service department.</li> <li>An amendment to a debtor file where no supporting documentation has been retained. Management have indicated that this may be a “double save” event, where the file is saved twice creating two distinct amendment events in the audit trail.</li> </ul> <p>In all of these instances, it is expected that actions are appropriately supported, either by</p> |                |          | <p>2. An invoice was raised to a customer but a valid form 232 was received by us, the invoice was later credited due to being requested in error. Finance Support have no control over an incorrect request and can only credit the invoice if an error is identified, it is a rare occurrence as departments are usually very efficient.</p> <p>3. Amendments to debtor master file records are always documented with attachments to the file record and a ‘double click’ of a key when</p> |                              |

|  | Observation/Risk   | Recommendation | Priority | Management response  | Timescale/<br>responsibility |
|--|--|----------------|----------|--|------------------------------|
|  | <p>attaching documentation or notes explaining the action, however no supporting documentation was retained.</p> <p><i>Potential Risks:</i> Incorrect debtor details are used so the Force are unable to collect income due.</p> <p>Debtor invoices and are incorrectly processed.</p> <p>Credit notes are raised against debtors incorrectly.</p> |                |          | <p>saving is sometimes unavoidable.</p> <p><b>All items raised by audit have been discussed with the team, followed by an email to ensure we address all concerns.</b></p> |                              |

## A1 Audit Information

| Audit Control Schedule                |   |
|---------------------------------------|---|
| <b>Client contacts:</b>               | Andrew Dale, OPCC Chief Finance Officer<br>Simon Allsop, Joint Director of Finance and Business Services<br>Julie Cook, Corporate Finance Manager |
| <b>Internal Audit Team:</b>           | David Hoose, Partner<br>Mark Lunn, Internal Audit Manager<br>Alexander Campbell, Senior Internal Auditor<br>Connor Wood, Internal Auditor         |
| <b>Finish on Site / Exit Meeting:</b> | 18 <sup>th</sup> November 2020  |
| <b>Draft report issued:</b>           | 9 <sup>th</sup> December 2020   |
| <b>Management responses received:</b> | 29 <sup>th</sup> January 2021   |
| <b>Final report issued:</b>           | 29 <sup>th</sup> January 2021   |

## Scope and Objectives

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

- Clearly defined policies and/or procedures are not in place resulting in ineffective and inefficient working practices;
- Systems and data entry restrictions are not in place which could lead to inappropriate access to the systems and data;
- There are errors in accounting transactions posted on the General Ledger resulting in inaccurate financial information;
- Inaccurate cashflow information regarding investments and borrowings is produced which could result in inappropriate levels of cash held within the Force;
- The purchasing process is not complied with by staff which could lead to fraudulent transactions that go undetected; and,
- An ineffective debt management process is in place which could lead to irrecoverable income and inappropriate written off debt.

In reviewing the above risks, our audit considered the following areas:

- General Ledger;
- Cash, Bank and Treasury Management;
- Payments and Creditors; and,
- Income and Debtors.

The objectives of our audit were to evaluate the adequacy and effectiveness of the Core Financial 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 Core Financial Systems 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.



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

**Final Internal Audit Memo**  
**. Payroll 2020/21**

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| David Hoose, Partner   | 27 |
| Mark Lunn, Audit Manager   | 27 |
| Draft report issued:   | 27 |
| 19th May 2020  | 27 |
| Management responses received:   | 27 |
| 11th March 2021  | 27 |
| Final report issued:   | 27 |
| 11th March 2021  | 27 |
| Our audit considered the risks relating to the following areas under review:   | 27 |
| <i>Roles and Responsibilities</i>  | 27 |
| Roles and responsibilities in respect of Business Continuity across the unit are clearly defined, with officers and staff having a full understanding and accountability for associated processes. | 27 |
| <i>Policies and Procedures</i>   | 27 |
| Effective policies and procedures are maintained and regularly reviewed to ensure a consistent and effective approach to Business Continuity is applied across the unit.                           | 27 |
| There is clear identification of critical functions within the unit.   | 27 |
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| There are effective Business Continuity Plans to ensure that incidents are effectively escalated, and  |    |

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## 1. Introduction

In line with the approved 2020/21 Internal Audit Plan for the Office of the Police & Crime Commissioner for Derbyshire and Derbyshire Police, Internal Audit have carried out an audit of the Payroll function to review the effectiveness of the internal controls in operation. There is a joint working arrangement between Derbyshire Police and Leicestershire Police for the administration of the Payroll function and, as such, Mazars carried out work with both organisations as part of the audit.

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.

A separate audit is to be completed on the payroll provider, Kier Services, later in the current financial year. This audit will include contact with the Kier offices in Lincolnshire, where they have a team who maintain the payroll system for Leicestershire and Derbyshire Police.

## 2. Background

The Leicestershire Payroll Team have responsibility for the input of data into the Payroll system on behalf of both Derbyshire and Leicestershire Police.

The payroll system continues to be made up of four separate payrolls for each of the forces – Police Officers, Police Staff, Pensioners and Office of the Police and Crime Commissioner Staff. Each payroll follows the same administration processes, although are paid at different times of the month in line with the agreed payroll timetable.

The payroll system in place is iTrent, with Kier providing the Force the service of maintaining and running the Payroll System, as well as processing the monthly BACS payments.

The Leicestershire Payroll Team is notified of new starters, leavers and variations to existing payroll data in the format of a PIM request form. The information from the PIM request form is then input on to the iTrent system. The Derbyshire Human Resources Service Centre will create the initial PIM request form, including key details for starters, leavers and variations, and will send this to the Leicestershire Payroll team to process.

Expenses and Overtime at Derbyshire are administered and managed by the Derbyshire Finance team. Workflows are embedded within the Agresso system to automatically approve claims which fall under £50.00 per line and have a total claim of under £300.00. When the claim is above either of these thresholds, the workflow routes the claim to the Finance team for approval.

### 3. Findings

The Leicestershire Payroll Team is notified of new starters, leavers and variations to existing payroll data in the format of a PIM request form from Derbyshire. The information from the PIM request form is then input on to the iTrent system.

Audit recalculated the first payslip for a sample of 10 new Derbyshire starters to confirm that this had been processed in accordance with their start date and respective salary. For a Derbyshire member of staff, Audit noted that their first salary payment was incorrect – a shortfall of £448.37. The error occurred because the start date of their employment was input incorrectly on the PIM form completed by Derbyshire. Once the error had been identified, a new PIM was raised and the payroll information for the individual has since been corrected. Furthermore, it has been confirmed that this error was adjusted for within the individual's second payslip.

Leavers from the Force are timely and accurately removed from the payroll, following instruction via the PIM request form. Audit tested a sample of 10 leavers from Derbyshire, where it was confirmed that the employee account was closed on the iTrent system. Audit also confirmed for each of the leavers that the final payslip was correctly calculated.

Variations to employment are requested through a PIM request form, which the Leicestershire Payroll team will process. Audit confirmed that a sample of 10 Derbyshire variations had been processed in accordance with the PIM request form.

The finance team at Derbyshire centrally process any overtime, expenses or mileage claims. These claims are processed on the Agresso finance system, where officers can submit their overtime, expenses and/or mileage claims for authorisation to their line manager. Audit performed sample testing of 10 overtime and 10 expenses claims, where it was confirmed that in all instances, the claims were made in accordance with Force policy.

### 4. 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.

Derbyshire now have an established electronic process in place for the processing of overtime and expense claims. Audit performed a sample test, confirming that claims were processed in accordance with Force policy. This is in line with well performing peers across the sector

## 5. 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 the following area 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><b>New Starters PIM Form</b></p> <p><i>Observation:</i> New starters are processed on the payroll system by Leicestershire, following receipt of a PIM request form from the Derbyshire Human Resources Service Centre.</p> <p>Sample testing identified one instance where the first salary payment made to a Derbyshire member of Staff was incorrect – a shortfall of £448.37.</p> <p>Audit identified that this was due to an incorrectly completed PIM form, with the wrong start date.</p> <p><i>Risk:</i> Staff and Officers are not paid correctly.</p> <p>New starters are incorrectly processed.</p> | <p>Derbyshire should remind staff of the importance of completing the PIM request form correctly in all instances.</p> | 2        | <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.</p> <p>The findings of the report will be shared with Service Centre colleagues and the importance of checking and accuracy will be reinforced.</p> <p>A project is currently underway with Payroll</p> | <p>Mazhar Ahmad<br/>Head of HR Service Centre<br/>End of Dec 2021.</p> |

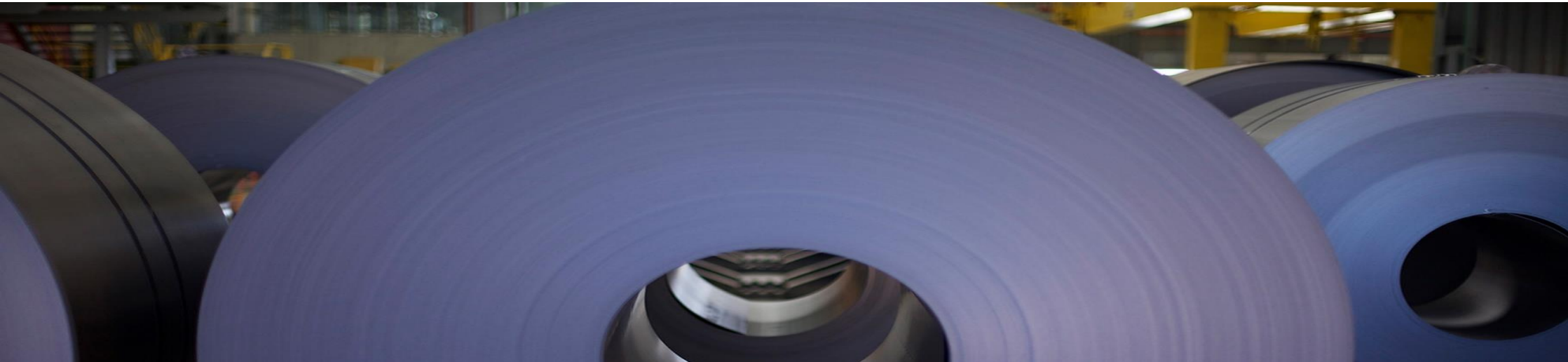
|  | Observation/Risk | Recommendation | Priority | Management response   | Timescale/<br>responsibility |
|--|------------------|----------------|----------|---|------------------------------|
|  |                  |                |          | <p>looking at a bulk upload of data to the Payroll system. The first phase is looking at police officer recruitment and will remove the need to complete a PIM form as a spreadsheet will be provided containing the necessary Payroll data which will automatically upload to the Payroll system, removing the need for entering data twice and further reducing the chance of error. Once this phase has been completed, we will look to roll it out further for other roles within the organisation.</p> |                              |

## 6. Conclusion

An audit opinion of 'Significant' has been achieved with regards to the controls in place within Leicestershire for the delivery of the payroll service; see Appendix 1 for audit definitions of assurance opinions.

The audit of the Payroll System found that there is a sound system of internal control designed to achieve the Organisation's objectives and the control processes tested are being consistently applied. The Leicestershire Payroll Team are completing the required inputs on behalf of Derbyshire's payroll, with sample testing confirming that these changes were made in accordance with the information recorded on the PIM request form in all instances, in a timely manner.

Two priority 3 recommendations were raised within the Leicestershire Payroll report, that related to Leicestershire's expenses claims and introducing an action log for issues observed with the completion of PIM request forms by the Derbyshire Human Resources Service Centre.



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

## **Final Internal Audit Report**

**Victim Support**  
**January 2021**

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| Mark Lunn, Audit Manager                    | 27 |
| Draft report issued:                        | 27 |
| 19th May 2020                               | 27 |
| Management responses received:              | 27 |



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

## 05. 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 Victim Support.

The specific areas that formed part of this review included: governance arrangements, monitoring of service offerings and performance management.

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 OPCC and Force during the review and are grateful for their assistance during the course of the audit.

## 06. Background

The Code of Practice for Victims of Crime forms a key part of the wider Government strategy to transform the criminal justice system by putting victims first, making the system more responsive and easier to navigate. Victims of crime should be treated in a respectful, sensitive and professional manner without discrimination of any kind. They should receive appropriate support to help them, as far as possible, to cope and recover and be protected from re-victimisation. It is important

that victims of crime know what information and support is available to them from reporting a crime onwards and who to request help from if they are not receiving.


There are two key elements that support the area of victim support at the Force, the first element is compliance with the VCOP entitlements, which is driven by the Force through the management and administration of investigations performed by Officers. The second aspect is the victim support services that are offered by the OPCC, in ensuring that victims have access to the right level of support.

The Force utilises the Niche system for recording the actions taken by Officers in compliance with the entitlements of the Victims Code of Practice (VCOP). The Force has a Service Improvement Officer, that reviews the records on the Niche system and produces performance management reports.

To formalise the support offered to victims, Derbyshire has established a CORE (cope and recover) service, to provide victims “*with ‘end-to-end’ care; including information on support services, advice on how to report a crime and what to expect from the criminal justice process.*”. Derbyshire also procure / commission specialist support and offer grants for services that support the Core service.

The OPCC has a Head of Commissioning in place to oversee the victim arrangements in place for Derbyshire. They are supported by staff that monitor and oversee the contracts and grants; review the finance and performance aspects of the service providers; and provide administrative support for the service offerings.

## 07. Key Findings

| Assurance on adequacy and effectiveness of internal controls                      |                               |
|---|-------------------------------|
|  | <b>Satisfactory Assurance</b> |

### Examples of areas where controls are operating reliably

- The Force utilise the Niche system to record the actions taken in regard to compliance with VCOP entitlements.
- On a weekly basis, business unit areas / division line managers are informed of investigations that Officers have input onto Niche that do not have the VCOP section completed. This highlights where Officers reporting to them have not adhered to the process of completing the VCOP section.
- Reports are generated from the Niche system to extract data for performance monitoring purposes. The Force Service Improvement Officer tracks and monitors the level of compliance with VCOP for individual cases input onto the Niche system, including: the number of cases recorded; whether victim services were offered to victims; and the percentage of victims that have accepted to be offered victim support.
- The Force Service Improvement Officer performs sample testing on over 30 cases per quarter to review the end to end compliance against the VCOP.

- Derbyshire has a triage unit in place (Victim Care Unit) that contacts victims who initially refused support services, with responses recorded to ensure that victims get an opportunity to re-consider after the initial incident. Audit noted that since the end of May 2020 13,708 victims were contacted, of which 2201 thereafter agreed to a support referral.
- The OPCC hold regular meetings with support providers to maintain oversight and drive performance.
- Performance of the support providers is reported to the PCC on a frequent basis, to ensure there is sufficient review and scrutiny.

| Priority                | Number of Recommendations |
|-------------------------|---------------------------|
| <b>1 (Fundamental)</b>  | -                         |
| <b>2 (Significant)</b>  | 1                         |
| <b>3 (Housekeeping)</b> | 2                         |

## Risk Management

While there is a basically sound system of internal control, there are weaknesses which put some of the Organisation's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.

The Force are responsible for extracting Niche data on victims and producing performance reports. Audit have noted that this was reported to the OPCC formally through the VCOP subgroup. However, it has been noted that no terms of references are in place for this forum that clearly defines the aims and objectives of the group. Moreover, this group has not met since September 2019 and for the two most recently held meetings in June and September 2019, no agendas were produced. It is of tantamount importance for forums where there is scrutiny of one function over another, in this case the OPCC over the Force, that there is a strong governance framework. A stronger level of governance is achieved through greater formalisation of meetings, which includes terms of references defining the purpose, aims and objectives of the forum; agendas that set out the points of note to be covered during each meetings; regular performance metrics that are agreed to be reported on; and standalone action plans that highlight and monitor the progress of actions raised in prior meetings.

In relation to the VCOP subgroup, reporting was last made at this forum in September 2019, with Audit acknowledging that this was impacted by Covid-19 and is due to reconvene in January 2021. In the interim, informal conversations have been held between the OPCC and Force for victim services. Through work completed at other Forces, best practice is that memo documents are distributed to those

who would usually be in attendance. This ensures a consistent approach to the information delivered to all parties, in addition to having a clear audit trail of items considered to be of significance. Consideration should be made by the Force especially for meetings which may not resume for a prolonged period.

At the start of this financial year Derbyshire moved to a new survey approach where victims are contacted through telephone surveys completed by Leicestershire Police. This is currently monitored by the Service Improvement Officer however audit noted that as of, yet this has not been formally reported to the OPCC. Audit are aware that this is planned to be reported towards the end of the financial year. In line with the formalisation of the VCOP subgroup, the format and frequency of this data should be agreed between the OPCC and Force.

For the changes proposed to be made to the VCOP, Audit sought to confirm evidence of there being suitable governance over these. Whilst audit have been advised that conversations have taken place in respect of the changes, this has not been addressed or noted within a formal meeting setting, such as the VCOP subgroup. It is important for Forces to ensure a clear plan is in place with a set of actions of how the changes will be embraced by the Force, to support full compliance to the Code. This would also be expected to include how Officers will be educated and informed of the changes, in addition to whether any there will be any impact on the input and processing of cases on the Niche system.

## 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.

Through the use of the Niche web form, the Force have a format of highlighting the key aspects of cases that require completion by officers and collating these into one location. This creates efficiency for Officers when inputting this data.

## 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.

Niche data is useful in reviewing compliance to closed questions and in identifying if certain elements, such as the VCOP section have been completed. The difficulty however is in assessing the quality of that data which has been input, for example the level of detail included by Officers when completing the initial Niche form with victim's details. This is a difficulty that has been noted at other Forces, with various methods sought to improve this. One such method is to perform larger sampling over the end to end lifecycle of cases. At present Derbyshire are completing approximately 120 per year, where Audit have noted other Forces where this is at over 300 per year, with recommendations raised on common issues identified at regular frequencies.

## 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 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><b>Oversight of VCOP Performance</b></p> <p><i>Observation:</i> The OPCC were informed of VCOP performance by the Force at the VCOP subgroup, prior to September 2019. Since then audit were informed that informal meetings between the Force and OPCC to discuss VCOP performance have been taking place.</p> <p>However, no terms of references are in place for the subgroup and for the two most recently held meetings, in June and September 2019, no agendas were in place.</p> <p>Moreover, the meetings to discuss VCOP performance did not have any formal documentation that</p> | <p>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.</p> <p>Agendas that set out the points of note to be covered during each meeting should be produced.</p> <p>The performance metrics and data that is required to be reported at each meeting should be defined.</p> <p>A standalone action plan should be produced which is used to highlight and monitor the progress of actions raised in prior meetings.</p> <p>Where meetings to discuss VCOP performance take place the Force &amp; OPCC should consider documenting</p> | 2        | <p>VCOP subgroup will be formalised, agendas set and an appropriate action plan put in place with the Force.</p> <p>Formal reporting arrangements to LCJB and Force Assurance board will be confirmed.</p> | <p>End January 2021</p> <p>Dawn Robinson/Jack Foster</p> |

|     | Observation/Risk   | Recommendation   | Priority | Management response  | Timescale/ responsibility  |
|-----|--|--|----------|--|--|
|     | <p>showed the scrutiny that has been taking place.</p> <p><i>Potential Risks:</i> There is an insufficient governance framework in place for VCOP.</p> <p>Aims and objectives of the VCOP subgroup are not defined / known.</p> <p>The purpose of VCOP subgroup meetings lack direction.</p> <p>Lack of formal VCOP performance monitoring</p>   | the items discussed through agendas or memos.  |          |  |  |
| 4.2 | <p><b>Victim Surveys</b></p> <p><i>Observation:</i> Since the start of the financial year, victims have been contacted through telephone surveys completed by Leicestershire Police.</p> <p>This is currently monitored by the Service Improvement Officer, however this has not yet been formally reported to the OPCC. It is intended for this to be reported towards the end of the financial year.</p> | The format and frequency of reporting of the survey data obtained should be agreed between the OPCC and Force. | 3        | Format and frequency will be agreed between OPCC and Force leads | <p>End of March 2021</p> <p>Dawn Robinson/Claire Hammond</p> <p>Supporting officers Jack Foster/Tracy Lees</p> |

|     | Observation/Risk   | Recommendation  | Priority | Management response   | Timescale/ responsibility                              |
|-----|--|---|----------|---|--|
|     | <p>Audit support the intentions of the Force to report this data. However, at present, there is no agreed format or schedule of reporting to be made of this data.</p> <p><i>Potential Risks:</i> An inconsistent approach to reporting data is taken by the Force.</p> <p>The OPCC are unaware of victim satisfaction.</p>  |   |          |   |  |
| 4.3 | <p><b>Changes to VCOP</b></p> <p><i>Observation:</i> Changes have been proposed to be made to the VCOP legislation, therefore the Force will be required to adapt and ensure compliance to this.</p> <p>Audit have been advised that conversations have taken place in respect of the changes, however, have not been able to formally evidence this.</p> <p><i>Potential Risks:</i> Officers are unaware of the requirements of the VCOP and therefore the Force is</p> | <p>The changes to VCOP should be addressed and outlined within an action plan, with progress reported to the VCOP subgroup.</p> <p>The plan should include a set of actions of how the changes will be embraced by the Force, including the support and education provided to Officers.</p> | 3        | <p>An action plan will be formally developed and reported through to OPCC and Force Assurance Board</p> | <p>Tracy Lees/Jack Foster</p> <p>End of March 2021</p> |



|  | Observation/Risk   | Recommendation | Priority | Management response | Timescale/ responsibility |
|--|--|----------------|----------|---------------------|---------------------------|
|  | non-compliant with the code thus failing the victims of crime. |                |          |                     |                           |

## A1 Audit Information

| Audit Control Schedule                |   |
|---------------------------------------|---|
| <b>Client contacts:</b>               | Andrew Dale, OPCC Chief Finance Officer<br>Dawn Robinson, OPCC Head of Commissioning<br>Tracy Lees, Force Service Improvement Officer |
| <b>Internal Audit Team:</b>           | David Hoose, Partner<br>Mark Lunn, Internal Audit Manager<br>Moosa Bahadur, Senior Internal Auditor                                   |
| <b>Finish on Site / Exit Meeting:</b> | 27 <sup>th</sup> November 2020  |
| <b>Draft report issued:</b>           | 11 <sup>th</sup> December 2020  |
| <b>Management responses received:</b> | 14 <sup>th</sup> January 2021   |
| <b>Final report issued:</b>           | 21 <sup>st</sup> January 2021   |

## Scope and Objectives

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

- The OPCC liaises with the Force to ensure that there are controls in place to ensure compliance with the Victims Code of Practice takes place.
- The OPCC and Force work together to ensure that there is a clear communications plan so that there is a clear understanding of the Victims Services offering and therefore victims are signposted to the right services.
- Regular reconciliations take place to ensure all victims referred for victim service support receive it.
- There are systems in place to monitor the quality of the victim service provided and management information is provided against which the service can be measured.
- There are effective reporting mechanisms to allow for the review and scrutiny of the Victims Support performance
- Actions to address areas of weakness are set, monitored and reviewed to confirm the weaknesses have been addressed. These are incorporated within action plans, to support delivery of high quality services.
- Regular Management / Performance Information reports are produced in relation to Victims Support including reconciliations between the Force systems of victims and are shared at appropriate governance meetings.

- The Force/OPCC carry out appropriate victim surveys to ensure the victims support offering is delivering the right support. Feedback from surveys are analysed and actions put in place to address areas of weakness highlighted.
- When the OPCC commission or procure victim support services they carry out an appropriate review of the benefits delivered and any challenges or issues they have faced in the victim's support services.
- The Force and OPCC have reviewed the proposed changes to Victims Code of Practice and reviewed the amendments that are required to their existing systems to ensure continued compliance.

The objectives of our audit were to evaluate the adequacy and effectiveness of the Victim Support 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 Victim Support 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.

## A4 Statement of Responsibility

We take responsibility to Derbyshire Police and the Office of the Police and Crime Commissioner for Derbyshire 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 rely on any part of the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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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.

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OPCC for Derbyshire and Derbyshire Police

Final Internal Audit Report

Workforce Planning

October 2020

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  - 02 Background
  - 03 Key Findings
  - 04 Areas for Further Improvement and Action Plan
- Appendices
- A1 Audit Information
  - A2 Statement of Responsibility

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

## **Status of our reports**

*This report ("Report") was prepared by Mazars LLP at the request of the Office of the Police & Crime Commissioner for Derbyshire and Derbyshire Police 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 of the Office of the Police & Crime Commissioner for Derbyshire and Derbyshire Police 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, reinterpreted, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpreted, amendment and/or modification by any third party is entirely at their own risk*

*Please refer to the Statement of Responsibility in Appendix A2 of this report for further information about responsibilities, limitations and confidentiality.*

# 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 Workforce Planning.

The specific areas that formed part of this review included governance, succession planning, establishment, talent management and the uplift of officers.

