



**Police and Crime Commissioner for Derbyshire**  
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## **JOINT AUDIT RISK ASSURANCE COMMITTEE**

### **AGENDA**

|                                     |  |
|-------------------------------------|--|
| <b>DATE OF MEETING</b>              | 20 January 2022  |
| <b>TIME OF MEETING</b>              | 0930 – 1300  |
| <b>LOCATION</b>                     | Virtual Meeting via Teams  |
| <b>PCC CONTACT OFFICER</b>          | Mrs Dawn Brown (0300 1227399)  |
| <b>CONSTABULARY CONTACT OFFICER</b> | C/Supt. Wilson(101)  |
| <b>DISTRIBUTION</b>                 | Commissioner A Foster<br>Chief Constable R Swann<br>Mr A Dale<br>Mr S Allsop<br>Mr J Peatling<br>Mr M Lunn (Mazars)<br>Ms H Clark (EY)<br>Mr M Faizan (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 20 January 2022*

**AGENDA: Reports attached**

| <b>ITEM</b>                      | <b>SUBJECT</b>  | <b>Presented by</b> |
|----------------------------------|---|---------------------|
| <b>1</b>                         | <b>IS Update – Richard Cariss (verbal)</b>                          | <b>R Cariss</b>     |
| <b>2</b>                         | <b>APOLOGIES FOR ABSENCE</b>  | <b>CHAIR</b>        |
| <b>3</b>                         | <b>DECLARATIONS OF INTEREST (IF ANY)</b>                            | <b>ALL</b>          |
| <b>4</b>                         | <b>MINUTES OF THE MEETING OF THE JARAC HELD ON 11 November 2021</b> | <b>CHAIR</b>        |
| <b>5</b>                         | <b>REVIEW OF ACTIONS</b>  | <b>CHAIR</b>        |
| <b>6</b>                         | <b>FORWARD PLAN</b>   | <b>CHAIR</b>        |
| <b>CORE BUSINESS</b>             |   |                     |
| <b>7</b>                         | <b>EXTERNAL AUDIT</b>   |                     |
| <b>7A</b>                        | Update from EY (verbal)   | <b>EY</b>           |
| <b>8</b>                         | <b>FINANCIAL ASSURANCE</b>  |                     |
| <b>8A</b>                        | Budget Monitoring Update (paper)                                    | <b>AD/SA</b>        |
| <b>8B</b>                        | Budget Update Presentation  | <b>SA/JP</b>        |
| <b>9</b>                         | <b>INTERNAL AUDIT</b>   |                     |
| <b>9A</b>                        | Progress Report – (paper)   | <b>MAZARS</b>       |
| <b>9B</b>                        | Internal Audit Recommendation Monitoring                            | <b>CHAIR</b>        |
| <b>END OF THE PUBLIC MEETING</b> |   |                     |
| <b>CLOSED SESSION</b>            |   |                     |
| <b>10</b>                        | Financial Exception Reporting - Single Tender Waivers (paper)       | <b>AD/SA</b>        |

**MINUTES** of a meeting of the **JOINT AUDIT, RISK ASSURANCE COMMITTEE** held remotely via Microsoft Teams/in person on **Thursday 11 November 2021**

**P R E S E N T**

Ms S Sunderland – in person (in the Chair)  
Mr A Jenkinson - via Teams  
Ms J Charlton - via Teams  
Ms L Gelderd – in person  
Mr L Harrold – in person  
Mr B Mellor – in person

**OPCC Present:** Ms A Foster (part of meeting), Mr A Dale, Mr D Peet  
**Constabulary Present:** DCC K Meynell, Mr S Allsop, Mr J Peatling, Ms M Romano (part of meeting) Mr M Euerby (part of meeting) Mr J Foster (part of meeting), Mr J Thompson (presenting) Ms K Waldram (presenting) Ms D Brown (notes)  
**Internal Audit:** Mr M Lunn  
**External Audit:** Ms H Clark, Ms N Ryan

**1/21            APOLOGIES**

- 1.1 Apologies were received from CC R Swann. It was noted that Commissioner Angelique Foster would leave the meeting to attend a wreath laying service for Armistice Day at 1100.

**2/21            DECLARATIONS OF INTEREST**

- 2.1 A declaration of interest was noted by Ms Gelderd, regarding the Complaints Performance item and it was agreed that, as the paper was just an update, there was no conflict of interest.

**3/21            MINUTES OF THE MEETING OF THE JARAC HELD ON 1 JULY AND 30 SEPTEMBER 2021**

- 3.1 The minutes of the meeting of the JARAC held on 1<sup>st</sup> JULY 2021 – 19.3 page 4 of the notes should read “learning *from* incidents”

**Action:        The minutes of the JARAC held on 1<sup>st</sup> JULY 2021 to be amended by D Brown**

- 3.2 The minutes of the meeting of the JARAC held on 30 September – at point 6.2 in matters arising, Police and Procedure review – needs to be added to the action log. Mr Allsop confirmed that there is a presentation as part of this meeting on what the policies will look like and if after that the question remains it will be added to the action log.

The minutes of both meetings were accepted as a correct record pending the amendments noted above.

**Action: Ms Brown to make amendments**

4/21

#### **REVIEW OF ACTIONS**

It was agreed that completed actions would be taken out of the working document and a separate list would be compiled. A basic document consisting of a question and a response to be devised.