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

The Chartered Institute of Personnel & Development describes workforce planning as: "...a process to ensure the right number of people with the right skills are employed in the right place at the right time to deliver an organisation's short and long term objectives. It embraces a diverse and extensive range of activities which will vary between organisations. They may include succession planning, flexible working, labour demand and supply forecasting, recruitment and retention planning, skills gap analysis, talent management, risk management etc."

Workforce Planning at Derbyshire falls under the remit of the Human

Resources team, led by the Head of HR. Day to day responsibility for Workforce Planning is delegated to the Head of Workforce Planning, who is responsible for a team of staff, to support them in discharging their duties.

During 2019, the Government announced a programme to recruit 20,000 police officers over the following three years and each Force has targets for the uplift in recruitment. In October 2019, it was announced that for the year 2020/21, the target for Derbyshire was set at 85 Officers.

The management and monitoring of the uplift of officers is integrated into the day to day workforce planning that is carried out at Derbyshire. There is additional oversight that is provided through the Design Board meetings that are held on a monthly basis, chaired by the Deputy Chief Constable.

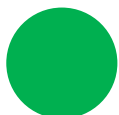
Governance over the day to day workforce planning is maintained by the Workforce Futures Board, chaired by the Deputy Chief Constable, who aim to "ensure the organisation is equipped with the right people, experience, skills and job roles to provide a high quality policing service to everyone in Derbyshire". The Workforce Futures Board meetings are held bi-monthly.

The Head of Leadership, Talent and Assessment is responsible for an annual process, referred to as the Development Audit. The purpose of this is to create a snapshot of the capability of the Force at that moment in time, focussing on the roles of Inspector, Chief Inspector and Superintendent. This is carried out on an annual basis, by evaluating individuals on their growth potential and also the values that they demonstrate. The most recent Development Audit was carried out in September 2019, with results presented to the Senior Leadership Team. The next iteration of this has been delayed due to Covid, however this is something that is planned to be completed before the end of the current financial year.



## 03 Key Findings

### Assurance on adequacy and effectiveness of internal controls



**Significant Assurance**

### Examples of areas where controls are operating reliably

- Governance over Workforce Planning and the uplift of officers is maintained by the Workforce Futures Board, with meetings held every two months.
- There are a number of subgroups in place to support the Workforce Futures Board, including the Investigative Resource Group, Recruitment and Training Implementation Group, Police Officer Deployment Panel and the Establishment Management Group.
- The uplift of officers is subject to additional scrutiny through reporting made to the Design Board on a monthly basis.
- Workforce Planning is monitored and managed through use of spreadsheets, which audit confirmed correlate to source data from the HR System (Gateway). Reconciliations performed by Audit confirmed consistency in the data held between records, especially regarding Officers due to Retire.
- The HR team centrally monitor and maintain oversight over Officers who are ready for a promotion when a vacancy arises. Audit confirmed consistency between the data held in these records to that which is utilised by the Workforce Planning team in determining recruitment needs.
- A succession planner has been developed by the Force, to highlight the

key roles in each division and business unit area. In addition to this, the succession planner is a platform for the Force to highlight and identify individuals capable of assuming these positions in the short / medium / long term.

- Monthly data packs are provided to key Staff and Officers, including the Chief Officer team and Heads of Departments. The data packs present data on the establishment, including variances across ranks, divisions and business units.
- The Development Audit concisely assesses the Forces skills and capabilities against a values and growth potential matrix at Inspector, Chief Inspector and Superintendent ranks.
- The data on the establishment held by the Management Information team is regularly reconciled to that which is held by the Finance team.

| Priority         | Number of recommendations |
|------------------|---------------------------|
| 1 (Fundamental)  | -                         |
| 2 (Significant)  | -                         |
| 3 (Housekeeping) | 2                         |
| <b>TOTAL</b>     | <b>2</b>                  |

### 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.

Through the work undertaken, Audit have noted that there is an action plan in place for the area of workforce planning, where progress against four key themes is tracked and monitored, which are: designing the organisation;

attraction and entry routes; movement and development; and succession planning and exit. The action plan was introduced in April 2018, with the most recent report on progress presented in March 2019. The plan has priorities outlined for the period of April 2019 to March 2020, but no update has been made since then. It has been noted that the delay is because of the Covid-19 pandemic. **Audit have noted that although there has not been formal reporting against the action plan, the Workforce Futures Board ensures that there is scrutiny and review over performance of workforce planning. The two most recent meetings were held in April and July, for which it was noted that discussion on the workforce were held. This has been considered by Audit in the grading of the recommendation raised in relation to formally updating the action plan.**

Audit reviewed the succession planner at the Force, where it was noted that it serves to highlight key roles and to also identify individuals that can assume this position in an emergency / short term / medium term / long term capacity. The spreadsheet was created following conversations held between the Head of Workforce Planning, Head of Leadership, Talent and Assessment and the respective heads of departments / business unit leaders.

Audit reviewed the succession planner and found that for some business unit areas there is insufficient information including North, Criminal Justice, Operations, Business Change, Communications, IS and Finance and Business Services. A summary of the issues identified for these areas are as follows:

- No individuals are recorded for certain positions in an emergency / ready now / with some development required / with further development capacity.
- Dates are missing as that reflect when individuals were ready to assume a role in an emergency / short term / medium term / long term capacity.

The date added reflects the length of time which they have been ready to step in to the role.

- Key roles or successors for these positions have not been identified for one business area.

Although the existence of the succession planner provides a control for workforce planning, insufficient information compromises the reliance that can be placed on this spreadsheet.

It has been noted that the formerly known PDR (Performance and Development Review) has been superseded by a check in process, which requires line managers to complete this with their staff / officers. Audit have noted that the Force have faced difficulty in creating the desired level of engagement to this new process. This is an area for consideration as part of the 2021-22 Audit Plan. For this reason, no recommendation has been raised during this review.

### 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 observed that the Force is delivering efficiency through incorporation of the uplift of officers works into the day to day management of workforce planning. This is achieved through use of spreadsheets to monitor and manage the area, which audit confirmed reconcile to source data held on HR systems. By the Force utilising the spreadsheets for monitoring, there is an effective mechanism to highlight instances where there are variances, for example from the target establishment to the actual level. This

ensures that there is sufficient oversight and monitoring over the area in a method which reflects value for money.

### 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.

Many areas of good practice were identified at Derbyshire, including the governance over the area of workforce planning, in addition to the uplift of officers. The Force also has a comprehensive monitoring mechanism in place to monitor the workforce, including embedding projections for future planning purposes.

Whilst a recommendation has been raised in respect of the succession planning spreadsheet used, the format of this document provides a basis for the Force to hold a comprehensive suite of data in one location. Once the recommendation has been implemented, the recording of succession planning at the Force will be amongst the highest performing peers in the sector.

## 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/<br>responsibility                           |
|-----|---|--|----------|--|--|
| 4.1 | <p><b>Workforce Plan</b></p> <p><i>Observation:</i> The Head of Workforce Planning maintains an action plan for the area of workforce planning. The action plan was introduced in April 2018, with reporting made against four key themes, which are: designing the organisation; attraction and entry routes; movement and development; and succession planning and exit.</p> <p>Since the action plan was introduced in April 2018, progress reports against the plan have been prepared. However, audit noted that the most recent report on progress was presented in March 2019.</p> <p>The plan has priorities outlined for the period of April 2019 to March 2020, but no update or report against this has since been made. Through discussions with the Head of Workforce Planning, it has been noted that Covid-19 has impacted on the reporting and therefore contributed towards the delay.</p> | <p>The Force should ensure that the Workforce Plan is updated with progress against the objectives for the last financial year. In addition, priorities for the coming financial years should be stated.</p> | 3        | <p>The Force will have a new Deputy Chief Constable (who leads on workforce matters) in early 2021 and she will doubtless want to review the workforce plan. We will therefore update the current document with progress and the currently identified priorities so that we have an up-to-date version. Our plan then will be to carry out a more thorough review when the new DCC is in post.</p> | <p>December 2020</p> <p>Head of Workforce Planning</p> |

|  | Observation/Risk   | Recommendation | Priority | Management response | Timescale/<br>responsibility |
|--|--|----------------|----------|---------------------|------------------------------|
|  | <p>Audit have noted that although there has not been formal reporting against the action plan, the Workforce Futures Board ensures that there is scrutiny and review over performance. The two most recent meetings were held in April and July, for which it was noted that discussion on the workforce were held. This is therefore reflected within the priority grading assigned to this recommendation.</p> <p><i>Risk:</i> There is insufficient transparency over progress against Workforce Planning objectives.</p> |                |          |                     |                              |

|   |  |          |   |
|---|--|----------|---|
| <p>4.2 <b>Succession Planning / Key Roles</b></p> <p><i>Observation:</i> The Force has a succession planner document, that highlights key roles across the organisation and individuals who have the potential to assume these positions in an emergency / short term / medium term / long term capacity. Whilst the planner is in its first iteration, the intention is for this to be reviewed and completed annually.</p> <p>Audit reviewed the succession planner, where it has been noted that there were instances where insufficient information is held for some divisions and business areas, including the following areas:</p> <ul style="list-style-type: none"> <li>• North</li> <li>• Criminal Justice</li> <li>• Operations</li> <li>• Business Change</li> <li>• Communications</li> <li>• IS</li> <li>• Finance and Business Services</li> </ul> <p>For the above business areas, Audit identified issues with either an an insufficient level of detail as to who will be able to assume the position in a short/medium/long term capacity, or a lack of dates assigned to when an individual has been deemed ready to assume such position. Full details of the areas with incomplete information were provided to management.</p> <p><i>Risk:</i> The Force have a lack of transparency</p> | <p>The Force should ensure that at the next update of the succession planner, the following is addressed:</p> <ul style="list-style-type: none"> <li>• The Finance and Business Services tab is completed in its entirety</li> <li>• For all key roles, individuals who can perform the role in a short/medium/long term capacity are logged, along with the dates as to when this has been decided.</li> <li>• Where no individuals are deemed suitable to assume a key role in the short/medium/long term, this should be captured on the Summary page of the succession planning document.</li> </ul> | <p>3</p> | <p>This document was produced for the first time in autumn/winter 2019/20 and compiled through meetings between the Head of Leadership, Talent and Assessment, the Head of Workforce Planning and the Head of each Department/Division. The intention was to repeat the process in autumn/winter 2020/21 but continuing Covid restrictions mean we need to review how we do this. The intention has been to link the timing of this work to the timing of the Development Audit, which itself has been delayed due to Covid-19, so this needs review.</p> <p>When we start work:</p> <ul style="list-style-type: none"> <li>- Finance and Business Services can be completed as we now have a head of department (vacant at the time of the last review)</li> <li>- Short/medium and long-term boxes can be completed</li> <li>- Capturing gaps on the summary page is an admin matter which can be achieved.</li> </ul> <p>Annual review to start November/December 2020. To be completed by April 2021 ready for use in the next planning year.</p> <p>Head of Workforce Planning and Head of Leadership, Talent and Assessment</p> |
|---|--|----------|---|

|  | Observation/Risk   | Recommendation | Priority | Management response   | Timescale/<br>responsibility |
|--|--|----------------|----------|---|------------------------------|
|  | <p>regarding when an individual has been deemed ready to assume a key position.</p> <p>The Force are unaware of individuals who have the capability to assume key roles.</p> |                |          | <p>Page 3 of the report notes “the Force have faced difficulty in creating the desired level of engagement to this new process” referring to Check In. It is actually the Development Audit that we have not achieved our desired level of engagement with. We hope that as succession planning becomes more embedded, staff and managers will see the increased value in engaging with the Development Audit process as this provides the data which feeds the succession plan. As mentioned this will be covered in the 2021-22 Audit Plan.</p> |                              |

# A1 Audit Information

| Audit Control Schedule                |   |
|---------------------------------------|---|
| <b>Client contacts:</b>               | Andrew Dale, OPCC CFO<br>Simon Allsop, Force Joint Director of Finance and Business Services<br>Phil Mason, Head of HR<br>Stephanie Watts, Head of Workforce Planning |
| <b>Internal Audit Team:</b>           | David Hoose, Partner<br>Mark Lunn, Internal Audit Manager<br>Moosa Bahadur, Senior Internal Auditor   |
| <b>Finish on Site / Exit Meeting:</b> | 12 <sup>th</sup> October 2020   |
| <b>Draft report issued:</b>           | 14 <sup>th</sup> October 2020   |
| <b>Management responses received:</b> | 27 <sup>th</sup> October 2020   |
| <b>Final report issued:</b>           | 27 <sup>th</sup> October 2020   |

## Scope & Objectives

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

### Workforce Planning

- Governance arrangements for Workforce Planning are clearly defined, including roles and responsibilities, risk management processes, decision making and reporting arrangements.
- There are robust succession planning processes in place which identify and develop officers and provide structured opportunities for secondments and promotions for employees who are prepared to assume these roles as they become available.
- Key roles are identified within the organisation and relevant succession plans are put in place to address these.
- There are robust monitoring processes in place to ensure that the Force has up to date and accurate Establishment data in place.
- The costs associated with the establishment structure are regularly updated and reconciled with the Finance department.
- The Force has a robust talent programme that is linked with key risks to ensure that the future needs of the organisation can be met.
- The Force regularly undertakes skills analysis to identify any areas of concern, with appropriate action plans put in place to address them.

### Uplift of Officers

- Action plans are in place to ensure the recruitment targets can be achieved.
- There is effective oversight and monitoring of the uplift of officers including input from other departments at Force that will be affected e.g. Finance, Training, Equipment, IT etc.
- The costs associated with the recruitment uplift is regularly updated and reconciled with the Finance department.
- The recruitment uplift is aligned to the workforce planning operations and is regularly reconciled and updated.

The objectives of our audit were to evaluate the adequacy and effectiveness of the management of the Workforce Planning process 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 Workforce Planning 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.

| Definitions of Assurance Levels |  |  |
|---------------------------------|--|--|
| Assurance Level                 | Adequacy of system design  | Effectiveness of operating controls  |
| <b>Significant Assurance:</b>   | There is a sound system of internal control designed to achieve the Organisation's objectives.   | The control processes tested are being consistently applied.   |
| <b>Satisfactory Assurance:</b>  | While there is a basically sound system of internal control, there are weaknesses which put some of the Organisation's objectives at risk. | There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk. |
| <b>Limited Assurance:</b>       | 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 Organisation's objectives at risk.  |
| <b>No Assurance:</b>            | Control processes are generally weak leaving the processes/systems open to significant error or abuse.                                     | Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.                                 |

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

## 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.*

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



# JOINT AUDIT RISK ASSURANCE COMMITTEE

|                     |  |
|---------------------|--|
| <b>REPORT TITLE</b> | INTERNAL AUDIT OPERATIONAL PLAN 2021/22 AND INTERNAL AUDIT CHARTER |
| <b>REPORT BY</b>    | MARK LUNN  |
| <b>DATE</b>         | 25 MARCH 2021  |

## PURPOSE OF THE REPORT

To review and advise on the draft annual internal audit plan for 2021/22 and Internal Audit Charter, ensuring that this :

- is consistent with professional standards;
- meets the audit needs of the PCC and the Chief Constable; and
- 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 PCC and Chief Constable.

## ATTACHMENTS

Internal Audit Strategy 2021/22 and Internal Audit Charter

## RECOMMENDATIONS

- To review and make comments on the adequacy of the Plan for Internal Audit 2021/22
- To recommend, subject to any amendments, the final plan to the Chief Constable and the Police and Crime Commissioner for their respective approvals.

CONTACT FOR ENQUIRIES

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

## **OVERVIEW**

1. The Police Reform & Social Responsibility Act introduced in November 2012 the legal concept of 2 corporations sole for the Police and Crime Commissioner and the Chief Constable with two Annual Governance Statements to support the relevant statements of accounts and the group accounts.
2. As part of a robust risk management process, internal controls are reviewed in several ways; one such assurance is provided by the work of the internal audit function.
3. Given that the systems and process for both corporations sole are aligned, it has been agreed, in consultation with both internal and external auditors, that there will be one common audit strategy addressing all internal control review requirements.
4. Our internal audit is currently provided by Mazars as part of a regional contract.
5. Each year an annual audit plan is compiled which the JARAC will review, comment on and approve. It is an important feature of the governance function that this Committee, with the advice of the Chief Finance Officer and the Director of Finance, can influence and direct those areas of review which it thinks are appropriate.
6. The work of External Audit is dependent to a certain extent on the assurances provided by internal audit, especially on the key financial controls in place in both the organisations. This avoids duplication of cost and effort.
7. Attached at APPENDIX A to this report are the draft Internal Audit Strategy 2020/21 to 2022/23 and the Internal Audit Plan 2020/21.
8. The JARAC is required to consider
  - if the detailed internal audit plan for the coming financial year (see Appendix A) reflects the areas that the Committee believes should be covered as a priority, taking into account the assurance work that been carried out
  - if the audit strategy includes all those areas that the Committee would expect to be subject to internal audit coverage for both the Chief Constable and the Police and Crime Commissioner, in terms not only of professional responsibilities but also covering areas of concern flagged by management

- if the level of audit resource is accepted by the Committee and agreed as appropriate, given the level of assurance required
  - the detailed audit plan at Appendix A.
9. Members are requested to consider the proposals and to suggest any changes they think are appropriate before recommending the 2020/21 audit plan to the Chief Constable and the Police and Crime Commissioner for their respective approvals.
10. From time to time, it may be appropriate to amend the audit plan or to commission work within the plan from any pooled resource/contingency allocation. Where this might need to be actioned outside the cycle of JARAC meetings, the Chief Finance Officer or the Joint Director of Finance will make minor changes to the audit plan. Changes will be reported through the audit update.



Police & Crime Commissioner for Derbyshire &  
Derbyshire Police

Internal Audit Operational Plan 2021/22 & Internal  
Audit Charter

Draft

Prepared by: Mazars LLP

Date: March 2021

# Contents

- 1 Introduction
- 2 Internal Audit Operational Plan 2021/22
- 3 Internal Audit Charter

## Statement of Responsibility

### Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Police & Crime Commissioner for Derbyshire (OPCC) 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 of the OPCC 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 on the final page of this report for further information about responsibilities, limitations and confidentiality.





# 01

## Section 01: **Introduction**



## Introduction

An annual proposed Internal Audit Operational Plan has been prepared on behalf of the Police and Crime Commissioner for Derbyshire and Derbyshire Police (the OPCC and Force) for the period 1 April 2021 to 31 March 2022.

As part of fulfilling the Joint Audit, Risk & Assurance Committee (JARAC) responsibilities, the JARAC require assurance that it is focusing its attention on the key risks to the OPCC and Force and that it is receiving timely and effective assurance with regards the management of those risks. As Internal Audit is a one source of this assurance, Internal Audit have reviewed the OPCC / Force Risk Register with the aim of identifying where the OPCC / Force obtains this assurance and that the Internal Audit plan is suitably focused and aligned with other sources of assurance. The results of this exercise were considered when drawing the audit plan.

The purpose of this document is to provide the JARAC with the proposed 2021/22 Plan for consideration and approval.

In considering the document, JARAC is asked to consider:

- whether the balance is right in terms of coverage and focus;
- whether we have captured key areas that would be expected; and
- whether there are any significant gaps.

We are also seeking approval from JARAC for the Internal Audit Charter in Section 03, which we request on an annual basis. There are no changes from the Charter presented for approval last year.

# Scope and Purpose of Internal Audit



## IA's Role

The purpose of internal audit is to provide the Commissioner and Chief Constable, through the JARAC with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the OPCC and Force's agreed objectives



## IA Plan

Completion of the internal audits proposed in the 2021/22 Plan should be used to help inform the OPCC's and Force's Annual Governance Statement.



## Objective

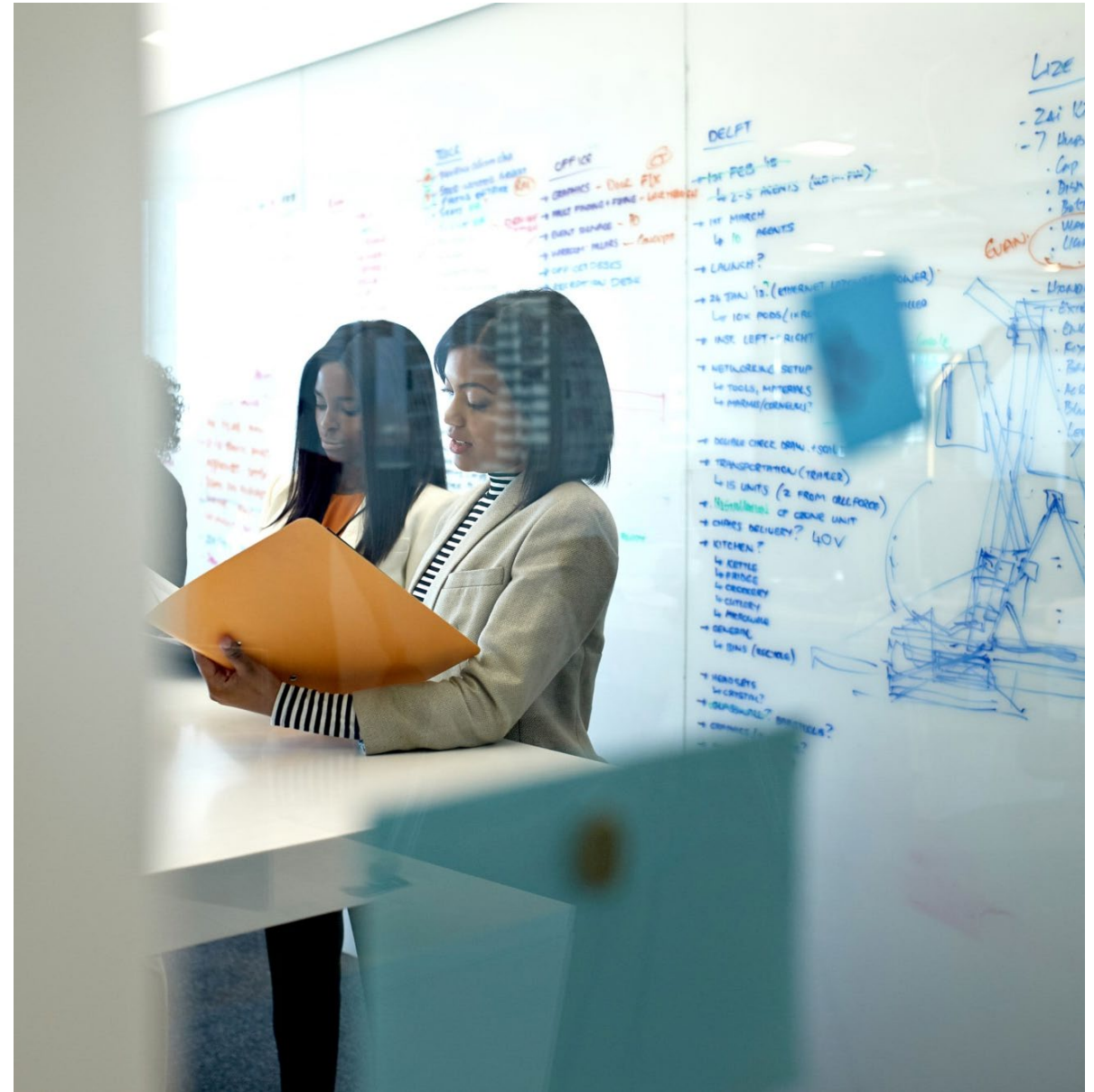
Government accounting standards require Accounting Officers to make provision for internal audit in accordance with accordance with UK Public Sector Internal Audit Standards (PSIAS), as produced by the Internal Audit Standards Advisory Board. Within the OPCC and Force, the Police & Crime Commissioner and the Chief Constable are the Accounting Officer and have responsibility for maintaining a sound system of internal control in the respective organisations.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.



## Charter

We have included our Internal Audit Charter in Section 03. The Charter sets out terms of reference and serves as a basis for the governance of the OPCC's and Force IA function, establishing our purpose, authority, responsibility, independence and scope, in accordance with the Chartered Institute of Internal Auditor's (IIA) standards.





## Preparing the Strategy Update and Operational Plan for 2021/22

As part of our approach, it is important we consider organisation's strategic priorities, as well as the key strategic risks identified, as we seek to align our risk-based approach accordingly.