**Action: Ms Brown**

#### **4A FORWARD PLAN**

- 4.1 Ms Sunderland stated that the intention was to have a 12-month rolling plan.
- 4.2 Mr Mellor queried when the next Financial Exception Reporting would take place. It was confirmed this will be on the agenda for January which shows single tender waivers in more detail. It was agreed that all items would be listed in more detail on the relevant agenda. The position on the Internal Audit Plan will be on the agenda for March and 2021/2022 opinion will be on the July agenda.
- 4.3 Ms Clark commented that some items on the forward plan for March are duplicated. Mr Dale requested that Ms Clark send a copy of the forward plan to him with comments on which items need to be moved and he will ensure these are actioned.

**Action: Ms Clark/Mr Dale  
Ms Brown to add items to the agenda**

5/21

#### **EXTERNAL AUDIT**

- 5.1 Ms Clark reported that work was ongoing regarding 2020/21 arrangements and this will be discussed at the next committee in January. It was confirmed that Ms Ryan had handed her notice in and would be leaving in January, leaving a gap in staffing but recruitment is currently taking place. Ms Clark will update the Committee once this is completed. Ms Sunderland stated that although this was disappointing news, the transparency with the committee was appreciated and enabled awareness of potential risks. Ms Clark confirmed that Ms Ryan would be completing VFM work before she leaves the organisation. New individuals have joined the team and this should enable a good handover process. It was confirmed that taking into account the lengthy vetting process, as soon as a person was recruited Ms Clark would inform the Committee.

**INTERNAL AUDIT****a. POCA Report (paper)**

- 6.1 Mr Lunn re-presented the POCA Report addressing the issues raised at the last Committee. The two elements which the Committee wanted clarity on were 4.2 – which governance forum should look at the performance stats and it was confirmed that performance data will now go to the Performance Assurance Board. The second query related to performance reporting against the ECU strategy and it was confirmed that there is a review of that strategy and the implementation plan which includes strengthening the governance and performance reporting framework. Ms Sunderland found the update helpful as it gives a much more rounded management response to the original recommendation.

**It was confirmed that the Committee accept assurance from that work.**

A query was raised whether there was a seized assets policy. Mr Allsop confirmed that there was.

In terms of the collaboration workforce planning Mr Lunn confirmed that he had a conversation with Tanya Stacey Head of OHU and confirmed that they were in the process of updating the management response. The last SLT meeting had been cancelled and was due to take place this week and the final report will be sent out as soon as it is available.

**Updated Head of Internal Audit Opinion**

Mr Lunn confirmed that offline discussions had taken place with Ms Charlton to go through specific points in terms of updating report. Key updates are around section 2 – regarding the impact of Covid with more commentary to show how this has been considered through the internal audit plan. Should provide details and assurance for the committee so hope that addresses issues. Section 3 – summary table has added column on OPCC risks on specific audits along with section 6 provided more information on quality assurance regarding EQA.

Ms Charlton confirmed that she is happy with the response reads better now and covers all elements she would have expected to see. It was confirmed that Ms Sunderland now has a lot more assurance that a lot more risk based planning had been done and that the reports would be much more explicit going forward.

## 6b Internal Audit Annual Report 2020/21

Mr Lunn presented the first IA report around complaints management and satisfactory one around non-compliance – in terms of priority 2 – was around regular contact element of complaints process. The second one was around OPCC role establishing a dip sampling process, which was paused during Covid but is now compliant.

Mr Mellor raised a query re complaints – page 14 statistics about the average delays to record complaints did not seem to be timescales in accordance with the principles of IOPC statutory guidance. Are those timescales acceptable within principles of statutory guidelines?

Mr Peet explained that there are issues, one is around acknowledgment and one around recording. New statutory guidance talks about being timely as far as acknowledgment is concerned. If we look at former guidance the IOPC considered 10 working days to be a suitable timeframe. There is a certain amount of time to unpack the complaint and work out who needs to deal with which element and what is the nature of the complaint. New approach that some complaints are handled under schedule 3 formal process and others more informally has brought some challenges.

Mr Peet confirmed that the OPCC send an automatic acknowledgment to complaints received. Mr Peet will check with Force whether they have the same approach.

**Action : Mr Peet to check with Force whether how a complaint is acknowledged either by letter or email and check their timescales.**

Ms Charlton raised a query how effective the governance arrangements are. Mr Lunn agreed to send something round the Committee to expand on this. Ms Charlton also asked whether there are any long standing unresolved complaints. Mr Lunn confirmed that they do cover off oversight reporting on monitoring on length of outstanding complaints and these will be included in the report.

Mr Peet clarified that there is a new safeguard in place as part of the new process that if there are any complaints outstanding for more than 12 months then a formal letter is sent from the Chief Constable to the Police and Crime Commissioner explaining why it is so, but equally if the IOPC are taking longer than 12 months they also have to write to the PCC and explain, although we are not currently aware of any complaints which have been ongoing for more than 12 months.

Mr Jenkinson highlighted at that page 16 4.1 of the action plan there appears to be significant control weakness about definitions of priority levels and queried whether this provides internal audit with the confidence that this will be resolved. Concern was raised that it is just reminding people to do a process that they already know they have to do. Mr Lunn – it is part of the control process and is there to adhere to and if not people need to be reminded to do it. Mr Lunn confirmed that this is why it is that is why it is priority 2. Concern

was raised that there should be an additional control and further steps should be incorporated into it to mitigate risk. Ms Sunderland suggested that we also have PSD as a back up in terms of monitoring action that has been taken as a consequence. Mr Allsop to check on the process and provide more detail for the next meeting.

**Action: Mr Allsop to provide an update on the process for the next meeting.**

Ms Meynell confirmed that the Force Improvement Board monitor progress against it and would form part of the review process to check we are compliant – to ensure it is embedded.

Mr Harrold – there has been a level of non compliance found and no root cause analysis of why the allegations have not all been addressed, we need to understand how these are being missed. If it is found that the process is inadequate then improvements to the process should be put in place.

Mr Allsop – agreed to go back to R Lambert to see what he has done on particular cases and obtain more detail on reason behind particular case. Mr Harrold also noted that he has previously asked for population size to give more context to the figures. Ms Romano confirmed that dip sampling is being done on stop search but equally on discrimination complaints and we are now fully back to dip sampling. Lots of PCC offices will only dip sample a few so we take a very robust approach.

**Action: to bring back information on complaints but in terms of assurance from report happy to accept. Agreed.**

Ms Sunderland – with regard to the collaboration internal audit plan, what are the anticipated delivery dates are and how will this be managed in terms of delays? Mr Dale confirmed that the timing will be naturally slightly longer and confirmed that it is only looking at EMSOU and is a small part of overall control structure so no major concerns that the work is phased slightly longer. Ms Sunderland commented that the challenge will be when it comes to planning 22/23 taking into account that some of this work has straddled and that maybe for one year reduce the volume of the collaboration audits to get things back on track.

**Action: Mr Allsop agreed to take to Regional Deputies Group to monitor the situation.**

Mr Mellor commented that for two KPIs the time to close and time to receive management comments was more than twice as long as they should be and asked how this could be improved? Ms Sunderland confirmed that discussions have taken place on this and a decision was made that there would be a central point to ensure reports are flagged with the right people to ensure they are responded to promptly. Mr Lunn confirmed this work was progressing and apologised for the delay and should be back on track.

Mr Lunn reported that he attended the Police Audit Group Conference – presentation from PCC West Mercia giving their views and opinions. CIPFA publication “Successful Collaboration in Policing”. There is also a global survey

of internal audit effectiveness underway and a planned fundamental review of audit committee guidance. Mr Lunn agreed to share Mazars report “Demystifying ESG” with the Committee.

Action: Mr Lunn to distribute the report to the Committee

## 6c. Recommendation Tracker

All recommendations had now been completed and it was agreed they could be removed from the list. Ms Brown to check all recommendations had been captured from the previous meeting.

Action: Ms Brown. Mr Lunn will consider the updated version and inform Ms Brown if any are to be added.

Action: Agreed by the Committee to be closed

## 6d. Review of 2021/22 Internal Audit Plan – (verbal)

This has been discussed and it has been agreed that when the audit plan is presented there will be much better narrative in the process of how we arrive at the review and that there will be some continuity into next year in terms of internal audit and link priority plan with internal audit and priorities. It was confirmed that the plan around the risk register was being developed and this was simply a holding position and the refresh of the public plan would take place at the next meeting.

Action: Mr Allsop will ensure that it is aligned with the new governance structure and be more explicit around the lines of assurance. Mr Dale, Mr Allsop, Mr Lunn and Mr Foster will work to ensure that the audit plan going forward is linked to the risk register.

## 7. FINANCIAL ASSURANCE

### 7A Financial monitoring

Mr Peatling monthly monitoring to end September – significantly increased project underspend position looked at 3 areas where significant budget provision on police officer update programme. Capital page 7 – error should



read 100s not millions. Vacancy control measure – some slippage. Ms Gelderd queried whether slippage will affect the funding received. Mr Dale stated that latest update shows we should get there by end of March so not reporting significant risk at this time. Ms Meynell confirmed that work is ongoing around interviewing staff regarding why they are leaving. Lots of transfers have taken place due to other forces offering financial incentives to join them.

Mr Harrold commented that if there is an underspend on wages and salary is there less resource out there and how is this impacting on operations and achievement of objectives. Ms Meynell reported that there is an increase in the number of officers on the street so the underspend relates to the back office function. Work is ongoing on a resourcing model to ensure people are in the right places.

It was reported that the vacancies in IS resources were around support roles. Increased flexibility from private sector and better wage in some of the specialist roles. The work programme is being considered and gaps identified.

## **7B. Financial Assurance Board Briefing**

### **Policies and Procedures presentation – Policy Guidance and Legislation**

#### **James Thompson and Karen Waldram**

An update on the current position was presented. Moved to enabling guidance and numerous changes in the way force is providing advice to staff in their day to day duties. Reviews are being undertaken of all policies, procedures and enabling guidance. These are now presented on Teams clearly indicating who owns it and what stage it is at. The leads are accountable for policy reviews, which will take place every two years. Review of significant new policies linked with areas of governance, finance standards and codes of conduct. The database flags where there are interdependencies between policies to ensure they are consistent. Any updates are communicated using the Connect system and all policies are accessible to all staff on there. Mr Thompson agreed to send a full list of current policies to Mr Allsop. Ms Romano asked that she is kept informed of any policy changes.