In preparing the Strategy update we have undertaken the following:

- Met with the Chief Finance Office of the OPCC and the Chief Finance Officer of the Force on 9 February 2020;
- Reviewed the outcomes of historic internal audit work;
- Reviewed the outcomes of 2020/21 internal audit work;
- Considered the latest assessment of risks facing both the OPCC and the Force as detailed in their respective risk registers;
- Considered areas which are not necessarily high risk (such as core operational controls), but where the work of internal audit can provide a tangible input to assurance; and
- Considered the results of internal audit across our wider client base.

The proposed 2021/22 Plan is included in Section 02. This also includes a proposed high level scope for each review and which will be revisited as part of the detailed planning for each review. Fieldwork dates for each of the audits, including presentation of finalised reports at future dates for JARAC meetings have been proposed for discussion and approval with the OPCC and Force's management.

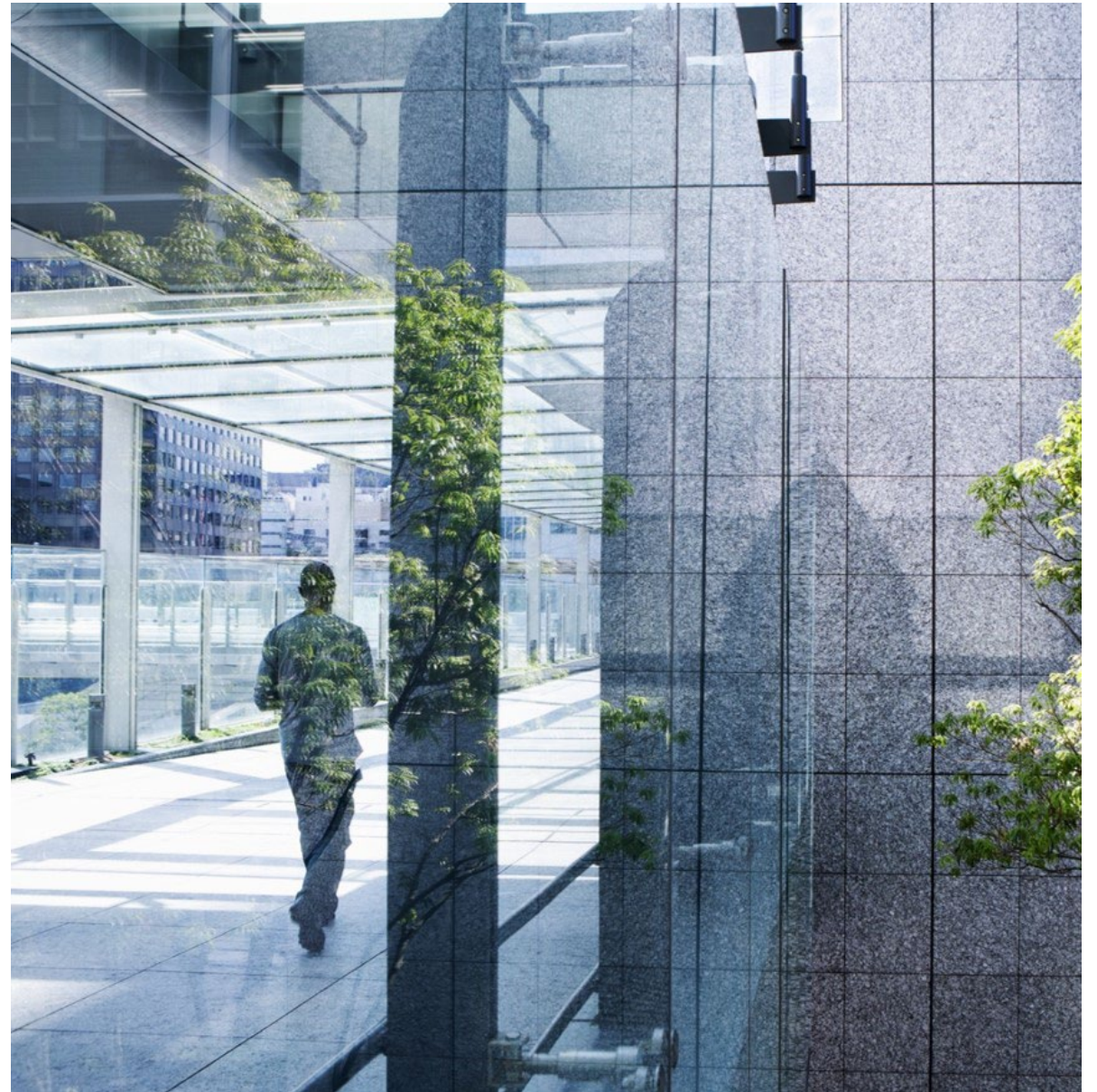
## Preparing the Strategy Update and Operational Plan for 2021/22 (continued)

We have narrowed this list from a wider starting point, which will allow flexibility if there are changes required during the year; we have sought to prioritise against the key risks and for this reason, we can refer to the future considerations to discuss other potential internal audit areas for consideration within Section 02.

Prior to conducting each internal audit, we will undertake a more detailed planning meeting in order to discuss and agree the specific focus of each review. Following the planning meeting, we will produce Terms of Reference, which we will agree with key representatives at the Force and/or OPCC prior to commencement of the fieldwork.

The results of our work will be communicated via an exit meeting. A draft report will then be issued for review and management comments and in turn a final report issued. Final reports as well as progress against the plan will be reported to each JARAC.

Following completion of the planned assignments and the end of the Financial Year, we will summarise the results of our work within an Annual Report, providing an opinion on the Fore and OPCC's governance, risk management and internal control framework.



# 02

Section 02:

**Internal Audit Operational Plan 2021/22**

# Internal Audit Operational Plan 2021/22

An overview of the Internal Audit Operational Plan 2021/22 is set out below:

| Proposed Summary Operational Plan for Approval |            |                                       |                   |                |
|--|------------|---------------------------------------|-------------------|----------------|
| Audit Area                                     | Days       | OPCC/Force Sponsor                    | Target Start Date | Target JARAC   |
| <b>Risk Based Considerations</b>               |            |                                       |                   |                |
| Core Financials Audits                         | 16         | Chief Finance Officers (Force & OPCC) | Q3                | December 2021  |
| Payroll  | 5          | Chief Finance Officers (Force & OPCC) | Q3                | December 2021  |
| Transport                                      | 10         | Chief Finance Officers (Force & OPCC) | Q3                | December 2021  |
| Stock Control                                  | 8          | Chief Finance Officers (Force & OPCC) | Q4                | March 2022     |
| Procurement & Contract Management              | 10         | Chief Finance Officers (Force & OPCC) | Q2                | September 2021 |
| Complaints Management                          | 8          | Chief Finance Officers (Force & OPCC) | Q1/Q2             | June 2021      |
| Counter Fraud                                  | 8          | Chief Finance Officers (Force & OPCC) | Q2                | September 2021 |
| <b>Information Technology</b>                  |            |                                       |                   |                |
| Information Security                           | 8          | Deputy Chief Constable                | TBC               | TBC            |
| Cyber Security                                 | 8          | Deputy Chief Constable                | TBC               | TBC            |
| <b>Management and Reporting Activities</b>     |            |                                       |                   |                |
| Collaboration*                                 | 13         | Chief Finance Officers (Force & OPCC) | TBC               | TBC            |
| Management                                     | 14         | Chief Finance Officers (Force & OPCC) | Ongoing           | N/A            |
| Follow Up                                      | 3          | Chief Finance Officers (Force & OPCC) | Twice Year        | TBC            |
| <b>Total</b>                                   | <b>111</b> |                                       |                   |                |

\*Carried forward 3 days from 20/21

The following pages set out the rationale and indicative scope for the internal audits identified within the above table.

# Internal Audit Operational Plan 2021/22

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2021/22 is detailed below, alongside a indicative high-level scope. Please note that the detailed scope of each audit will be discussed and agreed with the relevant sponsor prior to the commencement of fieldwork.

## Core Financials

To provide assurance with regards the adequacy and effectiveness of the systems of internal control in operation to manage the core financial systems.

The areas of coverage will be:

- Cash, Bank & Treasury Management
- General Ledger
- Income & Debtors
- Payments & Creditors

In addition to previous years the audit will also include a review of the new budget control dashboards that are being developed.

## Transport

To provide assurance with regard to the new system that is being utilised for fleet. Whilst the scope will be agreed with management areas for coverage will consider Medium and Long Term Plans, Green Agenda, Telematics, Vehicle Utilisation and Vehicle Inventory.

## Stock Control

To provide assurance with regards to the Force's management of stocks held across the estate to ensure that efficient systems are in operation and waste or write offs of stock are minimised.

## Payroll

To provide assurance that there are effective controls in place for delivering the payroll service. Testing will be primarily be carried out on site at Leicestershire Police, who deliver the service on behalf of Derbyshire. However, we also cover 'front end' processes at Derbyshire and arrangements in place within the payroll bureau, Kier, in respect of access controls, payroll reporting and approval / sign-off routines.

## Complaints Management

To provide assurance that the Force & OPCC have effective processes in place for the management of complaints and these are being consistency applied.



# Internal Audit Operational Plan 2021/22 (Continued)

## Procurement & Contract Management

To provide assurance that sound controls are in place and value for money is being sought in respect of the procurement of goods and services.

The audit will cover how contracts are managed across the Force & OPCC once the contract has been established.

## Cyber Security

In light of a more agile way of working this is a growing risk to all organisations. The objectives of the audit will be to provide assurance that adequate and effective controls are in place to protect the organisation.

## Information Management

Whilst the scope of the audit will be agreed with management the objectives of the audit are to provide assurance that effective control systems are in place to confirm information is being correctly managed across the organisations. This will include backups of information and the controls in place for this.

## Counter Fraud

The objectives of the audit will be to provide assurance that adequate and effective controls are in place to reduce the organisations exposure to potential fraud including levels of training, awareness and communication.

In addition Mazars will work with the Force to review if IDEAL software can be utilised to assist with this audit.

# Internal Audit Operational Plan 2021/22 (Continued)

## Collaboration

Resources have been allocated across each OPFCC / Force in order to provide assurance with regards the systems and controls in place to deliver specific elements of regional collaboration. The intention would be to carry out audit reviews across the region.

Consideration will be given to assessing whether the area of collaboration is delivering against its original objectives and what arrangements are in place, from an OPCC / Force perspective, for monitoring and managing the service.

## Management

Resources for client and external audit liaison.

For example, preparation and attendance at JARAC, strategic and operational planning, meetings with Chief Officers/ Chief Executive/ Chair of JARAC, preparation of the Internal Audit Opinion, Annual Internal Audit Plan and other reports to the JARAC, etc

## Follow Up

To provide independent assurance that previous audit recommendations have been satisfactorily implemented.

# 03

Section 03:

**Internal Audit Charter**

# Internal Audit Charter

**The Internal Audit Charter sets out the terms of reference and serves as a basis for the governance of the PSA Internal Audit function. It sets out the purpose, authority and responsibility of the function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).**

**The Charter will be reviewed and updated annually by the Engagement Lead for Internal Audit for the OPCC & Force ('Head of Internal Audit').**

## Nature and Purpose

The OPCC & Force are responsible for the development of a risk management framework, overseen by the JARAC, which includes:

- Identification of the significant risks in the OPCC and Force's programme of activity and allocation of a risk owner to each;
- An assessment of how well the significant risks are being managed; and
- Regular reviews by the Senior/Executive Team and the JARAC of the significant risks, including reviews of key risk indicators, governance reports and action plans, and any changes to the risk profile.

A system of internal control is one of the primary means of managing risk and consequently the evaluation of its effectiveness is central to Internal Audit's responsibilities.

The OPCC and Force's systems of internal control comprises the policies, procedures and practices, as well as organisational culture that collectively support each organisation's effective operation in the pursuit of its objectives. The risk management, control and governance processes enable each organisation to respond to significant business risks, be these of an operational, financial, compliance or other nature, and are the direct responsibility of the Senior/Executive Team. The OPCC and Force needs assurance over the significant business risks set out in the risk management framework. In addition, there are many other stakeholders, both internal and external, requiring assurance on the management of risk and other aspects of the OPCC and Force's business. There are also many assurance providers. The OPCC and Force should, therefore, develop and maintain an assurance framework which sets out the sources of assurance to meet the assurance needs of its stakeholders.

Internal Audit is defined by the Institute of Internal Auditors' International Professional Practices Framework (IPPF) as 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

Internal Audit carries out assurance and consulting activities across all aspects of the OPCC and Force's business, based on a programme agreed with the JARAC, and coordinates these activities via the assurance framework. In doing so, Internal Audit works closely with risk owners, and the Senior/Executive Team.

In addition to providing independent assurance to various stakeholders, Internal Audit helps identify areas where the OPC and Force's existing processes and procedures can be developed to improve the extent with which risks in these areas are managed; and public money is safeguarded and used economically, efficiently and effectively. In carrying out its work, Internal Audit liaises closely with the Senior/Executive Team and management in relevant departments. The independent assurance provided by Internal Audit also assists the OPCC and Force to report annually on the effectiveness of the system of internal control included in the Annual Governance Statements.

## Authority and Access to Records, Assets and Personnel

Internal Audit has unrestricted right of access to all OPCC and Force records and information, both manual and computerised, and other property or assets it considers necessary to fulfil its responsibilities. Internal Audit may enter business property and has unrestricted access to all locations and officers where necessary on demand and without prior notice. Any restriction (management or other) on the scope of Internal Audit's activities will be reported to the JARAC.

Internal Audit is accountable for the safekeeping and confidentiality of any information and assets acquired in the course of its duties and execution of its responsibilities. Internal Audit will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, and which external audit would need to discharge their responsibilities.

## Responsibility

The Head of Internal Audit is required to provide an annual opinion to the OPCC and Force, through the JARAC, on the adequacy and the effectiveness of the OPCC and Force's risk management, control and governance processes. In order to achieve this, Internal Audit will:

- Coordinate assurance activities with other assurance providers as needed (such as the external auditors) such that the assurance needs of OPCC, Force and other stakeholders are met in the most effective way.
- Evaluate and assess the implications of new or changing systems, products, services, operations and control processes.

# Internal Audit Charter continued

- Carry out assurance and consulting activities across all aspects of the OPCC and Force's business based on a risk-based plan agreed with the JARAC.
- Provide the Board with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls associated with the management of risk in the area being audited.
- Issue periodic reports to the JARAC and the Senior/Executive Team summarising results of assurance activities.
- Promote an anti-fraud, anti-bribery and anti-corruption culture within PSA to aid the prevention and detection of fraud;
- Assist in the investigation of allegations of fraud, bribery and corruption within PSA and notifying management and the JARAC of the results.
- Assess the adequacy of remedial action to address significant risk and control issues reported to the JARAC. Responsibility for remedial action in response to audit findings rests with line management.

There are inherent limitations in any system of internal control and thus errors or irregularities may occur and not be detected by Internal Audit's work.

When carrying out its work, Internal Audit will provide line management with comments and report breakdowns, failures or weaknesses of internal control systems together with recommendations for remedial action. However, Internal Audit cannot absolve line management of responsibility for internal controls.

Internal Audit will support line managers in determining measures to remedy deficiencies in risk management, control and governance processes and compliance to the OPCC and Force's policies and standards and will monitor whether such measures are implemented on a timely basis.

The JARAC is responsible for ensuring that Internal Audit is adequately resourced and afforded a sufficiently high standing within the organisation, necessary for its effectiveness.

## Scope of Activities

As highlighted in the previous section, there are inherent limitations in any system of internal control. Internal Audit therefore provides the Senior/Executive Team and the Board through the JARAC with reasonable, but not absolute, assurance as to the adequacy and effectiveness of

PSA governance, risk management and control processes using a systematic and discipline approach by:

- Assessing and making appropriate recommendations for improving the governance processes, promoting appropriate ethics and values, and ensuring effective performance management and accountability;
- Evaluating the effectiveness and contributing to the improvement of risk management processes; and
- Assisting PSA in maintaining effective controls by evaluating their adequacy, effectiveness and efficiency and by promoting continuous improvement.

The scope of Internal Audit's value adding activities includes evaluating risk exposures relating to PSA's governance, operations and information systems regarding the:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

## Reporting

For each engagement, Internal Audit will issue a report to the appropriate senior management and business risk owner, and depending on the nature of the engagement and as agreed in the engagement's Terms of Reference, with a summary to the Senior/Executive Team and the JARAC.

The UK PSIAS require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:

- The annual risk-based plan is compiled by the Head of Internal Audit taking account of the OPCC and Force's risk management / assurance framework and after input from members of the Senior/Executive Team. It is then presented to the Senior/Executive Team and JARAC annually for comment and approval.
- The internal audit budget is reported to the JARAC for approval annually as part of the overall budget.
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Internal Audit) and the independence of internal audit will be reported annually to the JARAC.

# Internal Audit Charter continued

- Performance against the annual risk-based plan and any significant risk exposures and breakdowns, failures or weaknesses of internal control systems arising from internal audit work are reported to the Senior/Executive Team and JARAC on a regular basis.
- Any significant consulting activity not already included in the risk-based plan and which might affect the level of assurance work undertaken will be reported to the JARAC.
- Any significant instances of non-conformance with the Public Sector Internal Audit Standards will be reported to the Senior/Executive Team and the JARAC and will be included in the Internal Audit Annual Report.

## Independence

The Head of Internal Audit has free and unfettered access to the following:

- Chief Officer Team
- Chief Finance Officers at the OPCC and Force;
- Chair of the JARAC; and
- Any other member of the Senior/Executive Team.

The independence of the contracted Head of Internal Audit is further safeguarded as their annual appraisal is not inappropriately influenced by those subject to internal audit.

To ensure that auditor objectivity is not impaired and that any potential conflicts of interest are appropriately managed, all internal audit staff are required to make an annual personal independence responsibilities declaration via the tailored 'My Compliance Responsibilities' portal which includes personal deadlines for:

- Annual Returns (a regulatory obligation regarding independence, fit and proper status and other matters which everyone in Mazars must complete);
- Personal Connections (the system for recording the interests in securities and collective investment vehicles held by partners, directors and managers, and their immediate family members); and
- Continuing Professional Development (CPD).

Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the JARAC. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for a period of at least 12 months.

## External Auditors

The external auditors fulfil a statutory duty. Effective collaboration between Internal Audit and the external auditors will help ensure effective and efficient audit coverage and resolution of issues of mutual concern. Internal Audit will follow up the implementation of internal control issues raised by external audit if requested to do so by the OPCC and Force.

Internal Audit and external audit will meet periodically to:

- Plan the respective internal and external audits and discuss potential issues arising from the external audit; and
- Share the results of significant issues arising from audit work.

## Due Professional Care

The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK PSIAS; and
- All relevant legislation.

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK PSIAS, on-going performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.

A programme of CPD is maintained for all staff working on internal audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies to deliver the risk-based plan. Both the Head of Internal Audit and the Engagement Manager are required to hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.

## Performance Measures

In seeking to establish a service which is continually improving, we acknowledge it is essential that we agree measures by which Internal Audit should demonstrate both that it is meeting the OPCC and Force's requirements and that it is improving on an annual basis. We will work to the measures outlined in the original Invitation to Tender, whilst we agree performance measures with the OPCC and Force.

# Contacts

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We take responsibility to the Office of the Police & Crime Commissioner for Derbyshire 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.

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# JOINT AUDIT RISK ASSURANCE COMMITTEE

|                     |  |
|---------------------|--|
| <b>REPORT TITLE</b> | 2020/21 YEAR END ACCOUNTING ARRANGEMENTS AND ACCOUNTING POLICIES |
| <b>REPORT BY</b>    | CHIEF FINANCE OFFICER  |
| <b>DATE</b>         | 25 MARCH 2021  |

## **PURPOSE OF THE REPORT**

To advise of the draft timetable for the closure of accounts and to note the Statement of Accounting Policies for the Chief Constable and for the Police and Crime Commissioner.

## **ATTACHMENTS**

Appendix A. Draft 2020/21 Year-end closedown plan

Appendix B. Statement of Accounting Policies for the Police and Crime Commissioner for Derbyshire

Appendix C. Statement of Accounting Policies for the Chief Constable for Derbyshire

## **RECOMMENDATIONS**

1. That the Committee can take assurance that plans, including the draft timetable for the closure of accounts and the production of the Statements for 2020/21 are robust.
2. The Statement of Accounting Policies for the Chief Constable and for the Police and Crime Commissioner are approved. To note the information and analysis as set out in this report and Appendix B and C.



CONTACT FOR ENQUIRIES

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## **1. INFORMATION AND ANALYSIS**

1. The 2020/21 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting 2020/21 (the Code). The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include: -

- The Police Reform and Social Responsibility Act 2011 (the Act).
- Accounts and Audit Regulations
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2013 – revised July 2018.
- Joint Corporate Governance Framework – Scheme of Delegation and consent between the Commissioner and Chief Constable.
- The Financial Handbook of the Commissioner and Chief Constable.

2. There are no major changes to the Code in 2020/21.

3. Each year a timetable is prepared setting out the key processes that must be followed and respective deadlines to ensure the accounts are prepared in accordance with the framework and by the statutory deadline.

4. A review by Sir Tony Redmond recommended that the deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year, Ministers committed to amending the accounts publication deadline as recommended for 2 years, subject to review.

5. The Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263) will come into force on 31 March 2021. The regulations amend the publication deadline from 31 July to 30 September for 2 years. The regulations also enable bodies to publish their draft accounts for inspection, linked to the later publication deadline, by removing the fixed period for public inspection, to say instead that the draft accounts must be published on or before the first working day of August. This allows authorities and audit firms more flexibility to schedule their audits in line with the later publication

deadline but, importantly, will not prevent them from being signed off earlier. This mirrors the approach taken in the Accounts and Audit (Amendment) (Coronavirus) Regulations 2020. In light of this, our Draft accounts will be prepared with a deadline of 30 June, which is the same as last year. The year-end timetable is attached at **Appendix A**.

### **Preparation of the 2020/21 Accounts**

6. We are required, under the draft regulations to publish the annual audited statement of accounts before the end of September of the following financial year. The primary financial statements within this document comprise:-

- Movement in Reserves Statement.
- Comprehensive Income and Expenditure Statement.
- Balance Sheet.
- Cash Flow Statement.

7. In addition to these primary statements the accounts include a Narrative Report providing context and explanations of key issues and a series of notes providing further detail to the primary statements.

8. The Annual Governance Statements (AGS) also accompany the statements of accounts. The AGS sets out the management's view of its governance arrangements, issues to be addressed and actions to be taken to strengthen governance.

### **Accounting Policies**

9. Accounting policies are the specific principals, conventions, rules and practices that are applied in preparing and presenting the annual accounts. The Commissioner and Chief Constable follows broadly the standards and policies contained in the Code when preparing their final accounts.

10. Attached at the **Appendices B** and **C** are the Statements of Accounting Policies for the 2020/21 Statement of Accounts. The highlighted areas show the changes made to the 2019/20 Accounting Policies between the Draft Statement of Accounts published on the 30 November 2020 and the Final Statement of Accounts signed off by the Auditors on the 1 March 2021 and published. This is around Going Concern

and a change of wording around intra-group recognition. The track changes show the changes for the 2020/21 Accounting Policies. There are no major code changes, so the changes are mainly presentational. The Accounting Policies will also have to be changed for 'Going concern' once guidance has been issued by the auditors.

11. It is recommended that the Accounting Policies are approved by the Joint Audit, Risk and Assurance Committee, so setting the framework for final accounts to be prepared and the Statements produced.



| <b>DRAFT YEAR-END CLOSEDOWN PLAN FOR THE CHIEF CONSTABLE AND POLICE &amp; CRIME COMMISSIONER 2020/21</b> |         |          |   |               |               |
|--|---------|----------|---|---------------|---------------|
| Day  | Date    | Leave    | Task/Comment  | Responsible   | Task Complete |
|  | Dec     |          | GAD issue data requirements and deadlines for police pensions plus Commissioning letter   | GAD/PS/MC     |               |
|  | Jan-Mar |          | Put Payments in advance, receipts in advance, creditors, debtors into system where possible. Raise debtor invoices for 2020/21 where possible | Strat Finance |               |
|  | Jan-Mar |          | Ensure any miscodings are corrected, orders closed, reconciliations are up to date etc...   | Strat Finance |               |
|  | Jan-Mar |          | Finance Support to ensure that creditors, debtors, aged registrations and suspense are monitored and cleared as soon as possible              | Fin Support   |               |
|  | Jan/Feb |          | Set up Asset Registers for 2020/21, calculate depreciation, prepare spreadsheets to send out for disposals                                    | JC/SM         |               |
|  | Jan/Feb |          | Review Code of Practice for new requirements  | JC            |               |
|  | Jan     |          | Finance Support to review debtor invoices for write off during January - deadline for return 3 February                                       | JC/CW         |               |
|  | Feb     |          | Set up proforma accounts for 2020/21  | KF            |               |
|  | Feb     |          | Prepare Capital working Papers  | JC/SM         |               |
|  | Feb     |          | Check have all paperwork behind any redundancies from HR for interim audit  | TW            |               |
|  | Feb     |          | Scan all grant notifications & precepts for interim audit   | MC/LSc        |               |
| Tuesday  | 19-Jan  |          | CIPFA FAN Closedown & Financial Reporting Workshop (JP attending workshop 03/02)  | JC            |               |
| Saturday   | 23-Jan  |          |   |               |               |
| Sunday   | 24-Jan  |          |   |               |               |
| Friday   | 29-Jan  |          | Deadline for return of GAD commissioning letter and acceptance of demographic assumptions to GAD  | MC/PS         |               |
|  |         |          | List of registrations to be sent out to check if any need closing/chasing   | From Agresso  |               |
| Saturday   | 30-Jan  |          |   |               |               |
| Sunday   | 31-Jan  |          |   |               |               |
| Monday   | 01-Feb  | KF,JC    |   |               |               |
| Tuesday  | 02-Feb  |          |   |               |               |
| Wednesday  | 03-Feb  | PS,KF    | Finance Support to review old registrations to clear by 26 February and review credit notes outstanding                                       | Fin Supp      |               |
|  |         |          | Deadline debtor write offs  | CW            |               |
| Thursday   | 04-Feb  | MC,CW    | Check debtors reconciliation of 0325 in anticipation of year end  | KB/CW         |               |
|  |         |          | Email to IS re asset disposals - deadline for return 4 March  | SM            |               |
| Friday   | 05-Feb  | CW       | Send out Draft Timetable/areas of responsibilities to discuss at meetings   | JC            |               |
| Saturday   | 06-Feb  |          |   |               |               |
| Sunday   | 07-Feb  |          |   |               |               |
| Monday   | 08-Feb  | KF       | Email to Strat Finance to check with departments about equipment disposals - deadline 18 March  | JC            |               |
| Tuesday  | 09-Feb  |          | Written Instructions issued to users re year end procedures   | JC            |               |
| Wednesday  | 10-Feb  | PS,KF,MC | Email sent out to SS about property sales   | JC            |               |
| Thursday   | 11-Feb  | MC       | Send out emails re leases and embedded arrangements to IS, Assets Team and Procurement.   | JC            |               |
|  |         |          | Meeting with Strategic Finance re Final Accounts Timetable  | Strat Finance |               |
| Friday   | 12-Feb  | MC,JC    | CW to check that mileage details are up to date for Chief Officers  | CW            |               |
|  |         |          | Send out email re CDC % to staff deadline 12 March  | KF            |               |
| Saturday   | 13-Feb  |          |   |               |               |
| Sunday   | 14-Feb  |          |   |               |               |
| Monday   | 15-Feb  | JC       |   |               |               |

| Day       | Date   | Leave    | Task/Comment  | Responsible   | Task Complete |
|-----------|--------|----------|---|---------------|---------------|
| Tuesday   | 16-Feb |          | Written request sent to Finance (CW) & Divisions & CTIU for Petty Cash Imprest Account Reconciliations and a request to bank income on 31 March | JC            |               |
| Wednesday | 17-Feb | PS       | Emails Assets Team (SS) re new leases or terminated leases in 2020/21 - deadline 17 March   | JC/KB         |               |
| Thursday  | 18-Feb |          | List of old orders to be sent out to check if any need closing/chasing  | LSc           |               |
|           |        |          | Email Assets Team re retentions on capital contracts  | JC/SM         |               |
|           |        |          | DCC issue data requirements and deadlines for LGPS  | DCC           |               |
| Friday    | 19-Feb |          | Written request to Lampton Smith Hamptons re valuation requirements   | JC            |               |
| Saturday  | 20-Feb |          |   |               |               |
| Sunday    | 21-Feb |          |   |               |               |
| Monday    | 22-Feb |          | Check with Director of Finance any changes to Chief Officer scheme  | TW            |               |
| Tuesday   | 23-Feb |          | Email to DMS re TOIL, Annual Leave for Police Officers and Staff on DMS system as at 31/03/21 Deadline 30 April                                 | TW            |               |
|           |        |          | Written request sent to Fleet and Legal for Vehicle and Liability Insurance Claims deadline 30 April - used 7th April for deadline              | KF            |               |
|           |        |          | Meeting with Regional Accountants - Final Accounts Issues   | Various       |               |
| Wednesday | 24-Feb | PS       | Send email to CW for information on Police Property Fund Balances as at 31/03/21  | JC            |               |
|           |        |          | Recharge for Crest Vehicle insurance (premium/self insurance) -additional vehicles  | MC            |               |
|           |        |          | Check all Outturn reports are working (To include C/Fwd Reports)  | SL            |               |
| Thursday  | 25-Feb |          | Email Derbyshire Fire/LLP re deadlines for accruals and other information   | JC            |               |
|           |        |          | Assets registers to be complete for start of year position  | JC/SM/TW      |               |
| Friday    | 26-Feb | JC<br>PS | Orders to be closed for P11 Monitoring  | LSc           |               |
|           |        |          | Email to District/Borough Councils re Accounting for Council Tax - deadline Wednesday 19 May  | MC            |               |
|           |        |          | Email Assets Team re assets held for sale, surplus assets and impairments   | JC            |               |
|           |        |          | Period end and P11 Monitoring reports run   | LSc           |               |
|           |        |          | Deadline to let DCC/Hymans know which approach taking for IAS19 information   | PS/MC         |               |
| Saturday  | 27-Feb |          |   |               |               |
| Sunday    | 28-Feb |          |   |               |               |
| Monday    | 01-Mar | KF,JC    | Strategic Finance to work on Draft Outturn this week for Carry Forward meetings w/c 8 March   | Strat Finance |               |
| Tuesday   | 02-Mar |          | Finance Support/Legal to review debtor invoices for write off during March - deadline for return 26 March                                       | CW/JC         |               |
|           |        |          | Remind DCC to send early retirement invoice before 31 March 2021  | TW            |               |
| Wednesday | 03-Mar | PS,KF    | Email Fleet re deadlines for Fuel (8 April) and Hire Cars (19 April)  | LSc           |               |
|           |        |          | Email Finance Support (CW) re deadlines (13 April) for Barclaycard, CW to email departments with deadline                                       | LSc/CW        |               |
|           |        |          | Email Finance Support (CW) re deadlines (12 April) for POCA information   | KB            |               |
|           |        |          | Email to Assets Team (TH) re reports from Vehicle Management System re purchases and disposals up to 31/03/21. Deadline 7 April 2021.           | SM            |               |
| Thursday  | 04-Mar |          | Balance all reconciliation accounts in anticipation of year end (eg collection accounts, salaries Interims etc)                                 | LS/CW         |               |
|           |        |          | Action write off any items in collection accounts and salaries interims (04's)  | LS/JC/CW      |               |
|           |        |          | Prepare premises accruals for LLP eg utilities,rates etc to be sent to Fire by the end of March   | LSc           |               |
|           |        |          | Deadline for return of lists for IS Disposals   | SM            |               |
| Friday    | 05-Mar |          | Deadline for embedded leases  | JC            |               |
|           |        |          | Major Crime Recharges between Forces - provide YTD Costs  | AC            |               |
|           |        |          | Backpay files from Kier to be input into Agresso  | CW            |               |
| Saturday  | 06-Mar |          |   |               |               |

| Day       | Date   | Leave       | Task/Comment  | Responsible              | Task Complete |
|-----------|--------|-------------|---|--------------------------|---------------|
| Sunday    | 07-Mar |             |   |                          |               |
| Monday    | 08-Mar | KF          | EY Local Government Public Sector Accounting Workshop this week   | Various                  |               |
|           |        |             | Send out system admin Year End Procedures   | JC                       |               |
|           |        |             | Draft outturn/Carry forward meetings with formations (carry forward information to be sent to Tracy)  | Strat Finance            |               |
| Tuesday   | 09-Mar |             | Draft outturn/Carry forward meetings with formations (carry forward information to be sent to Tracy)  | Strat Finance            |               |
|           |        |             | Report on Accounting Policies to be completed - include track changes on Acc Policies - JARAC Deadline 16/03/21   | JC/MC                    |               |
| Wednesday | 10-Mar | PS,KF,MC,JP | Draft outturn/Carry forward meetings with formations (carry forward information to be sent to Tracy)  | Strat Finance            |               |
| Thursday  | 11-Mar | MC          | Draft outturn/Carry forward meetings with formations (carry forward information to be sent to Tracy)  | Strat Finance            |               |
|           |        |             | Cleaning Recharges to be actioned and put in Agresso  | LSc                      |               |
|           |        |             | Review out of date cheques and write-off actioned by 25 March.  | LS                       |               |
| Friday    | 12-Mar | MC,JC       | Draft outturn/Carry forward meetings with formations (carry forward information to be sent to Tracy)  | Strat Finance            |               |
|           |        |             | Provide GAD with a record of the summary data and cashflows during 2020/21  | TW/PS                    |               |
|           |        |             | Check Balance Sheet Codes for revenue items posted by mistake (eg 0222,0236,0336,0238,0338,X999 etc....)  | JC                       |               |
|           |        |             | Email to Leicestershire/Business Support re salaries over £40,000 (renumeration should include pension AVC) and P11D information.   | TW/JC                    |               |
|           |        |             | Deadline for CDC% information   | KF                       |               |
| Saturday  | 13-Mar |             |   |                          |               |
| Sunday    | 14-Mar |             |   |                          |               |
| Monday    | 15-Mar | KF,MC,JC,PS | Email Fleet re deadline for repair costs Chief Officer Vehicles (6 April) for P11D calculation  | CW                       |               |
|           |        |             | Deadline for Analytical Data for EY (Period 1 to 9)   | JC                       |               |
| Tuesday   | 16-Mar | MC, PS      | Email to Sheila Sismey re Derby PFI CCR's   | PS                       |               |
|           |        |             | Draft Closing down timetable issued to External Auditors.   | JC                       |               |
| Wednesday | 17-Mar | PS,KF       | Look at Expenses in DRAFT and contact submitters to remind them to make claims ACTIVE prior to 6th April  | CW                       |               |
|           |        |             | Deadline for leases information from Assets   | JC/KB                    |               |
| Thursday  | 18-Mar | PS,JP       | Deadline for Equipment Disposals  | Strat Finance            |               |
| Friday    | 19-Mar | PS,JP       | Deadline for Divisions/Departments/Strat Finance to send any invoices they might receive to Finance Support   | Divs/Depts/Strat Finance |               |
|           |        |             | Forces to submit all recharge invoices relating to all Collaborative Units  | AC/MC                    |               |
|           |        |             | Send Information to LSH re capital spend  | JC/SM                    |               |
| Saturday  | 20-Mar |             |   |                          |               |
| Sunday    | 21-Mar |             |   |                          |               |
| Monday    | 22-Mar | KF,JC,MC    |   |                          |               |
| Tuesday   | 23-Mar | JC,JP       | Cheque/BACS run to pick up most invoices  | Fin Supp                 |               |
| Wednesday | 24-Mar | PS,KF,JC    | Email to Force Solicitor, Director of Finance and Office of PCC (Chief Finance Officer & Chief Executive) re contingent liabilities   | MC                       |               |
|           |        |             | Last day for virement requests from Divisions/Departments to be actioned by 30 March.   | Strat Finance            |               |
|           |        |             | Last day for debtor invoice details to reach Finance Support for input deadline 31 March 2021   | Fin Supp                 |               |
|           |        |             | All carry forward requests to be sent to TW to be collated by the 30th March for Design Board to consider on 7th April  | TW/Strat Finance         |               |
| Thursday  | 25-Mar | JC          | Out of date cheques In Agresso  | LS                       |               |
|           |        |             | Email to Chief officers and Office of PCC re related party transactions including officers who have left in year  | KF                       |               |
|           |        |             | JARAC   |                          |               |
|           |        |             | Deadline for Divisional & CTIU Petty Cash to be received by Finance Support   | Divisions/Fin Supp       |               |
| Friday    | 26-Mar | JC,JP       | Petty Cash - need written confirmation from Regional organised crime unit for hostage petty cash imprest and also from Gallaghers Basset for vehicle insurance imprest as at 31/03/2021 | CW                       |               |



| Day       | Date   | Leave | Task/Comment  | Responsible       | Task Complete |
|-----------|--------|-------|---|-------------------|---------------|
|           |        |       | Pensions Deficit information input into Agresso   | LSc               |               |
|           |        |       | List of Debtors to be written off/credited to be established  | CW                |               |
|           |        |       | Remind Finance that all handdrawn cheques to be posted (Manual Payments) by the 31 March 2021   | Fin Supp          |               |
| Saturday  | 27-Mar |       |   |                   |               |
| Sunday    | 28-Mar |       |   |                   |               |
| Monday    | 29-Mar | KF,JP | Cheque/BACS run to pick up remaining invoices to be paid 31/03/21   | Fin Supp          |               |
|           |        |       | Email Finance Support (CW) & Divisions to remind about banking on 31 March 2021   | JC                |               |
|           |        |       | Action Debtor Write offs (JC) and credit notes (CW) by this date  | JC/CW             |               |
|           |        |       | Auditors to request third-party verifications for bank balances. MC to send letters for investments as at 31 March 2021 to be returned to auditors- schedule to be sent to Auditors | MC                |               |
| Tuesday   | 30-Mar | JP    | All Virements to be actioned  | Strat Finance     |               |
| Wednesday | 31-Mar | PS,KF | Income (cash receipts) to be banked. Divisions to send Statement of Receipts and Banking slip to Fin Supp by 2.30pm   | Fin Supp          |               |
|           |        |       | Transfer monies from legal account to main account  | Trea Man          |               |
|           |        |       | Emails sent to Force Managers re force assets as at 31/03/2021 due back 9 April   | JC                |               |
|           |        |       | Cash Receipts to be registered in Agresso for HQ and Divisions.   | Fin Supp          |               |
|           |        |       | Debtor invoices to be input.  | Fin Supp          |               |
|           |        |       | All handdrawn cheques to be posted (Manual Payments)  | Fin Supp          |               |
|           |        |       | Last Cheque/BACS run for 2020/21 and HQ Petty Cash.   | Fin Supp          |               |
|           |        |       | Period/Year end routines and Agresso system default period changed to 202101.   | MC/LSc            |               |
|           |        |       | Run report of invoices registered but not approved (posted) plus other year end reports   | JC                |               |
| Thursday  | 01-Apr |       | Open Purchase Orders as at 31 March carried forward to 202101   | LSc/MC            |               |
|           |        |       | Check all Cash Receipts input   | JC/CW             |               |
|           |        |       | Income banked (Manual Credits and Debits) up to 31 March 2021 posted within Agresso. Manual Receipts to be posted.  | Fin Supp          |               |
|           |        |       | Final reconciliation of Account code 0325 - debtors income - Liase with Finance Support if necessary  | KB                |               |
|           |        |       | Cancelled cheques (no reissue) relating to old year to be posted  | CW                |               |
| Friday    | 02-Apr |       |   |                   |               |
| Saturday  | 03-Apr |       |   |                   |               |
| Sunday    | 04-Apr |       |   |                   |               |
| Monday    | 05-Apr |       |   |                   |               |
| Tuesday   | 06-Apr |       | Balance system Debtors and Creditors after manual payments/ receipts posted   | JC                |               |
|           |        |       | Final Bank Reconciliation for 2020/21 completed. Save copy in excel (Final Accounts Balance Sheet Working Papers)   | LS                |               |
|           |        |       | Email PFI provider about lifecycle expenditure - capital/revenue  | PS                |               |
|           |        |       | Deadline for repair costs Chief Officer vehicles  | Fleet             |               |
| Wednesday | 07-Apr | PS,KF | Cheque/BACS Run   | Fin Supp          |               |
|           |        |       | Send out Bad Debt Provision information to Fin Support (CW) deadline for return 16 April  | JC/CW             |               |
|           |        |       | Cut off date for Police overtime and Expenses for staff/officers, Fin Supp to sort out queries for submission on 8th  | Fin Supp          |               |
|           |        |       | Deadline for Petty Cash Reconciliation Information  | Fin/Bus Supp/CTIU |               |
|           |        |       | Email sent re capital orders to accrue  | JC/SM             |               |
|           |        |       | Deadline for information from Vehicle Management System re purchases and Disposals  | Fleet/SM          |               |
|           |        |       | Run report of invoices (creditor) posted in 2021/22 after payment run to check which need accruing into 2020/21 - Run 1. Send out to Strategic Finance.                             | JC/LSc            |               |
|           |        |       | Design Board to consider carry forward requests   | Design Board      |               |

| Day       | Date   | Leave | Task/Comment   | Responsible    | Task Complete |
|-----------|--------|-------|--|----------------|---------------|
| Thursday  | 08-Apr |       | Deadline for Fuel recharges  | Fleet          |               |
|           |        |       | Police Overtime, expenses and 10% allowance submission to Leicestershire   | LSc            |               |
|           |        |       | Summarise System Debtors and Creditors into different formats  | KF             |               |
| Friday    | 09-Apr |       | Fuel Charges to be input into Agresso  | LSc            |               |
|           |        |       | Deadline for Force Asset information from Assets   | Assets/JC      |               |
|           |        |       | Check Retirements, do any pension commutations need accruing back into 2020/21   | TW/AC          |               |
|           |        |       | Check that Finance Support have entered all debtor and creditor invoices into Agresso that relate to 2020/21 to be picked up for final system accrual by Strategic Finance | JC/Fin Supp    |               |
| Saturday  | 10-Apr |       |  |                |               |
| Sunday    | 11-Apr |       |  |                |               |
| Monday    | 12-Apr |       | Deadline POCA information  | CW/KB          |               |
|           |        |       | Download Year End PWLB Information from internet   | MC             |               |
|           |        |       | Staff overtime to be submitted into I-Trent  | Fin Supp       |               |
| Tuesday   | 13-Apr |       | Deadline for Barclaycard Expenditure spreadsheet to be received for March transactions   | Fin Supp       |               |
|           |        |       | Cheque/BACS Run  |                |               |
|           |        |       | Run report of invoices (creditor/debtor) posted/registered in 2021/22 after payment run to check which need accruing into 2020/21 - Run 2. Send out to Strategic Finance.  | JC/LSc         |               |
| Wednesday | 14-Apr | PS,KF | Require overtime and expenses information for accrual  | Leicestershire |               |
|           |        |       | Barclaycard Expenditure to be input into Agresso   | LSc            |               |
|           |        |       | Finalise system accruals spreadsheet run 1 & input into Agresso  | LSc            |               |
|           |        |       | Reconcile POCA to Finance Support records and post journals  | KB/Fin Supp    |               |
| Thursday  | 15-Apr |       | Send email out re Grants to be checked for conditions  | JC             |               |
| Friday    | 16-Apr | AC    | Deadline for Related party questionnaires  | KF             |               |
|           |        |       | EMSOU and all other Collaborative Units to send the year-end adjustments spreadsheet to forces   | PS             |               |
|           |        |       | Major Crime recharges between forces full year costs to be provided  | AC             |               |
|           |        |       | Amounts for Police Officers' & staff overtime/10% allowances/unsocial hours in April 2021 payroll posted to period 2020/21.  | JC/LSc         |               |
|           |        |       | Amounts for Mileage & Expenses in April 2021 Police Officer and Police Staff payrolls posted to period 2020/21   | LSc            |               |
|           |        |       | Maintenance recharges to be done   | LSc            |               |
|           |        |       | Bad Debt provision deadline  | CW             |               |
|           |        |       | Chief Officer private mileage recharge journal to be posted (0421)   | CW             |               |
| Saturday  | 17-Apr |       |  |                |               |
| Sunday    | 18-Apr |       |  |                |               |
| Monday    | 19-Apr | KF    | Deadline for Long/Short term hire vehicles for March transactions  | Fleet          |               |
| Tuesday   | 20-Apr |       | Hire Cars Expenditure to be input into Agresso   | LSc            |               |
| Wednesday | 21-Apr | PS,KF | Finalise system accruals spreadsheet run 2 & input into Agresso  | LSc            |               |
| Thursday  | 22-Apr |       | Final reconciliation of salaries interims/collection accounts  | LS/CW/JC       |               |
|           |        |       | Spreadsheet to be set up for any manual creditors/debtors for Strategic Finance to fill in - Run 3   | LSc/JC         |               |
|           |        |       | TSU Collaboration Accounting 22 April to 29 Apr - required earlier to send to Leicestershire   | KF             |               |
| Friday    | 23-Apr |       | Vehicle Reconciliation Complete  | SM             |               |
|           |        |       | Deadline for LLP/Fire accruals   | Fire/JC        |               |
| Saturday  | 24-Apr |       |  |                |               |
| Sunday    | 25-Apr |       |  |                |               |

| Day       | Date   | Leave  | Task/Comment  | Responsible    | Task Complete |
|-----------|--------|--------|---|----------------|---------------|
| Monday    | 26-Apr | KF     | Forensics,Legal & HR Collaboration Accounting 26 April to 7 May (lead force information to others in region), 21 May for Derbyshire | TW/SL/MC       |               |
| Tuesday   | 27-Apr |        | Information required for Chief Officer remuneration note re P11D information (Chief Officers cars etc..)                            | CW             |               |
| Wednesday | 28-Apr | PS,KF  | Finalise accruals spreadsheet run 3 & input into Agresso  | LSc            |               |
| Thursday  | 29-Apr |        |   |                |               |
| Friday    | 30-Apr |        | GAD issues the consolidated results re IAS19  | GAD            |               |
|           |        |        | Lead Force Information for TSU collaboration to be sent to Leicestershire   | KF             |               |
|           |        |        | Deadline for vehicle and legal claims information   | Fleet/Legal    |               |
|           |        |        | Police Officer/staff TOIL,RDIL and Annual Leave to be obtained from DMS and departments   | TW             |               |
| Saturday  | 01-May |        |   |                |               |
| Sunday    | 02-May |        |   |                |               |
| Monday    | 03-May |        |   |                |               |
| Tuesday   | 04-May | JC     | Check if we need any information from Legal for contingent Liability note eg number of claims for pension challenge                 | MC             |               |
| Wednesday | 05-May | PS,KF  |   |                |               |
| Thursday  | 06-May |        | Download information for Apprenticeship levy and post journal - 9040 F001 and 1501 F001   | TW             |               |
| Friday    | 07-May |        | Deadline for Officers Remuneration report from Leicester Payroll/Kier   | Leicestershire |               |
|           |        |        | Lead Force Information to be sent/received from region re collaboration   | TW/SL/MC       |               |
| Saturday  | 08-May |        |   |                |               |
| Sunday    | 09-May |        |   |                |               |
| Monday    | 10-May | KF     | Information back from Valuer  | LSH            |               |
|           |        |        | Deadline for Draft copy of LLP Accounts.  | Fire/JC        |               |
| Tuesday   | 11-May |        | Ask Leicestershire for Payroll Master file information for working papers   | CW             |               |
|           |        |        | Ask XPS for pension reports for working papers  | CW             |               |
| Wednesday | 12-May | PS,KF  | Last journal entries to revenue codes (Final outturn position) by 4pm   | Strat Finance  |               |
|           |        |        | Excelerator Reports run for final outturn position  | KF             |               |
| Thursday  | 13-May |        | Check Final Outturn Reports and send out  | Strat Finance  |               |
|           |        |        | Capital Accounting 13 May to 28 May   | JC/SM          |               |
|           |        |        | Balance Manual Debtors and Creditors and analyse for Debtor/Creditors note deadline 27 May  | KB             |               |
| Friday    | 14-May |        | Information back from DCC - IAS19 information   | DCC            |               |
| Saturday  | 15-May |        |   |                |               |
| Sunday    | 16-May |        |   |                |               |
| Monday    | 17-May | KF     | Sponsorship balances in ledger balanced to Sponsorship register   | AC             |               |
| Tuesday   | 18-May |        |   |                |               |
| Wednesday | 19-May | PS,KF  | Accounting for Council Tax Information received from Councils   | MC             |               |
| Thursday  | 20-May |        | IAS19 figures to be posted in ledger.   | MC             |               |
|           |        |        | Accounting for Council Tax Information posted in ledger   | MC             |               |
| Friday    | 21-May | CW     | Last day for our share of EMSOU/Collaborations to be entered into Derbyshire's Accounts   | TW             |               |
| Saturday  | 22-May |        |   |                |               |
| Sunday    | 23-May |        |   |                |               |
| Monday    | 24-May | KF,CW  | Prepare Annual Governance Statement - Chief Constable and PCC for Audit Committee (JARAC) on 24 June                                | JP/SA/AD       |               |
| Tuesday   | 25-May | CW     | Accumulated Absences information to be posted   | TW             |               |
| Wednesday | 26-May | PS,KF  | Deadline for Provisional Outturn Figures for Joint Director of Finance to report to PCC & Chief Finance Officer                     | KF/JP          |               |
| Thursday  | 27-May | CW, TW | Information for Debtors/Creditors note complete   | KB             |               |