**Action: Mr Thompson to send list of policies to JARAC and update Ms Romano when changes are made**

## **8A. Risk Management**

Mr Euerby highlighted that there three risks up for closure and 7 new risks on the system.

*Loss of Estate through lack of maintenance* – 2.4 -due to legislation compliance issues around hardwire testing due to long term sick leave. Head of Estates

has been trying to utilise other staff members in the department to cover for shortfall but they are not electrical experts so limited in capacity and capability. However they are trying to recruit a senior engineer to the post to provide resilience. Mr Gelderd enquired why this was not being outsourced. Mr Allsop confirmed that the contract with the consultants was being extended to get the work completed.

*Primary 999 calls not connecting – 2.5* - this was reported in May. Could pose a significant risk in terms of risk to the public and damage to reputation for the Force. In the event of loss of call delivery there is an option for delivering calls through another system. A further update on this should be available tomorrow. It was confirmed that the Head of Contact Management was actively consulting with Capita and BT to analyse the root cause of the issue.

DCC Meynell highlighted that this was an isolated incident and was confident regarding the current plan to prevent any further incidents. The issue was brought to the attention of the Force via complaints from members of the public and through software system registers which gave an immediate indication on call failures. Mr Allsop mentioned that there are other issues with the speed of the system which have been shared in the national group.

*CCMC Performance – 2.6* - control measures have been undertaken and a delivery plan formulated. Staff recruitment campaign was undertaken and 14 extra staff have been recruited. New operating model and improved software for crime incident management team – also pilot for 3 months with new model and adopted in October. It was noted that there had been a delay in this issue being added to the register. Mr Dale gave assurance that the Risk Management Board will oversee this going forward.

*HMIC FRS inspection – 2.7* child protection. Relates to report by inspectorate in May 2021 and when they looked at child protection arrangements and highlighted areas for improvement. Action plan been developed to address these and progress updates governed by strategic vulnerability board. Child protection feature in performance assurance board and other tasking mechanisms. A launch of child protection guidance was published on Connect and lots of work ongoing will bring the score down.

*High Risk Properties – Risk Based Reviews - 2.9* - no change in risk scoring – inspections carried out in spring and autumn. Lot of this work already been done. Anticipated that scoring will come down in next review.

*IS Resources - 2.10*

It was agreed to invite Sharon Adkin to the next meeting (closed session) to discuss the issues in more detail.

**Action: Sharon to attend the next meeting in closed session.**

**Ms Brown to invite to next meeting and add to agenda**

*Public Order Training Incident – 2.11* – three officers injured in level 2 refresher training – reported to Health and Safety Executive. There has been work done since then compliance of requirements of HSC risk assessment – been revised significantly. Inclement weather contributed to the issues and injuries to the officers. HSE cost recovery scheme recoup costs of the investigation. Ms Meynell reported that the training of officers was suspended until a risk assessment was carried out. We are sharing the learning with other forces and review our risk assessments.

*Major Incidents and Disasters and/or Civil Emergencies within the County – 2.12* – no change – this is around recent experience we have had and ongoing pandemic, carry out routine continuity exercises and training, however lots of training ongoing work should be completed by end of the year and the score will reduce. Due to the vaccination programme and reduction in staff absences score has reduces to high amber. The risk being addressed in this instance is resourcing and capacity. Mr Allsop mentioned that there is more information on Keto but we can't share this with the Committee. The Committee will be informed when the risk has gone down.

Highlight that we have new insurers and the inspection of the HQ site was carried out on 23 September and a report will be submitted to the Risk Management Board on 14 December. Mr Allsop will attend the assurance boards where any reduced risks will be considered and actioned at those meetings. It was agreed that Mr Jenkinson will attend the Risk Management Board.

**Action: Ms Brown to send Mr Jenkinson the invitation and papers for the Risk Management Board meeting on 14 December.**

Mr Allsop agreed to discuss with Ms Meynell regarding summarising key mitigations and timescales for action.

**Mr Allsop to discuss with Ms Meynell outside of the meeting and bring to next meeting.**

## **8B OPCC Risk Management Report**

PCC risk report – Mr Dale explained that this is a holding report and a two phase piece of work and first phase enabled by Mr Jack Foster and Mr Euerby and he extended thanks to both of them for that. Different strategic risks had been identified following the election and subsequent change of PCC with links to the Police and Crime Plan and likewise risks associated with the previous plan had become redundant. Draft headlines are strong local policing, neighbourhood

crime and antisocial behaviour, road safety, rural crime, victim support and safeguarding, driving efficiencies. Mr Dale to send the report to Committee members.

**Action: Mr Dale to send report the Committee members**

Will continue to monitor and identify gaps in police and crime plan. One in particular which you may argue is consistent across board is media strategy risk.

Propose at next meeting bring refresh of this which picks up further work after publication of the Police and Crime Plan which is a good starting point for monitoring of risks.

### **8C: JARAC Member Self assessment**

Ms Sunderland reported that she had received responses from members and these were discussed in more detail with the Committee.