| Day       | Date   | Leave       | Task/Comment   | Responsible       | Task Complete |
|-----------|--------|-------------|--|-------------------|---------------|
| Friday    | 28-May | CW, TW      | Final day for Capital journal entries  | JC                |               |
|           |        |             | Last journal entries for contributions to/from Reserves and Balance Sheet (final position) | JC/PS             |               |
|           |        |             | Reconciliation of Balance Sheet Codes complete   | Strat Finance     |               |
| Saturday  | 29-May |             |  |                   |               |
| Sunday    | 30-May |             |  |                   |               |
| Monday    | 31-May |             |  |                   |               |
| Tuesday   | 01-Jun | CW, TW      | Narrative Reports to be prepared deadline 18 June  | JP/SA/AD          |               |
|           |        |             | Preparation of Statement of Accounts   | JC/PS/TW/MC/KF    |               |
| Wednesday | 02-Jun | KF,PS,CW,TW | Preparation of Statement of Accounts   | JC/PS/TW/MC/KF    |               |
| Thursday  | 03-Jun | CW, TW      | Preparation of Statement of Accounts   | JC/PS/TW/MC/KF    |               |
| Friday    | 04-Jun | CW, TW      | Preparation of Statement of Accounts   | JC/PS/TW/MC/KF    |               |
| Saturday  | 05-Jun |             |  |                   |               |
| Sunday    | 06-Jun |             |  |                   |               |
| Monday    | 07-Jun | KF          | Preparation of Statement of Accounts   | JC/PS/TW/MC/KF    |               |
| Tuesday   | 08-Jun |             | Preparation of Statement of Accounts   | JC/PS/TW/MC/KF    |               |
| Wednesday | 09-Jun | KF,PS       | Preparation of Statement of Accounts   | JC/PS/TW/MC/KF    |               |
| Thursday  | 10-Jun |             | Preparation of Statement of Accounts   | JC/PS/TW/MC/KF    |               |
| Friday    | 11-Jun |             | Preparation of Statement of Accounts   | JC/PS/TW/MC/KF    |               |
|           |        |             | Last date for all Statements in the accounts to be completed                               | JC/PS/TW/MC/KF    |               |
| Saturday  | 12-Jun |             |  |                   |               |
| Sunday    | 13-Jun |             |  |                   |               |
| Monday    | 14-Jun | KF          | Prepare report re Police Property Fund to go to SPA Board                                  | CW                |               |
| Tuesday   | 15-Jun |             |  |                   |               |
| Wednesday | 16-Jun | PS,KF       |  |                   |               |
| Thursday  | 17-Jun |             |  |                   |               |
| Friday    | 18-Jun |             | Last date for all notes in the accounts to be completed including Narrative Report         | JP/JC/PS/TW/MC/KF |               |
|           |        |             | Summary Accounts to be prepared  | LSc/MC            |               |
|           |        |             | Deadline for Analytical Data for EY (Period 10 to 14)                                      | JC                |               |
| Saturday  | 19-Jun |             |  |                   |               |
| Sunday    | 20-Jun |             |  |                   |               |
| Monday    | 21-Jun | KF          | Draft Statement of Accounts Finalised including Group Accounts -sent to be checked         | JC/PS             |               |
|           |        |             | Deadline for Outturn Reports (Revenue & Capital) for SPA Board 19 July                     | JP/PS/JC          |               |
|           |        |             | Deadline for Treasury Management Annual Report SPA Board 19 July                           | MC/JC             |               |
|           |        |             | Deadline for Annual Debtors report for SPA Board 19 July                                   | KB/JC             |               |
| Tuesday   | 22-Jun |             | Draft Statement of Accounts Checked  | SA/AD/JC/JP       |               |
| Wednesday | 23-Jun | PS,KF       | Draft Statement of Accounts Checked  | SA/AD/JC/JP       |               |
| Thursday  | 24-Jun |             | Draft Statement of Accounts Checked  | SA/AD/JC/JP       |               |
|           |        |             | JARAC  |                   |               |
| Friday    | 25-Jun | KF          | Draft Statement of Accounts Checked  | SA/AD/JC/JP       |               |
| Saturday  | 26-Jun |             |  |                   |               |
| Sunday    | 27-Jun |             |  |                   |               |

| Day       | Date   | Leave | Task/Comment  | Responsible      | Task Complete |
|-----------|--------|-------|---|------------------|---------------|
| Monday    | 28-Jun | KF    | Changes to Statement of Accounts finalised  | JC/PS            |               |
| Tuesday   | 29-Jun | KF    |   |                  |               |
| Wednesday | 30-Jun | PS,KF | Chief Finance Officer for PCC/Director of Finance to sign off Accounts by this date                                   | SA/AD            |               |
|           |        |       | Set of signed Accounts to be provided to Auditors and published on internet.  | JC/AD/PCC office |               |
|           |        |       | Statement of Public Rights to be published on Internet  |                  |               |
| Thursday  | 01-Jul | KF    | Accounts open to public inspection for 30 working days  | Ext Audit        |               |
|           |        |       | Compilation of Final Accounts files/working papers loaded to portal   | Strat Finance    |               |
| Friday    | 02-Jul | KF    | Compilation of Final Accounts files/working papers loaded to portal   | Strat Finance    |               |
| Saturday  | 03-Jul |       |   |                  |               |
| Sunday    | 04-Jul |       |   |                  |               |
| Monday    | 05-Jul | KF    | Audit of Accounts. Ext Auditors doing both Police & Fire at same time - <i>Dates and length of Audit to be agreed</i> | Ext Audit        |               |
|           |        |       | Compilation of Final Accounts files/working papers loaded to portal   | Strat Finance    |               |
| Tuesday   | 06-Jul |       | Compilation of Final Accounts files/working papers loaded to portal   | Strat Finance    |               |
| Wednesday | 07-Jul | PS,KF | Compilation of Final Accounts files/working papers loaded to portal   | Strat Finance    |               |
| Thursday  | 08-Jul |       | Compilation of Final Accounts files/working papers loaded to portal   | Strat Finance    |               |
| Friday    | 09-Jul |       | Compilation of Final Accounts files/working papers loaded to portal   | Strat Finance    |               |
| Saturday  | 10-Jul |       |   |                  |               |
| Sunday    | 11-Jul |       |   |                  |               |
| Monday    | 12-Jul | KF    | Start Whole of Government Accounts (WGA) Return   | KF/JC            |               |
| Tuesday   | 13-Jul | PS    |   |                  |               |
| Wednesday | 14-Jul | PS,KF | ?? JARAC Final Accounts Workshop - <i>no date scheduled in yet</i>  | JP/JC/AD/SA      |               |
| Thursday  | 15-Jul |       |   |                  |               |
| Friday    | 16-Jul |       |   |                  |               |
| Saturday  | 17-Jul |       |   |                  |               |
| Sunday    | 18-Jul |       |   |                  |               |
| Monday    | 19-Jul | KF    | Strategic Priorities Assurance (SPA) Board  | Strat Finance    |               |
| Tuesday   | 20-Jul |       | All debtor invoices that relate to old year to be sent to Finance Support to be raised                                |                  |               |
| Wednesday | 21-Jul | PS,KF |   |                  |               |
| Thursday  | 22-Jul |       |   |                  |               |
| Friday    | 23-Jul |       |   |                  |               |
| Saturday  | 24-Jul |       |   |                  |               |
| Sunday    | 25-Jul |       |   |                  |               |
| Monday    | 26-Jul | KF    | Completion of CO Forms - <i>TBC</i>   | JC/SM            |               |
|           |        |       | Completion of RO Forms - <i>TBC</i>   | MC               |               |
| Tuesday   | 27-Jul |       |   |                  |               |
| Wednesday | 28-Jul | PS,KF |   |                  |               |
| Thursday  | 29-Jul |       |   |                  |               |
| Friday    | 30-Jul |       | Completion of WGA Return - <i>TBC</i>   | KF/JC            |               |
| Saturday  | 31-Jul |       |   |                  |               |
| Sunday    | 01-Aug |       |   |                  |               |
| Monday    | 02-Aug |       |   |                  |               |

| Day       | Date   | Leave | Task/Comment   | Responsible   | Task Complete |
|-----------|--------|-------|--|---------------|---------------|
| Tuesday   | 03-Aug |       |  |               |               |
| Wednesday | 04-Aug | PS,KF |  |               |               |
| Thursday  | 05-Aug |       |  |               |               |
| Friday    | 06-Aug |       |  |               |               |
| Saturday  | 07-Aug |       |  |               |               |
| Sunday    | 08-Aug |       |  |               |               |
| Monday    | 09-Aug |       |  |               |               |
| Tuesday   | 10-Aug |       |  |               |               |
| Wednesday | 11-Aug | PS,KF | Conclusion of Public inspection of Accounts            |               |               |
| Thursday  | 12-Aug |       |  |               |               |
| Friday    | 13-Aug |       |  |               |               |
| Saturday  | 14-Aug |       |  |               |               |
| Sunday    | 15-Aug |       |  |               |               |
| Monday    | 27-Sep |       |  |               |               |
| Tuesday   | 28-Sep |       |  |               |               |
| Wednesday | 29-Sep |       |  |               |               |
| Thursday  | 30-Sep |       | JARAC Accounts signed off                              | JC/PCC office |               |
|           |        |       | Opinion of Auditors required                           | Auditors      |               |
|           |        |       | Publish Accounts on Internet by this date              | JC/PCC office |               |
| Friday    | 01-Oct |       | Audited WGA sent off - <i>awaiting deadlines dates</i> | KF            |               |
|           |        |       |  |               |               |
|           |        |       | Weekend  |               |               |
|           |        |       | Bank Holiday   |               |               |
|           |        |       | Annual leave/Non working Day                           |               |               |

# POLICE AND CRIME COMMISSIONER AND GROUP STATEMENT OF ACCOUNTING POLICIES

## Accounting Policies

### General Principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

The accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial liabilities.

In constructing the Going Concern position, the PCC Group considered the Covid-19 position as follows:

The concept of a going concern assumes that the functions of the Constabulary will continue in operational existence for the foreseeable future. The provisions in the Code (CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM 2019/20) in respect of going concern reporting requirements reflect the economic and statutory environment in which policing services operate. These provisions confirm that, as policing services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Policing services carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a police authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a police authority and service will continue to operate for the foreseeable future.

As at the end of October 2020, the net cost of COVID-19 stood at £2.2m which includes £0.25m falling in 2019/20 which was offset by in-year underspends. Until an effective vaccine is in place, additional costs are expected to be incurred, albeit at much lower levels than those incurred at beginning of the pandemic. There are no significant unexpected contract costs being incurred by the Constabulary or as a result of supplier failure. All additional PPE requirements are now funded through Central Government.

To date, the Government has reimbursed the cost of medical grade PPE (£221k) and announced the Income Loss Recovery Scheme to cover up to 75% of lost income from fees and charges. Government Surge funding of £424k is now expected to cover any additional policing costs relating to enforcing the Covid-19 restrictions.

The cost projections have been reviewed on a weekly basis throughout the crisis and will continue to be monitored closely. Whilst costs continue to be incurred there is no expectation that these will cause concerns with regard to the ongoing financial viability of Derbyshire Constabulary. Councils are anticipating a potential deficit on the Collection Fund for Council Tax due to reduced collection rates and a decrease to the ~~tax base~~ tax base (number of properties paying council tax). However, this will not affect the PCC's income in 2020/21. Under normal circumstances, any deficit arising on the Collection Fund would be declared during 2020/21 and distributed in 2021/22. However, the Ministry of Housing, Communities and Local Government (MHCLG) has announced a phasing scheme that allows deficits arising in 2020/21 to be repaid over 3 years rather than 1, smoothing the impact across 2021/22, 2022/23 and 2023/24.

We recognise that there remains uncertainty over the longer-term impact of Covid-19 resulting from additional costs incurred, loss of fee income and a reduction in Council Tax funding. A number of financial scenarios have been explored and will continue to be evaluated during 2020/21 to consider the financial impact on the Medium-Term Financial Plan. With forward planning and cost mitigation there is expected to be minimal impact on the general reserve balance as a result of Covid-19 related costs.

Based upon the latest assumptions cash flow forecasts have been prepared out to the end of March 2022, which indicate that the Constabulary does not expect to borrow for cash flow purposes. The assumptions used in the Medium-Term Financial Plan (MTFP) and Reserves Strategy will be revised as necessary ahead of the next budget-setting round and reported to the Strategic Priorities Assurance Board. The forecast level of usable reserves as at 31 March 2022 is £12.861m.

Based on our assessment of the financial and liquidity position of the PCC Group following the Covid-19 outbreak, there are no material uncertainties or concerns on the basis of preparing the 2019/2020 financial statements or on the ability to continue to operate as a going concern for a period of 12 months from the date of approval of these financial statements.

With the introduction of the Police Reform and Social Responsibility Act 2011 on 22 November 2012 two 'corporation sole' bodies, the Police and Crime Commissioner for Derbyshire and the Chief Constable for Derbyshire were formed. Both bodies are required to prepare separate Statements of Accounts.

The Financial Statements included here represent the accounts for the Commissioner and also those for the Group. The financial statements cover the 12 months to 31 March ~~2020~~2021. The term 'Group' is used to indicate individual transactions and policies of the Commissioner and Chief Constable for the year ended 31 March ~~2020~~2021. The identification of the Commissioner as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the Commissioner under the Police Reform and Social Responsibility Act 2011.

The principal accounting policies adopted are set out below: -

### **Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made and received. Whilst all expenditure is paid for by the Group including the pay costs of police officers and staff, the actual recognition in the respective Commissioner and Chief Constable Accounts is based on economic benefit.

Debtors – these are recognised in the accounts when the ordered goods or services have been delivered or rendered by the Group in the financial year but the income has not yet been received. Income has only been included in the accounts when it can be realised with reasonable certainty. Where there is evidence that the Group may not be able to collect all amounts due to it, a provision for bad debts is established. The provision made is the difference between the current carrying value of the debt and the amount likely to be collected. These amounts are set on an individual debtor basis. The provision for bad debts is recognised as a charge to the Comprehensive Income and Expenditure Statement for the income that might not be collected.

Creditors – these are recorded where goods or services have been supplied to the Group by 31 March but payment is not made until the following financial year.

### **Fair Value Measurement**

Some of the non-financial assets, such as surplus assets and some financial instruments are measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: -

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest.

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use is taken into account.

Valuation techniques used are those appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows: -

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 – inputs other than quoted process included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the assets or liability.



## **Accounting for Local Taxes**

The collection of council tax is, in substance, an agency arrangement with the Derbyshire District and Derby City Authorities (billing authorities) collecting council tax on behalf of the Commissioner (the Police Precept).

The council tax income is included in the Comprehensive Income and Expenditure Statement on an accruals basis and includes the precept for the year plus a share of Collection Fund surpluses and deficits from the billing authorities.

The difference between the income reported in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve shall be taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

The year-end Balance Sheet includes the share of year end debtors (arrears and collection fund surpluses) and creditors (prepayments, overpayments and collection fund deficits) attributable to the Group

## **Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment or other purposes. The following have been classed as cash and cash equivalents:

- Cash on hand.
- Cash in bank (Current Account, Call Account and Business Premium Account).
- Temporary investments with instant access and no penalties.

## **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Group's financial performance.

## **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **Employee Benefits**

The Accounts are prepared in accordance with IAS19 *Employee Benefits*. This is a complex accounting standard but it is based on a simple principle that:

"An organisation should account for employment and post-employment benefits when employees earn them and the authority is committed to give them, even if the actual giving will be many years into the future".

IAS 19 applies to all types of employee benefits paid including benefits payable during employment, termination benefits and post-employment benefits.

## **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, expenses, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Comprehensive Income and Expenditure Statement (as a surplus/deficit on Provision of Services), but then reversed out

through the Movement in Reserves Statement to the Short Term Accumulating Compensated Absences Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs but have no impact on the level of council tax.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to the termination of the employment of an employee or group of employees or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post-employment Benefits (Pensions)**

The main effect of IAS19 in relation to post-employment benefits is the recognition of the net liability in the Balance Sheet (offset by an unusable Pension Reserve) for benefits earned but not yet paid, and entries in the Comprehensive Income and Expenditure Statement for in-year movements in the liability. Reconciling entries in the Movement in Reserves Statement bring back the cost of pensions to the amount chargeable to the General Fund for the purposes of grant and local taxation).

IAS19 relies on the recognition of pension's liabilities (being the retirement benefits promised measured on an actuarial basis) and assets (being the Group's share of investments (if any)).

The Group participates in two different pension schemes both of which are "defined benefit schemes" as they are both based on employees earning benefits from years of service;

#### **a) Police Officers**

This scheme is unfunded. This means it provides pensions and other retirement benefits for police officers based on pensionable salaries but there are no investment assets built up to meet the pensions liabilities.

The funding arrangements for the police officers pension scheme changed on 1 April 2006. Before April 2006 each Police Authority was responsible for paying the pensions of its former officers on a "pay as you go" basis. From April 2006 there is now an employer's contribution instead (currently the equivalent of 31% of pensionable salary) which is charged to the Comprehensive Income and Expenditure Statement.

The Group is required by legislation to operate a Pension Fund Account and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension's account from which pension payments are then made. The account is topped up as necessary by a grant from the Home Office if the contributions are insufficient to meet the cost of pension's payments. Any surplus is recouped by the Home Office. Injury awards and the capital costs associated with ill health retirements are paid from the Group's Comprehensive Income and Expenditure Statement.

The pension fund account does not take account of the obligation to pay pensions and benefits which fall due after the end of the financial year.

#### **b) Police Staff and PCSO's**

Police staff and PCSO's, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme administered by Derbyshire County Council. It is a defined benefit occupational pension scheme. Pensions and other retirement benefits earned prior to 1 April 2014 are based on final salaries, benefits earned after that date are calculated on earnings accrued in a scheme year. Employers and employees make regular contributions into the fund, which are invested in various types of asset, so that the liabilities are paid for evenly over the employment period. Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

For both schemes the liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method (an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees). Liabilities are discounted to their value at current prices, using a discount rate. The Discount Rate used is based on the 'current rate of return on a high-quality high-quality corporate bond of equivalent currency and term to the scheme liabilities', which is often referred to as AA Corporate Bond Rate.

Assets in the Local Government Pension scheme are included in the net pension liability in the Balance Sheet at their fair value: -

- Quoted and Unlisted Securities – Current Bid Price.
- Unquoted Securities – Professional Estimate.
- Property – Market Value.

The changes in the net ~~pensions~~' liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of one additional year of service earned this year – allocated to the Comprehensive Income and Expenditure Statement.
- Past service cost – the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
- Net interest expense – the change during the period in the net defined liability (asset) arising from the passage of time charged to Financing & Investment Income & Expenditure line, taking into account changes in net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Remeasurements comprising:

- Return on plan assets – excluding amounts included above in net interest, charged to Pensions Reserve as Other Comprehensive Income & Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve as Other Comprehensive Income & Expenditure.
- Contributions paid to the pension fund.

#### **Discretionary Benefits**

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award.

#### **Events after the Balance Sheet Date**

These are events that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The Group will report these in the following way if it is determined that the event has had a material effect on the Group's financial position: -

- Events which provide evidence of conditions that existed at the end of the reporting period will be adjusted and included within the figures in the accounts.
- Events that are indicative of conditions that arose after the reporting will be reported in the narrative notes to the accounts.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### **Financial Instruments - Liabilities and Assets**

**Financial liabilities** are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

The Group has not undertaken any repurchasing or early settlement of borrowing.

**Financial assets** are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The group only holds financial assets measured at amortised cost (loans and receivables)

Loans and receivables are recognised on the Balance Sheet when the Group becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Group has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

### **Government Grants & Contributions**

Whether paid on account, by instalments or in arrears, Government Grants and ~~third-party~~ third-party contributions and donations are recognised as due to the Group when there is reasonable assurance that:

-

- The Group will comply with the conditions attached to the payments.
- The grants or contributions will be received

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future economic benefit or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Net Cost of Services (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ~~ring-fenced~~ ring-fenced grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserve Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it is applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **Non-Current Assets - Property, Plant and Equipment**

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition and Measurement

Expenditure on the acquisition, creation or enhancement of assets is capitalised on an ~~accruals~~ accrual's basis, provided that it yields benefits to the Group and the services it provides for more than one financial year and that the cost of the item can be measured reliably.

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Balance Sheet using the following measurement bases:

- Land, property and other operational assets are included in the Balance Sheet at fair value (existing use value). Operational assets can either be specialised or non-specialised. Specialised Assets, where there is no market-based evidence of current value because of their specialist nature, are valued at Depreciated Replacement Cost (DRC) as an estimate for fair value. The only assets to be classified as specialised property relate to the operational custody suites situated within the various properties. In cases where there is only a small number of cells, or where cells are now out of use, these have not been treated as specialised properties.
- Surplus assets are included at the current value measurement base (fair value), estimated at highest and best use from a market participant's perspective.
- Assets under construction are held in the Balance Sheet at historical cost until completed, whereupon they will be valued and included in the Balance Sheet as operational assets.

Where ~~non-property~~ non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value e.g. Vehicles, IT and Communications equipment and other equipment.

### Revaluation

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that the carrying amount is not materially different from their fair value but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Occasionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to the account.

Where decreases in value are identified, they are accounted for by: -

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairments

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided on a straight-line basis for on all Property, Plant, Vehicles and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives, as advised by a suitably qualified advisor. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Component Accounting – where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The component is judged to be significant where the replacement value is above £0.5m or 25% of the asset.

It is the Group's policy not to charge depreciation in the year of acquisition but a full year's charge is made in the year of disposal. Depreciation is charged to the Comprehensive Income and Expenditure Statement and is reversed out through the Movement in Reserves Statement.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Disposals and Assets held for sale

When a non-current asset is planned to be disposed of, it is reclassified as an Asset held for sale. To be reclassified it must meet the following criteria: -

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable (with management commitment to sell and active marketing of the asset initiated).
- It must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss

is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses in the Comprehensive Income and Expenditure Statement.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of the disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used to finance new capital investment or set aside to reduce the Group's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Reserve Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Reserve Balance in the Movement in Reserves Statement.

### **Non-Current Assets - Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Group as a result of past events (e.g. software licences), are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to provide information on policing matters.

Intangible assets are measured at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised to the Comprehensive Income and Expenditure Statement over its useful life. Amortisation, as with depreciation, commences in the financial year following that in which they are received. Amortisation is not permitted to have any impact on the General Reserve Balance; it is therefore reversed through the Movement in Reserves Statement and posted to the Capital Adjustment Account.

### **Charges to Revenue for Non-Current Assets**

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year: -

- Depreciation attributable to the assets used.
- Revaluation and impairment losses on assets where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets.

The Group is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (Minimum Revenue Provision (MRP)). An annual statement for the policy on making MRP is required in accordance with statutory guidance; this should be calculated on a prudent basis. The policy for Derbyshire is: -

- For Supported Capital Expenditure, the MRP Policy will be based on the Capital Financing Requirement (CFR) being 2% straight-line basis of the opening balance of the CFR for that year
- For unsupported borrowing the MRP policy will be based on the Asset Life Method, equal instalment over the life of the asset

- For PFI contracts and leases that are deemed to be on Balance Sheet, the MRP requirement would be regarded as met by a charge equal to the element of the charge that goes to write down the Balance Sheet liability.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the Comprehensive Income and Expenditure Statement in the year. Where the Group has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Reserve Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

### **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, vehicles, plant or equipment from the lessor (landlord) to the lessee (tenant). All other leases are classified as operating leases.

The Group has looked at material property leases over £10,000 and for more than 10 years. IAS 17 'Leases' includes indicators for the classification of leases as a finance lease. Material leases have been judged against these indicators.

#### **a) Finance Leases**

##### **i) Lessee – Property, Vehicles, Plant & Equipment**

An asset identified as a finance lease and where the Group is the lessee will be recognised on the Balance Sheet at an amount equal to the fair value of the asset, or if lower, the present value of the minimum lease payments, determined at the inception of the lease.