**JOINT AUDIT, RISK AND ASSURANCE COMMITTEE**

**REVIEW OF ACTIONS**

| Agenda Item | Report Title and Action Required  | Responsible Officer | Progress  |
|-------------|---|---------------------|---|
|             | <b>JARAC Meeting held on 11 November</b>  |                     |   |
| 3.21        | Ms Brown to amend the minutes from 1 July 2021 and 30 September 2021  | DB                  | Completed   |
| 4.21        | It was agreed that completed actions would be taken out of the working document and a separate list would be compiled.  | DB                  | Completed   |
| 4A          | Forward Plan – discussion to take place re duplication of items on forward plan between Ms Clark and Mr Dale.   | AD                  | Completed   |
| 6B          | Mr Peet to check with Force how a complaint is acknowledged – either by email or letter and check timescales  | MR                  | Responses are sent within 10 working days in the format it is received. |
| 6B          | Internal Audit Progress Report regarding complaints management - action plan – Mr Allsop to check on the process with Force and report to the next meeting    | SA                  |   |
| 6B          | Mr Lunn to circulate further information to expand on the process for governance arrangements for complaints management                                       | ML                  | Completed   |
| 6B          | Mr Allsop to take the collaboration internal audit plan to the Regional Deputies Group to monitor the situation   | SA                  |   |
| 6B          | Mr Lunn to distribute “Demystifying ESG” to the Committee   | ML                  | Completed   |
| 6C          | Recommendation Tracker – Ms Brown to check all recommendations had been captured from the previous meeting  | DB                  | Completed   |
| 6D          | Review of 2021/22 Internal Audit Plan – Mr Allsop to ensure this is aligned with new governance structure and be more explicit around the lines of assurance. | SA                  |   |
|             | Mr Dale, Mr Allsop and Mr Lunn to ensure audit plan is linked to risk register going forward  | AD/SA/ML            | Noted   |

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|----|--|--|---|
|    |  |  |   |
| 7  | Mr Thompson to send a list of policies to JARAC and update Ms Romano when any changes are made.  | J Thompson                             | Completed   |
| 8A | Risk Management – IS – Sharon Adkin to be invited to the next meeting in closed session POST MEETING NOTE – R CARISS INVITED TO ATTEND THE MEETING | DB to forward invite and add to agenda | Completed   |
| 8A | Risk Management Board Attendance – Ms Brown to send invitation and papers to Mr Jenkinson  | DB                                     | Completed   |
| 8A | Mr Allsop to discuss key mitigations with Ms Meynell outside of the meeting  | SA/KM                                  |   |
| 8B | OPCC Risk Management Report – Mr Dale to send the report to Committee Members  | AD                                     | Report dependent on finalisation of Police and Crime Plan which is nearing completion.<br>Defer to next meeting |

**FORWARD PLAN 2021/22**

|                      |   |  |
|----------------------|---|--|
| <b>NOVEMBER 2021</b> |   |  |
|                      | IA Progress Report  |  |
|                      | Force Risk Management   |  |
|                      | OPCC Risk Management  |  |
|                      | HMIC Activity   |  |
|                      | Financial Monitoring and Planning   |  |
| <b>JANUARY 2022</b>  |   |  |
|                      | Budget Setting Process and Assumptions  |  |
|                      | HMIC Value for Money  |  |
| <b>MARCH 2022</b>    |   |  |
|                      | Internal Audit Progress Report and Confirmation of Internal Audit Opinion 2020/21 |  |
|                      | Strategy for IA and IA Plan 2022/23   |  |
|                      | External Audit ISA 260 Report on 2020/21 Accounts                                 |  |
|                      | Financial Accounts 2020/21  |  |
|                      | HMIC Value for Money  |  |
|                      | Year End Accounting Arrangements & Accounting Policies 2021/22                    |  |
|                      | Financial Monitoring and Planning   |  |
|                      | HMIC Activity   |  |
|                      | Complaints Performance – Update on meetings with IOPC Rep                         |  |
|                      | Force Risk Management   |  |
|                      | OPCC Risk Management  |  |

|                       |   |  |
|-----------------------|---|--|
|                       |   |  |
|                       | IA Progress Report  |  |
|                       | EA Annual Audit Letter 2020/21                                    |  |
|                       | EA Plan 2021/22   |  |
|                       | PCC Annual Governance Statement 2021/22                           |  |
|                       | CC Annual Governance Statement 2021/22                            |  |
|                       | Draft PCC and CC Financial Statements 2021/22                     |  |
|                       | Financial Monitoring and Planning                                 |  |
|                       | HMIC Activity   |  |
|                       | JARAC Terms of Reference  |  |
|                       | JARAC Meeting dates   |  |
|                       | JARAC Annual Report   |  |
| <b>SEPTEMBER 2022</b> |   |  |
|                       | IA Progress Report  |  |
|                       | HMIC Activity   |  |
|                       | Financial Monitoring and Planning                                 |  |
|                       | Update on the Complaints Procedure                                |  |
|                       | Work Force and Planning   |  |
|                       | Fraud and Corruption<br>Condensed version of the performance pack |  |
|                       | JARAC Member Self-Assessment (CIPFA Checklist)                    |  |
| <b>NOVEMBER 2022</b>  |   |  |
|                       | EA Report ISA 260   |  |
|                       | Draft Letters of Representation                                   |  |
|                       | Final PCC & CC Financial Statements                               |  |





**Derbyshire  
Police and Crime  
Commissioner**

Protecting Communities,  
Fighting Crime



## **JOINT AUDIT, RISK & ASSURANCE COMMITTEE**

|                     |                                     |
|---------------------|-------------------------------------|
| <b>REPORT TITLE</b> | FINANCIAL MONITORING UPDATE 2021/22 |
| <b>REPORT BY</b>    | CHIEF FINANCE OFFICER               |
| <b>MEETING DATE</b> | 20 <sup>TH</sup> JANUARY 2021       |

### **PURPOSE OF THE REPORT**

To provide the latest update in relation to the 2021/22 budget and projected outturn position to March 2022.

### **ATTACHMENTS**

None

### **RECOMMENDATIONS**

- 1.1 The Committee is asked to note the contents of this report and to review the current forecast in relation to the projected outturn position for 2021/22.

### **CONTACT FOR ENQUIRIES**

Name: Jon Peatling, Head of Finance & Business Services  
 Tel: 0300 122 5440  
 Email [Jon.peatling@derbyshire.police.uk](mailto:Jon.peatling@derbyshire.police.uk)

## Overall Financial Performance

The financial position for Derbyshire Police has been reviewed as at the end of November (period 8). The assessment made of the likely outturn captures all known budget pressures, areas of underspending 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 1 February 2021.

| Overall Financial Performance           | Revenue Budget & Precept Report<br>£000 | Expected Year-end Projection<br>£000 | Variance<br>£000 |
|---|---|--------------------------------------|------------------|
| Office of the PCC                       | 1,273                                   | 1,151                                | ( 122)           |
| Grants & Commissioning (incl MOJ)       | 2,045                                   | 2,150                                | 105              |
| Income & Accounting                     | 3,548                                   | 3,332                                | ( 215)           |
| Derbyshire Constabulary                 | 195,765                                 | 192,907                              | ( 2,858)         |
| <b>Position Against Approved Budget</b> | <b>202,630</b>                          | <b>199,540</b>                       | <b>( 3,090)</b>  |

The projected underspend has increased by **£0.156m** from the previous report. The largest changes to outturn estimates that have occurred since the last monitoring are: -

| Projected Underspend  | £000           |
|---|----------------|
| <b>As at 1<sup>st</sup> October 2021</b>                                  | <b>(2,934)</b> |
| Further allocations from Police Officer Uplift Implementation provision   | 122            |
| Police Staff Salaries   | (336)          |
| External Training Courses   | 64             |
| Indexation Assessment of PFI Unitary Fee                                  | (55)           |
| Reduction in provision for Ascot Drive/Cotton Lane dual-running           | (129)          |
| Insurance Excess - reduction in forecast to reflect spend to date         | (95)           |
| IS increased forecast of Hardware and Consultancy spend                   | 60             |
| Dangerous Dogs - Increased forecast due to a number of litters of puppies | 97             |
| Professional Fees – Link Fees for Minimum Revenue Provision review        | 100            |
| Force Partnerships  | (67)           |
| Various   | 83             |
| <b>As at 3<sup>rd</sup> December 2021</b>                                 | <b>(3,090)</b> |

The original amounts and the allocations made to date against the 3 provision are as follows:

| Provisions within 2021/22 Budget              | Start-of-Year Allocation |   | Actioned to date | Earmarked      | Uncommitted |
|---|--------------------------|---|------------------|----------------|-------------|
|   | £000                     | Description   | £000             | £000           | £000        |
| Police Officer Uplift Implementation          | 500                      | Training - Staff, Premises, Laptops, Vehicles               |                  | (343)          |             |
|   | 500                      |   |                  | (95)           | 562         |
|   | 1,000                    |   | 0                | (438)          | 562         |
| Revenue Business Cases (Design Board)         | 1,000                    | Assumed all will be spent - DEMS £400,000 committed to date |                  | (1,000)        | 0           |
| Operational Priorities Fund                   | 1,334                    | CCMC Staff - 14 Additional Operators                        | (628)            |                |             |
|   |                          | Tackling Speed, Police Visibility, Gym, ANPR                |                  | (454)          | 252         |
| <b>Total Provisions within 2021/22 Budget</b> | <b>3,334</b>             |   | <b>(628)</b>     | <b>(1,892)</b> | <b>814</b>  |

The forecast position against the Police Office Uplift Implementation budget is partly influenced by the fact that £331k of uplift-related costs are being absorbed within other budgets which are underspending for other reasons.

The majority of initiatives identified to be funded from the Operational Priorities Fund are now progressing as planned but it is expected that the 9 additional Neighbourhood Investigation Officers will not be in post until March. Some of the in-year savings from this has been re-directed to other priorities such as the work to make the force's gyms covid-compliant..

£400k (ongoing) has been committed from this year's Design Board revenue funding for the DEMS business case. It is uncertain how much of this will be incurred this year, if any, and whether any of the remaining £600k will be allocated before 31<sup>st</sup> March. Any further business cases will be considered against the force priorities and their ability to reduce risks and threats.