The asset recognised is matched by a liability for the obligation to pay the lessor. This liability is reduced as lease payments are made. Minimum lease payments are to be apportioned between the finance charge (interest) and the reduction of the deferred liability.

The finance charge (interest) will be charged to the Comprehensive Income and Expenditure Statement (Financing and Investment Income and Expenditure line).

Finance lease assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group. Depreciation to be charged over the lease term if this is shorter than the asset's estimated useful life.

##### **ii) Lessor – Property, Vehicles, Plant & Equipment**

Where an asset is identified as a finance lease, and where the Group is the lessor, it will be written out of the Balance Sheet as a disposal. The carrying amount is written off to Other Operating Expenditure as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line, matched by a lease (long-term debtor) asset in the Balance Sheet. The lease rentals received write-down the lease debtor and the finance income is credited to the Financing & Investment Income & Expenditure line.

Rental income from finance leases entered into after 1 April 2010 should be treated as a capital receipt.

#### **b) Operating Leases**

##### **i) Lessee – Property, Vehicles, Plant & Equipment**

An asset identified as an operating lease and where the Group is the lessee, the rentals will be charged to the Comprehensive Income and Expenditure Statement. Charges are made on a ~~straight line~~straight-line basis over the term of the lease.

##### **ii) Lessor – Property, Vehicles, Plant & Equipment**

An asset identified as an operating lease, and where the Group is the lessor, shall be retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a ~~straight line~~straight-line basis over the term of the lease.

### **Private Finance Initiative (PFI) and Similar Contracts**

The Group has entered into two PFI arrangements, Ilkeston Police Station and St Mary's ~~Wharf~~Wharf DHQ at Derby. The first affected the accounts from 1998/99, the second from 2000/01. Both

have a continuing commitment by the Group for 30 years. PFI contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes and has control over the residual interest in the property at the end of the arrangement (if exercised), the Group carries the non-current assets under the contracts on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investments.

PFI assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year should be analysed into five elements: -

- Fair value of the services received during the year – debited to the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge of 9.114% for Ilkeston PFI and 7.917% for Derby PFI on the outstanding Balance Sheet Liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract. For both the Group's PFI schemes there is no contingent rent as the property element of the fee paid to the PFI operator is not indexed.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator. This is also the MRP charge for PFI schemes.
- Lifecycle replacement costs – recognised as fixed assets on the Balance Sheet if the costs are of a capital nature or if the costs are revenue debited to the Comprehensive Income and Expenditure Statement.

### **Provisions, Contingent Liabilities and Contingent Assets**

**Provisions** – these are required for liabilities that have been incurred, but are of uncertain timing or amount. There are three criteria:

- The Group has a present obligation (legal or constructive) as a result of a past event.
- It is more likely than not that money will be needed to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), the income is only recognised as income if it is virtually certain that reimbursement will be received when the obligation is settled.

Provisions contained within the Balance Sheet are split between current liabilities (those which are estimated to be settled within the next 12 months) and non-current liabilities (those which are estimated to be settled in a period greater than 12 months).

**Contingent Liabilities** – this arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.



**Contingent Asset** – this arises where an event has taken place that gives the Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **Reserves**

**Usable Reserves** - the Group's General Revenue Balances are held in the General Reserve. The Group also maintains a number of specific 'earmarked' reserves for future expenditure on either policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Reserve Balance. When revenue expenditure to be financed from a reserve is incurred, it is charged to the Comprehensive Income and Expenditure Statement. The relevant reserve is then debited with an equivalent amount which is appropriated back into the General Reserve Balance so that the ~~expenditure~~ expenditure is not charged against Council Tax.

Also held under usable reserves are those that support the financing of capital (Capital receipts reserve and Capital Grants unapplied).

**Unusable Reserves** - certain reserves/accounts are kept to manage the accounting processes for non-current assets (Capital Adjustment Account, Revaluation Reserve, Deferred Capital Receipts), retirement and employee benefits (Pensions Reserve, Short term Accumulating Compensated Absences Account) and Accounting for local taxes (Collection Fund Adjustment Account). These do not represent usable resources for the Group.

### **Value Added Tax (VAT)**

The Comprehensive Income and Expenditure Statement excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

### **Jointly Controlled Operations**

Jointly controlled operations are activities undertaken by the Group in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Group recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure ~~it~~ its incurs and the share of income it earns from the activity of the operation.

### **Joint Ventures**

Joint Ventures are arrangements under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint ventures have rights to the net assets of the arrangement. Joint Ventures have their own legal entity. They are accounted for using the equity method in the Group Accounts.

The Joint Venture between Derbyshire Police and Derbyshire Fire and Rescue Service was formed under a Limited Liability Partnership (LLP). The Joint Venture operates an Income and Expenditure Account, the LLP Board can re-distribute 75% of any profits back to partners (Police and Fire), they also have discretion to re-distribute a further 25% Due to the timing of the LLP accounts Derbyshire Police may account for any profit in the following financial year if information is not available in time.

# CHIEF CONSTABLE STATEMENT OF ACCOUNTING POLICIES

## Accounting Policies

### General Principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

The accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial liabilities.

In constructing the Going Concern position, the PCC Group considered the Covid-19 position as follows:

The concept of a going concern assumes that the functions of the Constabulary will continue in operational existence for the foreseeable future. The provisions in the Code (CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM 2019/20) in respect of going concern reporting requirements reflect the economic and statutory environment in which policing services operate. These provisions confirm that, as policing services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Policing services carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a police authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a police authority and service will continue to operate for the foreseeable future.

As at the end of October 2020, the net cost of COVID-19 stood at £2.2m which includes £0.25m falling in 2019/20 which was offset by in-year underspends. Until an effective vaccine is in place, additional costs are expected to be incurred, albeit at much lower levels than those incurred at beginning of the pandemic. There are no significant unexpected contract costs being incurred by the Constabulary or as a result of supplier failure. All additional PPE requirements are now funded through Central Government.

To date, the Government has reimbursed the cost of medical grade PPE (£221k) and announced the Income Loss Recovery Scheme to cover up to 75% of lost income from fees and charges. Government Surge funding of £424k is now expected to cover any additional policing costs relating to enforcing the Covid-19 restrictions.

The cost projections have been reviewed on a weekly basis throughout the crisis and will continue to be monitored closely. Whilst costs continue to be incurred there is no expectation that these will cause concerns with regard to the ongoing financial viability of Derbyshire Constabulary. Councils are anticipating a potential deficit on the Collection Fund for Council Tax due to reduced collection rates and a decrease to the ~~tax base~~ tax base (number of properties paying council tax). However, this will not affect the PCC's income in 2020/21. Under normal circumstances, any deficit arising on the Collection Fund would be declared during 2020/21 and distributed in 2021/22. However, the Ministry of Housing, Communities and Local Government (MHCLG) has announced a phasing scheme that allows deficits arising in 2020/21 to be repaid over 3 years rather than 1, smoothing the impact across 2021/22, 2022/23 and 2023/24.

We recognise that there remains uncertainty over the longer-term impact of Covid-19 resulting from additional costs incurred, loss of fee income and a reduction in Council Tax funding. A number of financial scenarios have been explored and will continue to be evaluated during 2020/21 to consider the financial impact on the Medium-Term Financial Plan. With forward planning and cost mitigation there is expected to be minimal impact on the general reserve balance as a result of Covid-19 related costs.

Based upon the latest assumptions cash flow forecasts have been prepared out to the end of March 2022, which indicate that the Constabulary does not expect to borrow for cash flow purposes. The assumptions used in the Medium-Term Financial Plan (MTFP) and Reserves Strategy will be revised as necessary ahead of the next budget-setting round and reported to the Strategic Priorities Assurance Board. The forecast level of usable reserves as at 31 March 2022 is £12.861m.

Based on our assessment of the financial and liquidity position of the PCC Group following the Covid-19 outbreak, there are no material uncertainties or concerns on the basis of preparing the 2019/2020 financial statements or on the ability to continue to operate as a going concern for a period of 12 months from the date of approval of these financial statements.

The Accounting Policies below also reflect the powers and responsibilities of the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2013. The Accounting policies defined here are consistent with local regulations, local agreement and practice as well as the PCC Group policies.

The Accounts cover the 12 months to 31 March ~~2020~~2021.

### **Cost and income intra-group recognition**

All external income is received by the Commissioner (PCC), the PCC holds the Police Fund and all related financial reserves and cash balances. The PCC provides an annual budget to the Chief Constable. All resources consumed at the request of the Chief Constable are funded by the PCC, including the wages of police officers and staff, and no actual cash transactions take place between the two entities.

From an accounting perspective costs and income are recognised in the accounts of the Chief Constable to reflect the financial resources consumed and economic benefit derived in the direction and control of day to day policing at the request of the Chief Constable to deliver the Police and Crime plan. For example, an economic benefit is recognised to reflect the utilisation of PCC owned fixed assets which mirrors depreciation of property.

Any costs and income relating to the Office of the PCC and the commissioning activities of the PCC remain in the Comprehensive Income and Expenditure Statement (CIES) of the PCC.

An intra-group funding adjustment is recognised in the CIES of the accounts of the Chief Constable to represent a recharge from the PCC for the costs and income consumed by the Chief Constable. This is cancelled out with a corresponding entry in the CIES of the PCC when the Group accounts are consolidated.

In ~~addition~~addition, the accounts for the Chief Constable reflect the employment and post-employment liabilities in accordance with IAS19 which states that liabilities relating to these benefits should follow the cost of employment.

The Chief Constable's Total CIES reflects the movement in the Chief Constable's unusable reserves as all other net expenditure is met by a transfer of resources from the PCC and no usable reserves are held by the Chief Constable.

### **Accruals of Expenditure**

Activity is accounted for in the year it takes place, not simply when cash payments are made: -

- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Short term compensated absences are recognised in the Income and Expenditure Statement in the period in which officers or staff render the service which entitles them to the benefit, not necessarily when they receive the benefit. The cost of leave earned, but not taken at the end of the financial year is recognised in the financial statements of the Chief Constable to the extent that staff are entitled to carry forward a limited amount of leave into the following year.

### **Fair Value Measurement**

Some of the non-financial assets, such as surplus assets and some financial instruments are measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: -

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest. When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use is taken into account.

Valuation techniques used are those appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows: -

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the assets or liability.

### **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Chief Constable's financial performance.

### **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Chief Constable's position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **Employee Benefits**

The Accounts are prepared in accordance with IAS19 *Employee Benefits*. This is a complex accounting standard but it is based on a simple principle that:

"An organisation should account for employment and post-employment benefits when employees earn them and the authority is committed to give them, even if the actual giving will be many years into the future".

IAS 19 applies to all types of employee benefits paid including benefits payable during employment, termination benefits and post-employment benefits.

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, expenses, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Comprehensive Income and Expenditure Statement (as a surplus/deficit on Provision of Services), but then reversed out through the Movement in Reserves Statement to the Short Term Accumulating Compensated Absences Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and

Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an employee or group of employees or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post-employment benefits**

The main effect of IAS19 in relation to post-employment benefits is the recognition of the net liability and a pensions reserve in the Balance Sheet and entries in the Comprehensive Income and Expenditure Statement for movements in the liability relating to the employee pension schemes in which the Chief Constable participates (with reconciling entries in the Movement in Reserves Statement back to the true cost of pensions).

IAS19 relies on the recognition of pension's liabilities (being the retirement benefits promised measured on an actuarial basis) and assets (being the Chief Constable's share of investments (if any)).

The Chief Constable participates in two different pension schemes both of which are "defined benefit schemes" as they are both based on employees earning benefits from years of service.

#### **a) Police Officers**

This scheme is unfunded. This means it provides pensions and other retirement benefits for police officers based on final salaries but there are no investment assets built up to meet the pensions liabilities.

The funding arrangements for the police officers pension scheme changed on 1 April 2006. Before April 2006 each Police Authority was responsible for paying the pensions of its former officers on a "pay as you go" basis. From April 2006 there is now an employer's contribution instead (currently the equivalent of 31% of pensionable salary) which is charged to the Comprehensive Income and Expenditure Statement.

The Chief Constable is required by legislation to operate a Pension Fund Account and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension's account from which pension payments are then made. This will be topped up as necessary by the Home Office if the contributions are insufficient to meet the cost of pension's payments. Any surplus will be recouped by the Home Office. Injury awards and ill health retirements will continue to be paid from the Chief Constable's Comprehensive Income and Expenditure Statement.

The pension fund account does not take account of the obligation to pay pensions and benefits which fall due after the end of the financial year.

#### **b) Police Staff and PCSO's**

Police staff and PCSO's, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme administered by Derbyshire County Council. It is a defined benefit occupational pension scheme. Pensions and other retirement benefits earned prior to 1 April 2014 are based on final salaries, benefits earned after that date are calculated on earnings accrued in a scheme year. Employers and employees make regular contributions into the fund, which are invested in various types of assets, so that the liabilities are paid for evenly over the employment period. Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

For both schemes the liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method (an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees). Liabilities are discounted to their value at current prices, using a discount rate. The Discount Rate used is based on the 'current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities', which is often referred to as AA Corporate Bond Rate.

Assets in the Local Government Pension scheme are included in the Balance Sheet at their fair value: -

- Quoted and Unitised Securities – Current Bid Price.
- Unquoted Securities – Professional Estimate.
- Property – Market Value.

The changes in the net ~~pensions~~pensions' liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of one additional year of service earned this year – allocated to the Comprehensive Income and Expenditure Statement.
- Past service cost – the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
- Net interest expense – the change during the period in the net defined liability (asset) arising from the passage of time charged to Financing & Investment Income & Expenditure line, taking into account changes in net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Remeasurement comprising:

- Return on plan assets – excluding amounts included above in net interest, charged to Pensions Reserve as Other Comprehensive Income & Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve as Other Comprehensive Income & Expenditure.
- Contributions paid to the pension fund.

The Chief Constable's accounts include the pension costs, assets and liabilities for all staff, including those employed directly by the Commissioner. The scheme assets and liabilities for the two corporation soles are pooled, any pro rata would not be accurate as valuing the fund is based on various assumptions. The effect of including all of the pension figures in the Chief Constable's accounts has no material effect on the accounts.

#### **Discretionary Benefits**

The Chief Constable also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award.

#### **Events after the Balance Sheet Date**

These are events that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The Chief Constable will report these in the following way if it is determined that the event has had a material effect on the Chief Constable's financial position: -

- Events which provide evidence of conditions that existed at the end of the reporting period will be adjusted and included within the figures in the accounts.
- Events that are indicative of conditions that arose after the reporting will be reported in the narrative notes to the accounts.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### **Non-Current Assets – Vehicles, Plant, Furniture, Equipment and Assets under Construction**

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used during more than one financial year are classified as Vehicles, Plant, Furniture and Equipment.

##### Recognition and Measurement

Expenditure on the acquisition, creation or enhancement of assets is capitalised on an accruals basis, provided that it yields benefits and the services it provides for more than one financial year and that the cost of the item can be measured reliably.

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets under construction are held in the Balance Sheet at historical cost until completed, whereupon they will be valued and included in the Balance Sheet as operational assets.

Where assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value e.g. vehicles, IT and communications equipment.

#### Depreciation

Depreciation is provided for on all Vehicles, Plant, Furniture and Equipment assets on a ~~straight line~~ **straight-line** basis by the systematic allocation of their depreciable amounts over their useful lives, as advised by a suitable qualified advisor.

It is policy not to charge depreciation in the year of acquisition but a full year's charge is made in the year of disposal. Depreciation is charged to the Comprehensive Income and Expenditure Statement and is reversed out through the Movement in Reserves Statement.

#### Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

### **Non-Current Assets - Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Chief Constable as a result of past events (e.g. software licences), are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Chief Constable.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to provide information on policing matters.

Intangible assets are measured at cost. Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. In practice, no intangible asset held meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised to the Comprehensive Income and Expenditure Statement over its useful life. Amortisation, as with depreciation, commences in the financial year following that in which they are received. Amortisation is not permitted to have any impact on the General Reserve Balance; it is therefore reversed through the Movement in Reserves Statement and posted to the Capital Adjustment Account.

### **Charges to Revenue for Non-Current Assets**

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year: -

- Depreciation attributable to the assets used.
- Amortisation of intangible fixed assets.

The Chief Constable is not required to raise council tax to cover depreciation or amortisations.

### **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the vehicles, plant or equipment from the lessor (landlord) to the lessee (tenant). All other leases are classified as operating leases.

#### **a) Finance Leases**

##### **i) Lessee – Vehicles, Plant & Equipment**

An asset identified as a finance lease and where the Chief Constable is the lessee will be recognised on the Balance Sheet at an amount equal to the fair value of the asset, or if lower, the present value of the minimum lease payments, determined at the inception of the lease.

The asset recognised is matched by a liability for the obligation to pay the lessor. This liability is reduced as lease payments are made. Minimum lease payments are to be apportioned between the finance charge (interest) and the reduction of the deferred liability.

The finance charge (interest) will be charged to the Comprehensive Income and Expenditure Statement (Financing and Investment Income and Expenditure line).

Finance lease assets recognised on the Balance Sheet are revalued and depreciated in the same way as vehicle, plant and equipment owned by the Chief Constable. Depreciation to be charged over the lease term if this is shorter than the asset's estimated useful life.

ii) Lessor – Vehicles, Plant & Equipment

Where an asset is identified as a finance lease, and where the Chief Constable is the lessor, it will be written out of the Balance Sheet as a disposal. The carrying amount is written off to Other Operating Expenditure as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line, matched by a lease (long-term debtor) asset in the Balance Sheet. The lease rentals received write-down the lease debtor and the finance income is credited to the Financing & Investment Income & Expenditure line.

Rental income from finance leases entered into after 1 April 2010 should be treated as a capital receipt and recognised in the accounts of the Commissioner and Group.

**b) Operating Leases**

i) Lessee – Vehicles, Plant & Equipment

An asset identified as an operating lease and where the Chief Constable is the lessee, the rentals will be charged to the Comprehensive Income and Expenditure Statement. Charges are made on a straight line basis over the term of the lease.

ii) Lessor – Vehicles, Plant & Equipment

An asset identified as an operating lease, and where the Chief Constable is the lessor, shall be retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the term of the lease.

**Provisions, Contingent Liabilities and Contingent Assets**

**Provisions** – these are required for liabilities that have been incurred, but are of uncertain timing or amount. There are three criteria:

- The Chief Constable has a present obligation (legal or constructive) as a result of a past event.
- It is more likely than not that money will be needed to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Chief Constable becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), the income is only recognised as income if it is virtually certain that reimbursement will be received when the obligation is settled.

Provisions contained within the Balance Sheet are split between current liabilities (those which are estimated to be settled within the next 12 months) and non-current liabilities (those which are estimated to be settled in a period greater than 12 months).

**Contingent Liabilities** – this arises where an event has taken place that gives the Chief Constable a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

**Contingent Asset** – this arises where an event has taken place that gives the Chief Constable a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.



## **Reserves**

**Unusable Reserves** - certain reserves/accounts are kept to manage the accounting processes for non-current assets (Capital Adjustment Account and Revaluation Reserve), retirement and employee benefits (Pensions Reserve, Short term Accumulating Compensated Absences Account. These do not represent usable resources for the Chief Constable.

## **Value Added Tax (VAT)**

The Chief Constable does not submit a VAT return as the Commissioner submits a single VAT return on behalf of the Group. Expenditure in the Chief Constable's Income and Expenditure Statement excludes any amounts relating to VAT as all VAT is remitted to/from HM Revenue and Customs.

## **Jointly Controlled Operations**

Jointly controlled operations are activities undertaken in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Balance Sheet of the Group recognises the assets that it controls and the liabilities that it incurs. The Chief Constable Accounts include Derbyshire's share of running these operations as part of the Income and Expenditure Statement.

# JOINT AUDIT RISK ASSURANCE COMMITTEE

|                     |   |
|---------------------|---|
| <b>REPORT TITLE</b> | FINANCIAL BRIEFING – END OF JANUARY 2021  |
| <b>REPORT BY</b>    | CHIEF CONSTABLE AND CHIEF FINANCE OFFICER |
| <b>DATE</b>         | 25 MARCH 2021                             |

## **PURPOSE OF THE REPORT**

To provide an overview of the financial position for the Force as a whole for the period 10 – end of January 2021

## **RECOMMENDATIONS**

1. That the Commissioner notes the current financial position of Derbyshire Police as set out in the Finance Briefing Document, in particular, a projected underspend of £1.241m for 2020/21 caused by late receipt (February) of Covid Grant funds and residual Police uplift costs that are due in 2021/22.
2. That the Commissioner approves to establish reserve funds from the underspend to provide financial support to meet the costs of future Covid related expenditure and Police Officer uplift costs incurred from April 2021.

## **ATTACHMENTS**

Appendix A: Finance Briefing 2020/21 (Period 10)

## **CONTACT FOR ENQUIRIES**

|       |                                       |
|-------|---------------------------------------|
| Name: | Mr S Allsop                           |
| Tel:  | 0300 122 4510                         |
| Email | Simon.allsop@derbyshire.pnn.police.uk |

## 1. **OVERVIEW**

The approved budget for 2019/20 is £189,879m and was approved by the Strategic Priorities Assurance Board on 7 February 2020. This financial update includes all expenditure and budget pressures up to the end of January 2021.

### **Revenue Budget position**

- 1.1 The anticipated year end position has moved to an underspend of **£1.241m** against the original budget (0.65% of the budget). The change in the outturn position is mainly due to an unexpected Covid grant of £820k that was only announced in February 2021, combined with £558k from the Police Officer Uplift budget now being recognised as an underspend. Without these 2 items the forecast outturn would be an overspend of **£137k** compared to the previous projection of **£146k**.
- 1.2 Given the late notice of this additional funding, together with the continued risk of further Covid related costs (and losses in income), as well as the continued Police Officer Uplift costs, it is proposed to transfer the remaining underspends into ear-marked reserves to cover future unknown Covid and Uplift costs in 2021/22.
- 1.3 Based on the latest forecast at the end of January, the Operational Funding and Investment Reserve would reduce by **£335k** to **£2.159m**, being the net of the following movements:
- Agreed funding for 20 PCSOs during 2020/21                      £198k
  - Add: Projected budget overspend    £137k

### **Capital Programme 2020/21**

- 1.4 The Revised Capital Programme totalling **£15.467m** was approved at SPA Board on the 30<sup>th</sup> November 2020, this reflects slippage into future years and various changes to schemes.
- 1.5 Actual and committed expenditure to date is **£12.758m** with **£2.708m** remaining to be spent.

### **Treasury Management**

- 1.6 Investment returns continue to be low as rates have reduced over the period of the coronavirus pandemic and we have looked to maintain short term investments. It is likely that previously agreed additional borrowing to support the Capital Programme will be required in March, dependant upon our cash-flow position.

## **Covid – Financial Impact**

- 1.7 Our Covid related costs continue to be tracked and reported to the Home Office on a monthly basis. Covid costs to the end of January total **£2.008m** plus **£0.674m** in loss of income (including investment income). The majority of our Covid costs relate to IT purchases (laptops), overtime, PPE supplies and estate changes to make our buildings Covid secure. We have also seen a considerable drop in fee income and investment income as a direct result of the pandemic. An increase in home working and virtual meetings has resulted in lower utility and travel costs, saving an estimated **£535k** to date. We have also seen a reduction in overtime costs from not policing major events.
- 1.8 To date, Government subsidy has been received across 4 areas totalling **£1.615m**:
- |  |       |
|--|-------|
| a) Reimbursement of PPE costs                  | £221k |
| b) Income Loss Recovery (April to Nov)         | £150k |
| c) Surge Funding (for enforcement)             | £424k |
| d) Covid Grant (to manage financial pressures) | £820k |

A further grant of **£1.311m** was announced in December 2020 to provide compensation for a depleted Council Tax base and to support Covid related costs pressures, including the extent of the anticipated Collection Fund deficit until 2023/24.

## **2. SUMMARY**

Performance against the revenue budget has been closely managed throughout the year and despite new cost pressures, income losses and officer uplift costs the force has managed its resources effectively and prudently. Financial support from Central Government has helped to reduce the financial impact from the Corona pandemic and placed the force in a good position to continue to meet continued financial pressures in 2021/22.

The full monitoring report and financial update to January 2021 is attached to this report as Annex A.