There are further items that could impact on the final outturn position but as yet are not quantified. These include:

- Any underspends from the Design Board Business Case provision (up to £1m)
- Potential changes to the Minimum Revenue Provision (up to £1.080m)

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

| Usable Reserves                         | Balances at 31/03/21 | Projected Movements 2021/22 | Proposed Allocation of Underspends | Projected Contributions to Capital 2021/22 | Estimated Balances at 31/03/22 |
|---|----------------------|-----------------------------|------------------------------------|--|--------------------------------|
|   | £000                 | £000                        | £000                               | £000                                       | £000                           |
| <b>2021/22 Precept Report</b>           |                      |                             |                                    |  |                                |
| General Reserve                         | 5,500                | -                           | -                                  | -  | 5,500                          |
| Earmarked Reserve                       |                      |                             |                                    |  |                                |
| - Usable                                | 4,271                | 621                         | -                                  | -  | 4,893                          |
| -Non-usable                             | 2,907                | (439)                       | -                                  | -  | 2,468                          |
| <b>TOTAL RESERVES</b>                   | <b>12,678</b>        | <b>182</b>                  | <b>-</b>                           | <b>-</b>                                   | <b>12,861</b>                  |
| <b>2021/22 Period 8 - November 2021</b> |                      |                             |                                    |  |                                |
| General Reserve                         | 5,500                | -                           | -                                  | -  | 5,500                          |
| Earmarked Reserve                       |                      |                             |                                    |  |                                |
| - Usable                                | 6,143                | 3,385                       | -                                  | -  | 9,528                          |
| -Non-usable                             | 2,825                | (440)                       | -                                  | -  | 2,385                          |
| <b>TOTAL RESERVES</b>                   | <b>14,468</b>        | <b>2,946</b>                | <b>-</b>                           | <b>-</b>                                   | <b>17,414</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: -

## Key Variances

| Anticipated Savings                       | £000            | Additional Spending                             | £000         |
|---|-----------------|---|--------------|
| <b>Police Officer Salaries</b>            | ( 1,255)        | <b>Police Officer Overtime</b>                  | 389          |
| <b>Police Pensions</b>                    | ( 96)           | <b>Other Employee Expenses</b>                  | 106          |
| <b>Police Staff Pay</b>                   |                 |   |              |
| Police Officer Uplift Implementation      | ( 405)          | CCMC  | 166          |
| South Division                            | ( 318)          |   |              |
| Corporate Services                        | ( 264)          |   |              |
| Assets                                    | ( 203)          |   |              |
| Information Services                      | ( 299)          |   |              |
| Finance & Business Support                | ( 145)          |   |              |
| <b>Various</b>                            | ( 151)          |   |              |
| <b>Premises Costs</b>                     |                 |   |              |
| Fire Precaution Work                      | ( 35)           | Cleaning Contract                               | 324          |
| Central Maintenance Contracts             | ( 54)           | Utilities                                       | 72           |
| Rates                                     | ( 95)           | Repairs and Maintenance                         | 145          |
| Various                                   | ( 31)           |   |              |
| <b>Transport Costs</b>                    |                 |   |              |
| Travel costs                              | ( 61)           | Fuel  | 65           |
| Hire of Vehicle                           | ( 37)           |   |              |
| Insur XS                                  | ( 205)          |   |              |
| Various                                   | ( 23)           |   |              |
|   |                 | <b>Supplies &amp; Services and Agency Costs</b> |              |
| Police Uplift Implementation              | ( 157)          | IS Costs  | 317          |
| Printing & Stationery                     | ( 57)           | Special Expenses Re Crime                       |              |
| Insurances                                | ( 40)           | Recovery of Vehicles Police                     | 70           |
| Interpreters                              | ( 41)           | Dangerous Dogs                                  | 126          |
| Various                                   | ( 74)           | Agency  | 95           |
|   |                 | Professional Fees                               | 256          |
| <b>Regional &amp; National Operations</b> | ( 286)          |   |              |
| <b>OPCC</b>                               | ( 17)           |   |              |
| <b>Operational Priorities Fund</b>        | ( 252)          |   |              |
| <b>Income</b>                             |                 |   |              |
| Court Compensation                        | ( 177)          |   |              |
| Costs Recovered                           | ( 101)          |   |              |
| Drugs Profit Income                       | ( 50)           |   |              |
| Various                                   |                 |   | 10           |
| <b>Debt Charges</b>                       | ( 194)          |   |              |
| <b>Grants &amp; Partnerships</b>          |                 |   |              |
| Partnerships - Force                      | ( 87)           |   |              |
| <b>Contribution to Reserves</b>           | ( 21)           |   |              |
| <b>TOTAL</b>                              | <b>( 5,231)</b> | <b>TOTAL</b>                                    | <b>2,141</b> |

**Police Officers (£0.938m) underspend:**

Police Officer Salaries (£1.255m): The budget allows for an average strength of 1893 officers during the year, with a phased increase to its Uplift target of 1918 officers by March 2022. As at the start of

December 2021 the force was 18 officers under the budgeted strength. Due to the number of leavers per month increasing and the November intake of transferees having to be cancelled, the full establishment of 1918 will now be reached at a later date than previously forecast.

Police Officer Overtime £0.413m: The largest overspends on Police Officer overtime are £0.180m on Major Crime and £0.104m on Operational Support.

Police Pensions (£0.096m): The current estimate is for 7 Ill Health Retirements during 2021/22 against a budget of 10. A portion of the underspend will be used to offset a forecast overspend on Injury Allowance due to a large backdated payment.