## FINANCIAL BRIEFING – DERBYSHIRE POLICE

### Overall Financial Performance

The financial position for Derbyshire Police has been reviewed as at the end of January (period 10). The position captures all known budget pressures and additional income streams identified to date. Variances shown in the below table have been measured against the Revenue Budget within the Precept Report approved at the Strategic Priorities Assurance (SPA) Board on 7 February 2020.

| Overall Financial Performance           | Revenue Budget & Precept Report<br>£000 | Expected Year-end Projection<br>£000 | Variance<br>£000 |
|---|---|--------------------------------------|------------------|
| Office of the PCC                       | 1,277                                   | 1,290                                | 13               |
| Grants & Commissioning (incl MOJ)       | 2,019                                   | 2,019                                | -                |
| Income & Accounting                     | 2,476                                   | 2,322                                | ( 155)           |
| Derbyshire Constabulary                 | 184,107                                 | 183,008                              | ( 1,099)         |
| <b>Position Against Approved Budget</b> | <b>189,879</b>                          | <b>188,639</b>                       | <b>( 1,241)</b>  |

The projected outturn position has changed from the previous period, with an overall underspend of (£1,241k) now expected at 31<sup>st</sup> March. The revised position is mainly due to an additional £820k COVID Grant for which notification has just been received and the (£558k) unallocated funding for the uplift of Police Officer numbers being recognised as an underspend. Without these 2 items the forecast outturn would be an overspend of £137k compared to the previous £146k. The main changes that have occurred during January are: -

| Projected Outturn  | £000           |
|--|----------------|
| <b>As at 4<sup>th</sup> January 2021</b>   | 146            |
| Police Officers  | 83             |
| Regional Units – forecast underspend notified from regional monitoring   | (44)           |
| Transport – mainly Insurance Excess costs  | 87             |
| Income   | (105)          |
| Various  | (30)           |
| Additional COVID funding received (Note 1)   | (820)          |
| Unallocated Uplift set-up costs  | (558)          |
| <b>Subtotal – Underspend before proposed Transfers to new reserves</b>   | <b>(1,241)</b> |
| Proposed transfer to earmarked reserves – COVID  | 820            |
| Proposed transfer to earmarked reserves – Uplift   | 558            |
| <b>As at 29<sup>th</sup> January 2021 - after proposed transfers to reserves</b>   | <b>137</b>     |
| <b>Notes</b>   |                |
| 1. Grant Income: Notification has been received of (£820k) additional funding for COVID-19. This is Derbyshire's share of £58m which the Home Office has allocated to forces 'to help cover the costs incurred as a result of responding to Covid-19, including for workforce demands, making your estates Covid secure and continuing to enforce coronavirus regulations'. The grant has no conditions attached to it. There may be a small call on some of the grant in this financial year with lateral flow testing and venues for officer training, it is proposed that the funding is moved to an earmarked reserve to fund ongoing COVID costs such as PPE, enforcement and implementation of the agile working arrangements. |                |

No further amounts have been allocated from the £1.250m budget set aside for Uplift set-up costs during the last period. Allocations made to date are shown in the following table;

## FINANCIAL BRIEFING – DERBYSHIRE POLICE

| Uplift Provision          | £000         |
|---------------------------|--------------|
| <b>Budget</b>             | <b>1,250</b> |
| Uniform                   | (71)         |
| OLCE Vetting and Overtime | (21)         |
| Police Officers – 3 Posts | (128)        |
| Laptop Costs              | (442)        |
| Vehicles                  | (30)         |
| <b>Unallocated Amount</b> | <b>558</b>   |

It has been assessed that none of the remaining £0.558m will be needed for set-up costs in the remainder of the year. It is proposed that the unallocated funding will be put to an earmarked reserve to offset uplift costs in the new financial year.

The projected impact on force usable reserves from the projected outturn, including establishing the proposed 2 new reserves, is as follows:-

| Usable Reserves                 | Balances at<br>31/03/20 | Projected<br>Movements<br>2020/21 | Proposed<br>Allocation of<br>Underspends | Projected<br>Contributions<br>to Capital<br>2020/21 | Estimated<br>Balances at<br>31/03/21 |
|---------------------------------|-------------------------|-----------------------------------|--|---|--------------------------------------|
|                                 | £000                    | £000                              | £000                                     | £000  | £000                                 |
| <b>Outturn Report 19/20</b>     |                         |                                   |  |   |                                      |
| General Reserve                 | 5,500                   | -                                 | -  | -   | 5,500                                |
| Earmarked Reserve               |                         |                                   |  |   |                                      |
| - Usable                        | 4,644                   | ( 280)                            | -  | -   | 4,364                                |
| -Non-usable                     | 3,697                   | ( 440)                            | -  | -   | 3,257                                |
| <b>TOTAL RESERVES</b>           | <b>13,841</b>           | <b>( 720)</b>                     | <b>-</b>                                 | <b>-</b>  | <b>13,121</b>                        |
| <b>Period 10 - January 2020</b> |                         |                                   |  |   |                                      |
| General Reserve                 | 5,500                   | -                                 | -  | -   | 5,500                                |
| Earmarked Reserve               |                         |                                   |  |   |                                      |
| - Usable                        | 4,644                   | 457                               | -  | -   | 5,101                                |
| -Non-usable                     | 3,697                   | ( 791)                            | -  | -   | 2,906                                |
| <b>TOTAL RESERVES</b>           | <b>13,841</b>           | <b>( 334)</b>                     | <b>-</b>                                 | <b>-</b>  | <b>13,507</b>                        |

A more detailed analysis of the key variances worthy of note, which make up a significant proportion of the overall overspend are detailed in the following tables:-

## FINANCIAL BRIEFING – DERBYSHIRE POLICE

### Key Variances

| Anticipated Savings                      | £000            | Additional Spending                             | £000         |
|--|-----------------|---|--------------|
|  |                 | <b>Police Officer Salaries</b>                  | 201          |
|  |                 | <b>Police Officer Overtime</b>                  | 32           |
| <b>Police Pensions</b>                   | ( 134)          |   |              |
| <b>Other Employee Expenses</b>           | ( 126)          |   |              |
| <b>Police Staff Pay</b>                  |                 |   |              |
| Uplift provision                         | ( 558)          |   |              |
| Information Services                     | ( 322)          | South Division                                  | 133          |
| Corporate Services                       | ( 165)          | Crime Support                                   | 59           |
| Finance & Business Support               | ( 138)          | CMARC   | 286          |
| Various                                  | ( 36)           |   |              |
|  |                 | <b>Premises Costs</b>                           |              |
| Rents                                    | ( 78)           | Cleaning /Cons/Specialist Cleaning              | 327          |
| Central Maintenance                      | ( 73)           | R & M/Buildings Fire Precaution                 | 107          |
|  |                 | Central and Grounds Maintenance                 | 112          |
|  |                 | Various   | 27           |
| <b>Transport Costs</b>                   |                 |   |              |
| Travel costs                             | ( 217)          | Insur X/S                                       | 554          |
| Fuel                                     | ( 226)          | Insurance Premium                               | 30           |
| Commissioning / Decommissioning Vehicles | ( 98)           | Various   | 42           |
|  |                 | <b>Supplies &amp; Services and Agency Costs</b> |              |
| Recruitment & Selection                  | ( 67)           | Equipment                                       | 228          |
| Helicopter                               | ( 48)           | Tasers and Firearms                             | 85           |
| Uniforms                                 | ( 54)           | Appropriate Adult                               | 101          |
| Printing & Stationery                    | ( 48)           | IS Costs  | 365          |
|  |                 | National IT Levy                                | 217          |
|  |                 | Insurance                                       | 179          |
|  |                 | Special Expenses Re Crime                       | 87           |
|  |                 | Fees - Provisions of Telecoms Data              | 74           |
|  |                 | <b>Regional &amp; National Operations</b>       | ( 363)       |
|  |                 | <b>OPCC - Subscriptions &amp; Salaries</b>      | 13           |
| <b>Income</b>                            |                 |   |              |
| Government Grants                        | ( 1,222)        | Special Services Football                       | 222          |
| Costs Recovered - Staff Recharges        | ( 199)          | Interest Receipts                               | 91           |
| Drugs Profit Income                      | ( 47)           |   |              |
| Proceeds of Crime                        | ( 42)           |   |              |
| Vehicle Sales                            | ( 33)           |   |              |
| Court Compensation                       | ( 50)           |   |              |
| Various                                  | ( 52)           |   |              |
| <b>Debt Charges</b>                      | ( 205)          |   |              |
| <b>BCU Funds</b>                         | ( 33)           |   |              |
| <b>Grants &amp; Partnerships</b>         |                 |   |              |
| Partnerships - Force                     | ( 141)          |   |              |
| <b>Contribution to Reserves</b>          | ( 38)           |   |              |
| <b>TOTAL</b>                             | <b>( 4,450)</b> | <b>TOTAL</b>                                    | <b>3,209</b> |

## FINANCIAL BRIEFING – DERBYSHIRE POLICE

### Transport: £0.85m overspend

The forecast underspends on fuel and travel costs is largely due to COVID-19, resulting from a reduction in fleet mileage, the provision of free fuel during the lockdown period and a decline in the number of travel claims. Insurance excess costs are currently forecasting an overspend of £0.554m this is based on the costs of the repairs resulting from accidents that have been incurred to date, adjusted for the current rate of settlements being received.

### Supplies & Services including Agency Costs: £1.119m overspend

The largest overspend in Supplies and Services is on IS Costs (£0.365m), £0.279m is due to the purchase of the Microsoft Licences with further overspends forecast on Hardware Maintenance £0.040m and the Emergency Services Network £0.026m. In addition, the National IT Services levy has increased in 20/21 and is expected to overspend by £0.217m.

The force's combined liability premium for 20/21 is £0.179m higher at renewal compared to 19/20. The insurance brokers have explained that this is typical across the public sector and blue light organisations in particular.

The £0.228m forecast overspend on Equipment includes £0.173m that has been spent by Health and Safety and Assets on COVID-19 purchases.

### Income: £1.331m surplus

£1.222m of this overall surplus arises from funding received from the Government in relation to Covid-19. The loss of income that we receive from Special Services is forecast to result in a £0.207m deficit in income. £0.222m of this is due to not being expected to be required to Police football matches during the whole of this financial year.

The force has submitted two claims for compensation for loss of income that is COVID related up to November 2020, the claim was for £0.149m and has been included in the above forecasts along with a forecast of £0.050m for the final claim of the financial year.

The Home Office have also agreed to reimburse all additional medical grade PPE purchased by Police Forces to deal with the COVID-19 Pandemic, £0.221m is the amount claimed by Derbyshire for purchases made before the 27th July 2020.

Further notification has been received of £0.820m funding from the Home Office for COVID-19 enforcement and wider pressures resulting from the submission of the monthly COVID returns.

Please see the Treasury Management section for comments regarding the variance on interest receipts.

| Treasury Management             |                     |                       |                  |                  |
|---------------------------------|---------------------|-----------------------|------------------|------------------|
|                                 | Previous Year<br>£m | Original Budget<br>£m | This Month<br>£m | Last Month<br>£m |
| PWLB & Transferred Debt         | 13.789              | 24.408                | 13.224           | 13.254           |
| PFI Liabilities                 | 8.489               | 7.618                 | 7.763            | 7.836            |
| <b>Total Borrowing</b>          | <b>22.278</b>       | <b>32.026</b>         | <b>20.987</b>    | <b>21.090</b>    |
| Total Average Investments       | 15.294              | 11.500                | 20.136           | 20.525           |
| Total Investment Income         | (0.143)             | (0.110)               | (0.020)          | (0.019)          |
| Average Interest Earned to date | 0.602%              | 0.613%                | 0.133%           | 0.142%           |
| Average LIBID Rate to date      | 0.541%              |                       | -0.076%          | -0.056%          |
| Average Base Rate to date       | 0.715%              | 0.750%                | 0.100%           | 0.100%           |



## FINANCIAL BRIEFING – DERBYSHIRE POLICE

### PWLB & Transferred Debt

This Original Budget includes new borrowing of £15.089m to fund the capital programme. The Revised Capital Programme was approved at the SPA Board on the 30<sup>th</sup> November 2020, based on this programme new borrowing has been reduced to £6m. This is because more borrowing was taken out in 2019/20 (£10m as opposed to £6.7m) and some schemes have been moved forward to future years so less borrowing is required in 2020/21. This new borrowing is likely to be taken out in the last quarter of 2020/21. All transferred debt with Derbyshire County Council and Derby City was paid off in 2019/20.

### Investment Income

The bank rate until the 10 March 2020 was 0.75%, it was then reduced twice to a record low of 0.10% in an emergency response to COVID-19. This has had an impact on investment income. The amount earned to the end of January last year was £0.129m compared to £0.020m this year. The expected investment income for the whole year is likely to be £0.020m if interest rates remain low compared to a budget of £0.110m.

### Capital

|  | Buildings<br>£m | Equipment &<br>vehicles<br>£m | IT<br>£m     | EMCTIU<br>£m | Regional<br>lead<br>force<br>£m | Total<br>£m   |
|--|-----------------|-------------------------------|--------------|--------------|---------------------------------|---------------|
| Actual to Period 10 - 29th January 2021          | 3,919           | 1,325                         | 1,676        | 253          | 80                              | <b>7,252</b>  |
| Commitments & Contracts to be paid               | 3,419           | 927                           | 742          | 134          | 283                             | <b>5,506</b>  |
| <b>Total to Period 10 - 29th January 2021</b>    | <b>7,338</b>    | <b>2,252</b>                  | <b>2,418</b> | <b>387</b>   | <b>363</b>                      | <b>12,758</b> |
| <b>Revised Capital Programme (incl slippage)</b> | <b>9,723</b>    | <b>2,163</b>                  | <b>3,246</b> | <b>335</b>   | <b>0</b>                        | <b>15,467</b> |
| <b>Budget remaining</b>                          | <b>2,385</b>    | <b>-89</b>                    | <b>828</b>   | <b>(52)</b>  | <b>(363)</b>                    | <b>2,708</b>  |

### Capital Programme

The Revised Capital Programme was approved at SPA Board on the 30<sup>th</sup> November 2020, this reflects slippage into future years and various changes to schemes.

### Building Schemes

Co-locations with Fire – Work has been completed at Long Eaton. Other schemes are being considered including a SNT extension at Alfreton fire station, this has been approved at the Joint Estates Board.

Derby East LPU Accommodation and North East Division Accommodation - £6m is included in the 2020/21 Revised Capital Programme for these schemes. The majority of the budget is for Derby East LPU Accommodation which is due to complete in July 2021. Options are still being considered for the North East Division scheme so this scheme has been slipped forward into future years.

Wyatts Way capital schemes – SOCU adaptations and works on the Air Handling Units have been completed. The locker room scheme is due to start in February, to be completed by the summer.

Vehicle Compound – Phase 1 resurfacing works were completed in December and Phase 2 works were issued for pricing.

Other schemes – Road surfacing works at Headquarters and heating at Buxton Police Station have been completed. A preferred bidder has been selected for the CMARC extension.

### Equipment and Vehicles

Vehicles – all vehicles have been ordered, 2 extra vehicles have been purchased for Driver training which have been funded from the Uplift grant.

## **FINANCIAL BRIEFING – DERBYSHIRE POLICE**

Equipment – All of the capital equipment budget has been fully committed, some orders are still to be raised. There has been spend of £0.124m on tasers which has been funded from government grant. £0.190m of unbudgeted spend will be covered by Cyber Grant.

### **IS Schemes**

IS replacement schemes – extra laptops and other kit have been purchased due to COVID-19 for staff working from home. Replacement mobile phones have been purchased. Procurement has commenced for the Network Storage Solution but no order has been placed yet.

Call Centre Telephone Replacement scheme – this project is ongoing and has been re-planned due to COVID-19 delays and also delayed due to functionality problems.

Body Worn Video and Digital Interview Recording Units – These schemes are complete. Budget remaining will be reallocated to other schemes.

## FINANCIAL BRIEFING – DERBYSHIRE POLICE

| Detailed Budget Analysis |  |   |                                      | Annex A          |   |
|--------------------------|--|---|--------------------------------------|------------------|---|
|                          | Derbyshire Police  | Revenue Budget & Precept Report<br>£000 | Expected Year-end Projection<br>£000 | Variance<br>£000 |   |
|                          | Crime & Territorial Policing   | 19,487                                  | 19,679                               | 192              | ● |
|                          | Operational Support  | 18,148                                  | 18,315                               | 167              | ● |
|                          | Corporate Services   | 18,985                                  | 18,511                               | ( 474)           | ● |
|                          | Finance & Business Services  | 7,623                                   | 7,736                                | 113              | ● |
|                          | Force  | 110,177                                 | 109,369                              | ( 809)           | ● |
|                          | Contributions to Regional Units  | 9,687                                   | 9,397                                | ( 290)           | ● |
|                          | Office of the PCC  | 1,277                                   | 1,290                                | 13               | ● |
|                          | Grants & Commissioning (incl MOJ)  | 2,019                                   | 2,019                                | -                | ● |
|                          | Income & Accounting  | 2,476                                   | 2,322                                | ( 154)           | ● |
|                          | <b>TOTAL</b>   | <b>189,879</b>                          | <b>188,638</b>                       | <b>( 1,241)</b>  | ● |
|                          | Subjective Analysis  | Precept Original Budget<br>£000         | Expected Year-end Projection<br>£000 | Variance<br>£000 |   |
|                          | Police Officers & Pensions   | 104,437                                 | 104,536                              | 99               | ● |
|                          | Police Staff   | 47,865                                  | 47,124                               | ( 741)           | ● |
|                          | Other Indirect Officer/Staff Costs   | 797                                     | 671                                  | ( 126)           | ● |
|                          | Premises   | 9,761                                   | 10,183                               | 422              | ● |
|                          | Transport  | 3,643                                   | 3,728                                | 85               | ● |
|                          | Supplies & Services, Agency, Pay and Price Contingency, Debt Charges   | 21,168                                  | 22,082                               | 914              | ● |
|                          | Regional Units   | 9,687                                   | 9,397                                | ( 290)           | ● |
|                          | Secondment   | 0                                       | -                                    | -                | ● |
|                          | Contribution to National Policing  | 168                                     | 95                                   | ( 73)            | ● |
|                          | BCU Funds  | 313                                     | 279                                  | ( 34)            | ● |
|                          | Partnerships & Other Grants  | 646                                     | 505                                  | ( 141)           | ● |
|                          | Contribution to/(from) Reserves  | ( 1,359)                                | ( 1,397)                             | ( 38)            | ● |
|                          | Office of the PCC  | 1,277                                   | 1,290                                | 13               | ● |
|                          | Grants & Commissioning (incl MOJ)  | 2,019                                   | 2,019                                | -                | ● |
|                          | Income (Including Interest Receipts)   | ( 10,543)                               | ( 11,874)                            | ( 1,331)         | ● |
|                          | <b>TOTAL</b>   | <b>189,879</b>                          | <b>188,638</b>                       | <b>( 1,241)</b>  | ● |
|                          | ( )      Underspend<br>●      Low risk/no action required<br>●      Medium risk/management review required<br>●      High risk/management attention required |   |                                      |                  |   |

## FINANCIAL BRIEFING – DERBYSHIRE POLICE

| Detailed Capital Analysis           |                       |                      |  |                  | Annex B    |
|-------------------------------------|-----------------------|----------------------|--|------------------|------------|
| Scheme                              | Total Original Budget | Total Revised Budget | Actual, Commitments & Contracts to be paid | Budget Remaining | Spend      |
|                                     | £000                  | £000                 | £000                                       | £000             | %          |
| <b>Expenditure</b>                  |                       |                      |  |                  |            |
| Co-locations with Fire              | 500                   | 214                  | 50   | 164              | 23%        |
| Major New/Replacement Buildings     | 10,920                | 6,000                | 5,761                                      | 239              | 96%        |
| Other Building Work/Land            | 3,024                 | 3,509                | 1,527                                      | 1,982            | 44%        |
| IS/Communications                   | 2,720                 | 3,246                | 2,418                                      | 828              | 75%        |
| Vehicles                            | 1,194                 | 1,599                | 1,595                                      | 4                | 100%       |
| Equipment                           | 510                   | 564                  | 657  | -93              | 117%       |
| EMCTIU                              | 175                   | 335                  | 387  | -52              | 0%         |
| <b>TOTAL</b>                        | <b>19,043</b>         | <b>15,467</b>        | <b>12,395</b>                              | <b>3,071</b>     | <b>80%</b> |
| Regional Projects (to be recharged) | 0                     | 0                    | 363  | -363             |            |
| <b>TOTAL</b>                        | <b>19,043</b>         | <b>15,467</b>        | <b>12,758</b>                              | <b>2,708</b>     |            |

| Reserves -                         |                      |                             |                                    |  | Annex C                        |
|------------------------------------|----------------------|-----------------------------|------------------------------------|--|--------------------------------|
|                                    | Balances at 31/03/20 | Projected Movements 2020/21 | Proposed Allocation of Underspends | Projected Contributions to Capital 2020/21 | Estimated Balances at 31/03/21 |
|                                    | £000                 | £000                        | £000                               | £000                                       | £000                           |
| <b>GENERAL RESERVES</b>            | 5,500                |                             |                                    |  | 5,500                          |
| <b>EARMARKED RESERVES</b>          |                      |                             |                                    |  |                                |
| <b>Useable:-</b>                   |                      |                             |                                    |  |                                |
| Operational Priorities             | -                    | -                           |                                    |  | -                              |
| Operational Funding & Investment   | 2,494                | ( 335)                      |                                    |  | 2,159                          |
| Covid Fund                         |                      | 820                         |                                    |  | 820                            |
| Uplift Fund                        |                      | 558                         |                                    |  | 558                            |
| Contribution to Capital            | -                    | -                           |                                    | -  | -                              |
| Carry-forwards                     | 1,194                | ( 440)                      |                                    |  | 754                            |
| PCC Grants & Commissioning Reserve | 956                  | ( 146)                      |                                    |  | 810                            |
| Pensions                           | -                    | -                           |                                    |  | -                              |
|                                    | <b>4,644</b>         | <b>457</b>                  | <b>-</b>                           | <b>-</b>                                   | <b>5,101</b>                   |
| <b>Non-useable:-</b>               |                      |                             |                                    |  |                                |
| PFI - Ilkeston                     | 999                  | ( 83)                       |                                    |  | 916                            |
| PFI - Derby                        | 2,213                | ( 416)                      |                                    |  | 1,797                          |
| Insurance                          | 485                  | ( 292)                      |                                    |  | 193                            |
| Carry-forwards non Force           | -                    | -                           |                                    |  | -                              |
|                                    | <b>3,697</b>         | <b>( 791)</b>               | <b>0</b>                           | <b>0</b>                                   | <b>2,906</b>                   |
| <b>TOTAL EARMARKED RESERVES</b>    | <b>8,341</b>         | <b>( 334)</b>               | <b>-</b>                           | <b>-</b>                                   | <b>8,007</b>                   |
| <b>TOTAL RESERVES</b>              | <b>13,841</b>        | <b>( 334)</b>               | <b>-</b>                           | <b>-</b>                                   | <b>13,507</b>                  |



Derbyshire  
Police and Crime  
Commissioner

Protecting Communities,  
Fighting Crime



AGENDA ITEM

**9B**

# JOINT AUDIT RISK ASSURANCE COMMITTEE

|                     |                             |
|---------------------|-----------------------------|
| <b>REPORT TITLE</b> | OPCC RISK MANAGEMENT UPDATE |
| <b>REPORT BY</b>    | ANDREW DALE                 |
| <b>DATE</b>         | 25 MARCH 2021               |

## PURPOSE OF THE REPORT

To update JARAC on the current assessment of Strategic Risk faced by the PCC (including specific operational risks related to the OPCC) together with both planned and existing mitigations.

## ATTACHMENTS

None

## RECOMMENDATIONS


- i. To note the update on the OPCC Risk Register
- ii. To note the closure of risk STR0044 (a time-limited risk relating to the potential for a delayed 2021/22 settlement) as it is no longer valid and the broader issues around funding uncertainty are contained in risks elsewhere in the OPCC and Force risk management systems

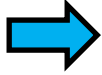
CONTACT FOR ENQUIRIES


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

**CURRENT OPCC RISKS**


The Chief Executive and Chief Finance Officer have reviewed strategic risks facing the PCC. In descending order of residual score (we use the same Red/Amber/Green scoring matrix as the Force), the specific risks and some further narrative on each are as follows:

| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement   |
|--|--------------|------------------|----------------|----------------|--|
| STR0016<br>Partner disinvestment in key services<br>Owner: CFO   | 3<br>High    | 3<br>High        | 9<br>Red       | 9<br>Red       |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Financial implications for the OPCC budget due to the impact of financial challenges for partner agencies' budgets and consequent cuts to their commissioned services and joint funding initiatives.</li> </ul>   |              |                  |                |                |  |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>OPCC Commissioning Strategy provides for partnership solutions to service sustainability</li> <li>OPCC Executive and Commissioning Teams have strong links to partner agencies</li> <li>PCC able to take ownership and control of critical services where partners have disinvested (provided it remains relevant to the Police &amp; Crime Plan)</li> <li>Ongoing budget management in OPCC to track impact of partner disinvestment on finite PCC funds</li> <li>Key focus for the PCC on victims and the needs of the public</li> <li>Commissioning Strategy has created a strategic partnership board where leadership teams can discuss emerging threat and risk associated with financial constraints and service priorities</li> <li>Formal partnerships are underpinned by Partnership agreements that provide reassurance to all partners</li> </ul> |              |                  |                |                |  |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>Partnership working with both major councils is developing at an officer-level and will explore areas of mutual benefit and gain</li> </ul>   |              |                  |                |                |  |

| Risk  | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|---|--------------|------------------|----------------|----------------|---|
| STR1983<br>Diverse community representation policy<br>Owner: CEO  | 3<br>High    | 3<br>High        | 9<br>Red       | 9<br>Red       |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Failure to achieve a policing service that in diversity-terms is representative of the communities that it serves within the next 5 years (aligned to the 2025 policing vision) and whilst delivering against the rapid pace of the national policing uplift</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>Use of grants programme to support community engagement around this priority</li> <li>PCC national portfolio lead for EDHR (Equality, Diversity &amp; Human Rights)</li> <li>Specific objective within the Police &amp; Crime Plan</li> <li>'Positive Action' work with the Force to improve representation</li> <li>OPCC Representation at Valuing People &amp; Valuing Difference (VPVD) board</li> <li>VPVD Strategy &amp; Plan underpinning work of the Board</li> <li>NPCC Strategy and updated toolkit around workforce representation issued</li> <li>PCC Black &amp; Minority Ethnicity (BAME) group/forum</li> <li>Black Lives Matter movement has injected energy into this issue and the PCC is well-placed to engage with communities on the wider agenda</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>Emerging data from College of Policing demonstrates that the positive action approach adopted by Derbyshire is delivering results in supporting BAME applicants through the recruitment process</li> <li>Short-term secondment of a subject-matter expert from the BAME community to the OPCC to undertake specific work on behalf of the PCC to identify barriers and potential solutions to improve diversity across the Constabulary and OPCC workforce</li> </ul>  |              |                  |                |                |   |


| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|--|--------------|------------------|----------------|----------------|---|
| STR0043 – Funding shortfalls (Tax Base & Collection Fund)<br>Owner: CFO  | 3<br>High    | 2<br>Medium      | 6<br>Amber     | 12<br>Red      |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Financial impact of tax bases within Derbyshire being depressed in terms of (a) less house building during the pandemic and (b) estimates of housing growth being incorrect. Alongside the known issue of council tax defaults and arrears growing during the pandemic on economic grounds</li> </ul>   |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>Existing links with Derbyshire Finance Officers Board where intel is shared on this issue</li> <li>Nationally amplified concerns through PCCs and Chief Constables</li> <li>Confirmation from government that Collection Fund losses will be spread over multiple years together with grant funding</li> <li>Finance department are modelling potential impacts regularly</li> <li>Both CFO and DoF are linked in to their respective national bodies (PACCTS &amp; NPCC)</li> <li>Awareness through APACE for CEXs also</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b>  |              |                  |                |                |   |


- Despite pressure easing due to central funding provided by government, requires regular monitoring as the economy adjusts to the pandemic and post-pandemic financial climate


| Risk  | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|---|--------------|------------------|----------------|----------------|---|
| <b>STR0017</b><br>Policing Uplift places pressure on existing MTFP<br>Owner: CFO  | 3<br>High    | 2<br>Medium      | 6<br>Amber     | 9<br>Red       |  |
| Description: <ul style="list-style-type: none"> <li>• Whilst funding for the uplift in 2021/22 has been confirmed, a single year budget settlement continues to cause uncertainty over long-term funding for the pledge to increase officer numbers by 20,000 nationally</li> </ul>   |              |                  |                |                |   |
| Existing Controls: <ul style="list-style-type: none"> <li>• APCC and NPCC coordinated effort to lobby Home Office for multi-year settlements and therefore certainty</li> <li>• Careful public messaging to help people understand that the Policing Uplift still leaves a funding shortfall for policing</li> <li>• Chief Officer commitment to develop savings strategy whilst being aware of emerging financial landscape due to (a) Brexit long-term impacts, (b) Pandemic economic legacy and (c) funding settlement announcements</li> <li>• Director of Finance linked into the NPCC national debate from operational side</li> <li>• Enhanced role for JARAC looking at financial planning and budgeting to provide further assurance</li> <li>• Frequent 1-2-1 discussions between PCC and CFO (together with wider Executive team) regarding the financial landscape to maintain awareness and clarity of message</li> <li>• Ongoing close working relationship between Director of Finance and CFO to ensure progress is made against the MTFP and savings plans</li> <li>• Ongoing discussions between OPCC Exec and Chief Officers to ensure savings plans are updated and considered</li> <li>• Ongoing discussions with Chief Constable and PCC regarding the financial landscape and need for coordinated response to finding savings</li> <li>• Ongoing strategic conversations with Workforce Planning colleagues to ensure that key decision-points are known should funding be impacted by future government decisions (to avoid incurring cost that can't be funded)</li> <li>• OPCC Chief Exec and CFO both work with their respective bodies (APACE and PACCTS) and are close to the national debate</li> <li>• Oversight role of the OPCC CFO will ensure progress continues to be made against the MTFP and need for a savings strategy</li> <li>• PCC direct contact with Policing Minister to challenge the current situation and call for further clarity regarding the totality of police funding</li> <li>• Strong, highly competent Finance team will support and challenge MTFP and savings agenda</li> <li>• Finance Futures Board (with OPCC CFO attendance) established</li> </ul> |              |                  |                |                |   |
| Additional/Planned Controls: <ul style="list-style-type: none"> <li>• Continued push across the policing landscape for a multi-year settlement and early indications of funding to assist with planning</li> </ul>  |              |                  |                |                |   |





- **Cost of Policing work being carried out in-Force to understand and establish an affordable baseline**

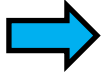
| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|--|--------------|------------------|----------------|----------------|---|
| STR1986<br>PCC's Media Strategy<br>Owner: CEO  | 3<br>High    | 2<br>Medium      | 6<br>Amber     | 6<br>Amber     |  |
| <b>Description:</b>  |              |                  |                |                |   |
| <ul style="list-style-type: none"> <li>• Current media strategy (very proactive approach) creating potential for reputational issues</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b>  |              |                  |                |                |   |
| <ul style="list-style-type: none"> <li>• Role of the Statutory Officers (CEO &amp; CFO) in the OPCC regarding media issues</li> <li>• Key role for members of the OPCC in use of social media / new media</li> <li>• Scrutiny by the Police &amp; Crime Panel on the role of the PCC and the conduct of the current post holder</li> <li>• Publically transparent decision-making by the PCC</li> <li>• Contracted service for external media engagement &amp; comms</li> <li>• Review media training needs for the PCC and Deputy PCC regularly</li> <li>• Facilitated Presentation training</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b>  |              |                  |                |                |   |
| <ul style="list-style-type: none"> <li>• <b>CEO (Monitoring Officer) directly involved in ensuring pre-election communications are appropriate</b></li> </ul>  |              |                  |                |                |   |

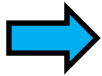
| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|--|--------------|------------------|----------------|----------------|---|
| STR0042<br>Financial Implications of Covid-19 Pandemic<br>Owner: CFO   | 2<br>Medium  | 3<br>High        | 6<br>Amber     | 6<br>Amber     |  |
| <b>Description:</b>  |              |                  |                |                |   |
| <ul style="list-style-type: none"> <li>• Financial impact of the Covid-19 Pandemic could lead to excess costs being absorbed by PCCs that are not funded by government</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b>  |              |                  |                |                |   |
| <ul style="list-style-type: none"> <li>• Regular budget monitoring and briefings to PCC and Chief Constable</li> <li>• Reimbursement routes for PPE (medical-grade) established</li> <li>• Reporting of other costs to government through established processes</li> <li>• Limited reserves (including General Fund) are available to help bridge the gap between expenditure and reimbursement or cover losses</li> <li>• Chief Executive working with APCC team who have produced the policing CSR submission to the Home Office</li> <li>• <b>Confirmation of grant income from government in respect of: lost income, surge policing regarding enforcement and other costs of Covid including technological</b></li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b>  |              |                  |                |                |   |
| <ul style="list-style-type: none"> <li>• Continued lobbying by PCCs and Chief Constables nationally</li> <li>• Rapidly moving situation – two senior teams are monitoring it carefully</li> <li>• Regular PCC calls with the Policing Minister will allow for this issue to be amplified</li> </ul>  |              |                  |                |                |   |

| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|--|--------------|------------------|----------------|----------------|---|
| STR0045<br>PCC Elections 2021<br>Owner: CEO  | 1<br>Low     | 4<br>Substantial | 4<br>Green     | 4<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Failure to properly prepare, support or deliver upon the outcome of the May 2021 PCC elections.</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>Chief Executive has significant experience of managing the process, gained from 2 previous PCC election periods. Also experience of working with PCCs from both major parties previously</li> <li>Chief Finance Officer also has election experience has worked with elected PCCs from both major parties previously</li> <li>Association of Police and Crime Chief Executives Election Guidance</li> <li>Early engagement with regional colleagues on any regional information supplied to potential and prospective candidates [potential candidate refers to those who may be interesting in standing, prospective candidates are those who have registered and are to appear on the ballot paper following eligibility checks]</li> <li>Early engagement with the Police Area Returning Officer (PARO – the Chief Executive of Derby City Council)</li> </ul>   |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>Preparation of a section of OPCC Website with relevant information and links for potential and prospective candidates</li> <li>Development of communications protocol with Chief Constable’s Staff Officer to ensure all requests for information and meetings (and subsequent notes of said meetings) are filtered through the Chief Executive</li> <li>Analysis of candidate manifestoes prior to the poll and preliminary options work undertaken for discussion with newly elected PCC</li> <li>Association of Police &amp; Crime Commissioner guidance for newly elected PCCs on the role of the Office of the PCC</li> <li>Continued regional engagement to ensure parity of message across the 5 East Midlands PCC areas</li> <li>Diary time set aside in new PCC’s diary to meet with key stakeholders and the media (this may be easily removed if sitting PCC is re-elected)</li> <li>Moratorium on OPCC Staff Leave for the period immediately surrounding the election and installation of the new PCC</li> <li>Transition planning underway (in the event a new PCC is elected) to mobilise the office resources rapidly after the election</li> </ul> |              |                  |                |                |   |

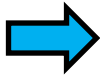
| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|--|--------------|------------------|----------------|----------------|---|
| STR1977<br>Keeping communities safe from crime and harm<br>Owner: CEO  | 2<br>Medium  | 2<br>Medium      | 4<br>Green     | 4<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Failure to keep the most vulnerable in our communities safe from crime and harm and supporting those who unfortunately find themselves a victim of crime</li> </ul>   |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>Police &amp; Crime Plan AND Police &amp; Crime Delivery Plan published</li> <li>Police attendance at PCC Strategic Commissioning Group</li> <li>Regular reports to Strategic Priorities Assurance Board (SPA)</li> <li>Regular Chief Officer 'scorecards' reviewed at SPA</li> <li>Continual review of SPA forward plan in this area</li> <li>Consultation with local delivery partners to assess performance across policing and crime activities</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>PCC's Vulnerability Fund (Round 2 decision announcement imminent)</li> <li>Safer Streets Fund (Round 1 implementation ongoing, Round 2 bidding underway)</li> </ul>   |              |                  |                |                |   |


| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|--|--------------|------------------|----------------|----------------|---|
| STR2020<br>Financial liability as contract-holder for Jointly Commissioned services<br>Owner: CFO  | 3<br>High    | 1<br>Low         | 3<br>Green     | 3<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Financial liability of holding contracts for Jointly Commissioned services where financial input is not solely from the PCC</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>Strong partnership and relationship links underpin the joint arrangements</li> <li>Funding/Partnership agreement supported by Legal Services</li> <li>Reciprocal arrangements where PCC contributes but does NOT hold the contract</li> <li>Contracts are jointly managed with all participating organisations</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>  |              |                  |                |                |   |


| Risk  | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|---|--------------|------------------|----------------|----------------|---|
| STR1982<br>Failure to meaningfully engage with young people<br>Owner: CEO   | 3<br>High    | 1<br>Low         | 3<br>Green     | 3<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Failure to meaningfully engage and work with young people, including those who have been either a victim of crime or offenders, to understand their needs and prevent them from becoming involved in criminal activity</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>OPCC Representation on Force's Young Peoples Engagement meeting</li> <li>Role of the OPCC's engagement function to obtain feedback from young people</li> <li>Key objective within the Police &amp; Crime Plan 2016-2021</li> <li>PCC involvement with national Street Games initiative (PTF &amp; EIYF)</li> <li>Thematic reports into SPA</li> <li>Strong working relationship established between new Engagement Co-Ordinator and the County lead in this area</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>Comparison between current approach in Derbyshire and that of other OPCCs nationally (work is ongoing in this area)</li> <li>Formally launch the PCC's Young People's strategy that builds on considerable work already in place plus further initiatives (this is approved internally to guide the team's work and will be revisited post-election with the newly elected PCC to consider and approve publication)</li> </ul>                                     |              |                  |                |                |   |


| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|--|--------------|------------------|----------------|----------------|---|
| STRXXX<br>Impact of Covid-19 Pandemic on PCC's responsibilities & OPCC business plan<br>Owner: CEO   | 2<br>Medium  | 1<br>Low         | 2<br>Green     | 2<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>The failure to perform core responsibilities of the PCC's role and deliver against the OPCC business plan</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>PCC decision-making moved to a virtual approach in the main, supported by revised decision-record process agreed with Force</li> <li>OPCC staff all able to work effectively at home with laptops and other equipment</li> <li>MS Teams used extensively to maintain contact internally and externally</li> <li>Engagement was virtual at the beginning of lockdown and now includes socially-distanced physical engagement where appropriate</li> <li>Core business has continued between OPCC and Force</li> <li>OPCC Exec and Senior Management has continued to work closely with the Force and partners irrespective of physical presence</li> <li>Frequent wellbeing checks and consideration of staff MH a core part of the OPCC response to the pandemic</li> </ul> |              |                  |                |                |   |


|   |
|---|
| <ul style="list-style-type: none"> <li>• Emergency powers exist for Exec members and Chief Officers but have not needed to be used</li> <li>• PCC and MOJ funding have helped support victim services during the pandemic</li> <li>• OPCC Commissioning Team closely monitoring stability of service providers during pandemic and reporting to PCC on key services</li> <li>• CEO, CFO and DPCC sit on Force’s Covid-19 Gold Group (Op Talla)</li> <li>• Chief Constable and Deputy Chief Constable work closely with the LRF and SCG regarding the Derbyshire-wide response to the pandemic</li> <li>• Ongoing horizon-scanning of other OPCC activities to inform local approach (e.g. CEX discussions regarding OPCC working models)</li> </ul> |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>• Some opportunity for staff to voluntarily spend time at the office subject to prevailing government advice/legislation and local risk assessment</li> </ul>  |

| Risk  | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|---|--------------|------------------|----------------|----------------|---|
| <b>STR1978</b><br>Failure to deliver single CORE victim service<br>Owner: CFO   | 2<br>Medium  | 1<br>Low         | 2<br>Green     | 2<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>• Failure to bring contracted services together to deliver a single CORE (Cope and Recover) victim service in accordance with specifications and compliance with the Victims Code of Practice (VCOP)</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>• Facilitating joint publicity raising events, sharing of governance and reporting systems</li> <li>• Joint Victims working group chaired by Superintendent attended by service providers</li> <li>• Regular contract management meetings with all providers, with an enhanced rigour and grip from the Commissioning Team</li> <li>• Regular thematic reports considered at SPA</li> <li>• Co-location of key victims services providers at FHQ</li> <li>• Service delivery partners increasing inter-organisational communication</li> <li>• Strategic Victims Pathway Board (SVPB) established</li> <li>• Force-led "Think Victim" campaign</li> <li>• User satisfaction surveys</li> <li>• Implement CORDIS Bright Quality Assurance for CORE</li> <li>• Marketing strategy to improve public awareness of victim services</li> <li>• Continued review of the Victim Triage Unit successes and opportunities</li> <li>• Compliance with VCOP monitored by the OPCC in response to MOJ requirements</li> <li>• Significant Assurance (internal audit) for Victim Services / Commissioning area of business</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>• Understand referral levels and look to boost numbers (longer-term piece of work)</li> </ul>  |              |                  |                |                |   |


| Risk  | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|---|--------------|------------------|----------------|----------------|---|
| STR1980<br>Impact of drugs and alcohol on communities<br>Owner: CEO   | 2<br>Medium  | 1<br>Low         | 2<br>Green     | 2<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Failure to demonstrate progress on reducing the effects of alcohol and drugs on communities</li> </ul>   |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>PCC National Portfolio raises profile of the issues and potential solutions</li> <li>Regular reports submitted to SPA</li> <li>Scrutiny by the Police &amp; Crime Panel</li> <li>Ongoing Intoxicated campaign</li> <li>Existing funding of Drug Intervention programmes</li> <li>Safe Night Out campaign</li> <li>Partnership working in Derby City ('Safe Space' opened on 18/03/19)</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>   |              |                  |                |                |   |

| Risk  | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|---|--------------|------------------|----------------|----------------|---|
| STR1985<br>Impact/success of the Police & Crime Plan<br>Owner: CEO  | 2<br>Medium  | 1<br>Low         | 2<br>Green     | 2<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Failure to demonstrate impact or success against the seven Police &amp; Crime Plan objectives</li> </ul>   |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>Increased robustness of Grants process in linking to Police &amp; Crime Plan objectives</li> <li>Publication of PCC's Annual Report</li> <li>JARAC oversight</li> <li>Specific report to SPA on impact and value of the grants process</li> <li>Internal Audit review of grants process</li> <li>OPCC Business Plan used to monitor work of the office</li> <li>Police &amp; Crime Panel scrutiny</li> <li>Police &amp; Crime Delivery Plan published by the Force</li> <li>Regular reports to SPA on achievement against objectives</li> <li>OPCC staff restructure to align resources to PCC's objectives implemented</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>   |              |                  |                |                |   |

| Risk  | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|---|--------------|------------------|----------------|----------------|---|
| STR1981<br>Failure to support those with mental health issues<br>Owner: CEO   | 2<br>Medium  | 1<br>Low         | 2<br>Green     | 2<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Failure to support those with mental health issues within the CJS whether victim or offender</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>Environment/Horizon scanning of emerging government policy</li> <li>Co-chair of Mental Health Crisis Care Concordat (CCC)</li> <li>Mental Health Hub resource in partnership with Health and EMAS partners</li> <li>Regular thematic reports into SPA</li> <li>Reports into Mental Health Steering Group</li> <li>Existing PCC's experience in the CJS arena</li> <li>Commissioner chairs Local Criminal Justice Board and is invited to Regional CJB</li> <li>Internal OPCC Commissioning update meetings with the PCC</li> <li>Environment/horizon scanning of emerging government policy</li> <li>Mental Health Blue-Light Hub (with Police, EMAS and CCG partners) implemented from Oct 2018, under review for permanent solution from April 2020</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>PCC's Vulnerability Fund will incorporate some elements of people living with MH issues</li> </ul>   |              |                  |                |                |   |

| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|--|--------------|------------------|----------------|----------------|---|
| STR1984<br>VFM re commissioned services and grants<br>Owner: CFO   | 2<br>Medium  | 1<br>Low         | 2<br>Green     | 2<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Failure to achieve VFM and meaningful outcomes from commissioned services or grants</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>Regular Internal Audit review of Commissioning/Grants (incl. recent significant assurance)</li> <li>Victim &amp; User Satisfaction reviews embedded within contractual arrangements</li> <li>Experienced Head of Commissioning and Commissioning Team</li> <li>Established Commissioning Strategy</li> <li>Commissioning Team has oversight of and manages grants process</li> <li>Potential opportunities around Social Value Act provisions</li> <li>Strategic Victims Pathway Steering Group</li> <li>Thematic reports into SPA</li> <li>Police &amp; Crime Panel scrutiny</li> <li>Scrutiny of VFM arrangements by JARAC</li> <li>External Audit assessment of VFM</li> <li>Commissioning team skill-set and team capability reinforced via OPCC restructure</li> </ul> |              |                  |                |                |   |

|  |
|--|
| <ul style="list-style-type: none"> <li>Comprehensive dashboard and pragmatic data-analysis approach to managing contracts, grants and outcomes – useful statistics to understand impact and effectiveness</li> </ul> |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>  |

| Risk   | Impact Score | Likelihood Score | Residual Score | Previous Score | Movement  |
|--|--------------|------------------|----------------|----------------|---|
| <b>STR1979</b><br>Working to provide strong and effective partnership working<br>Owner: CEO  | 2<br>Medium  | 1<br>Low         | 2<br>Green     | 2<br>Green     |  |
| <b>Description:</b> <ul style="list-style-type: none"> <li>Failure to manage and develop key relationships with partners and demonstrate due regard to their strategic plans</li> </ul>  |              |                  |                |                |   |
| <b>Existing Controls:</b> <ul style="list-style-type: none"> <li>OPCC interfaced with the Force's annual consideration of strategic priorities</li> <li>Annual review of the Engagement Strategy</li> <li>Regular reports to SPA</li> <li>Scrutiny by Police &amp; Crime Panel</li> <li>Ongoing review within OPCC of partners' agendas and strategic policy</li> <li>OPCC Partnership &amp; Stakeholder management a key part of the OPCC's work at both executive and senior management level</li> <li>PCC Engagement Programme &amp; #D383</li> <li>Publication of Police &amp; Crime Plan 2016-2021</li> <li>Partners included in discussions around threat, risk and priorities</li> <li>PCC represented on main partnership boards</li> <li>Internal Audit scrutiny into Partnership working (OPCC)</li> <li>Ongoing review of Police &amp; Crime Plan during the term of office</li> <li>Policy &amp; Partnerships Officer within OPCC</li> <li>Chief Finance Officer provides Executive leadership for the OPCC's partnership working alongside the responsibilities of the Chief Executive</li> <li>Formal partnerships underpinned with Partnership agreement either when new or renewed</li> <li>Informal partnerships underpinned by shared and agreed visions in addition to an MOU when appropriate</li> <li>Strong commitment within the OPCC Executive and Senior Management team to build, develop and sustain relationships with key partners</li> </ul> |              |                  |                |                |   |
| <b>Additional/Planned Controls:</b> <ul style="list-style-type: none"> <li>Safer Streets government-funded initiative with City Council (implementation underway)</li> <li>Round 2 bidding for the Safer Streets initiative is underway</li> <li>City-centre multi-agency hub (announcement imminent)</li> <li>Strategic Partnership Board with Derbyshire partners (incl. LA, PH and CCG)</li> </ul>  |              |                  |                |                |   |



## **HOW THE OPCC WILL MANAGE RISKS AND REPORT BACK**

1. Both the Chief Executive (CEO) and CFO have ownership of risks as set out above. The CFO, in particular, leads on risk management for the PCC (including oversight of the Force's arrangements) and maintains the OPCC's risk register in conjunction with the CEO.
2. The Risk Register features as a standing item on the agendas for the key meetings within the OPCC (Team meeting, Heads of Department, Senior Management Team and Exec Team) to ensure that the opportunity to discuss the risk register, including any emerging risks, is available.
3. Political, reputational and financial risks in particular are embedded in how the Exec Team (PCC, Deputy PCC, Chief Executive and CFO) work. They meet regularly and jointly consider strategic risk areas and agree suitable mitigations or responses.
4. The CFO attends the Force's Risk Management Board and will keep any possible cross-over or duplication of risks under review. Where the Force is already managing a given risk, the CFO will seek assurance from that process rather than duplicate the work. In addition to this, the Chief Constable provides an overview of operational risk areas to the PCC at their regular catch-up meeting which is also attended by the OPCC's Exec Team.
5. A strong line of communication already exists with the Chair of JARAC. Where the CFO identifies an area of concern or risk that the Chair needs to be urgently made aware of, a briefing will be provided to the Chair (confidentially if necessary) and consideration made to how the JARAC should be updated in due course.