**Police Staff Pay (£1.619m) underspend:**

Police Staff Salaries (£1.983m): (£0.405m) is uncommitted spend from the Police Uplift Implementation Provision. Information Services (£0.298m) and South Division (0.318m) have the largest underspends, South Division is a result of vacancies in PCSO and DSI posts and Information Services currently have 10 vacant posts. The underspend excluding the (£0.500m) from the provision represents 3.2% of the salaries budget which indicates the current vacancy factor is 7.2% compared to the 4% allowance that is budgeted for. There has been an increase in the underspend on Police Staff salaries across the force due to the length of time it is taking to recruit into vacant posts and an increase in the rate of leavers.

Police Staff Overtime £0.364m overspend: The overspend on overtime offsets the forecast underspend on salaries with the majority being incurred in Contact Management.

**Premises £0.497m overspend:**

The largest overspend in Premises is £0.324m on the Cleaning Contract, the forecast includes the cost of the new contract and is based on an implementation date of September. A review of the LLP costs is currently being undertaken to establish a fair share of the charges across both Fire and Police for areas of shared occupancy.

**Income: (£0.318m) surplus**

The surplus income for Court Compensation is based on the income received to date, the force has already received £0.331m against a budget of £0.300m. For Costs Recovered there is £0.028m additional income for the Apprenticeship incentive and £0.050m income received for the Traffic Cops television series. The force does not budget for Drugs Profit Income.

**Debt Charges: (£0.194m) underspend**

It has been assumed that the profit share on joint ventures will increase based on the actuals received in the last two years, the increase of (£0.150m) has allowed for the increase in some costs allocated to the LLP e.g. the cost of the new cleaning contract.

The external borrowing costs are also forecasting an underspend of (£0.044m). No external borrowing was taken out in 2020/21 due to delays in capital projects and a healthier cash flow position at the end of the year than envisaged. This has reduced borrowing costs in 2021/22. Borrowing totalling £20m was taken out in December and this is reflected in the figures.

| Treasury Management |               |                 |            |            |
|---------------------|---------------|-----------------|------------|------------|
|                     | Previous Year | Original Budget | This Month | Last Month |
|                     |               |                 |            |            |

|                                 | £m            | £m            | £m            | £m            |
|---------------------------------|---------------|---------------|---------------|---------------|
| PWLB                            | 12.923        | 24.878        | 12.458        | 12.502        |
| PFI Liabilities                 | 7.618         | 6.364         | 6.782         | 6.887         |
| <b>Total Borrowing</b>          | <b>20.541</b> | <b>31.242</b> | <b>19.240</b> | <b>19.389</b> |
| Total Average Investments       | 18.731        | 11.500        | 18.057        | 18.452        |
| Total Investment Income         | (0.020)       | (0.010)       | (0.0033)      | (0.0025)      |
| Average Interest Earned to date | 0.121%        | 0.090%        | 0.023%        | 0.022%        |
| Average LIBID Rate to date      | -0.071%       |               | -0.082%       | -0.082%       |
| Average Base Rate to date       | 0.100%        | 0.100%        | 0.100%        | 0.100%        |

### Borrowing

The budget of £24.878m for borrowing was based upon the assumption of £6m borrowing in the final quarter of 2020/21 and a further £7.290m of new borrowing during 2021/22. The Capital Programme has been reviewed and will be presented to the Public Assurance Board in January. Due to low PWLB rates £20m of borrowing was taken out in December to help fund the Capital Programme in 2021/22 and 2022/23.

### 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. On the 16 December the base rate was increased to 0.25%. In response to the financial climate, investments have also been taken out for shorter periods. This has had an impact on investment income. The expected investment income for the whole year is likely to meet the budget of £0.010m given that the cashflow/investment income is likely to improve as a result of borrowing being taken out in December and the base rate increasing.

## Capital

|  | Buildings<br>£000 | Equipment & vehicles<br>£000 | IT<br>£000   | Design Board<br>£000 | EMCTIU<br>£000 | Regional lead force<br>£000 | Total<br>£000 |
|--|-------------------|------------------------------|--------------|----------------------|----------------|-----------------------------|---------------|
| Actual to Period 08 - 03rd December 2021         | 3,690             | 536                          | 1,331        | 13                   | 137            | 17                          | <b>5,725</b>  |
| Commitments & Contracts to be paid               | 941               | 883                          | 709          | 68                   | 145            | 60                          | <b>2,805</b>  |
| <b>Total to Period 08 - 03rd December 2021</b>   | <b>4,631</b>      | <b>1,420</b>                 | <b>2,040</b> | <b>81</b>            | <b>282</b>     | <b>76</b>                   | <b>8,530</b>  |
| <b>Revised Capital Programme (incl slippage)</b> | <b>10,891</b>     | <b>1,771</b>                 | <b>4,176</b> | <b>2,023</b>         | <b>320</b>     | <b>0</b>                    | <b>19,181</b> |
| <b>Budget remaining</b>                          | <b>6,260</b>      | <b>351</b>                   | <b>2,136</b> | <b>1,942</b>         | <b>38</b>      | <b>(76)</b>                 | <b>10,651</b> |

### Capital Programme

The Capital Programme was approved at SPA Board on the 1st February 2021, the capital programme has been revised to include slippage from 2020/21 which has been approved by the Financial Assurance Board. The budget also includes schemes approved from the Uplift implementation fund (vehicles and airwave

terminals) and schemes funded from the Operational Priorities fund (e-bikes, ANPR and making gyms covid-compliant). Any additional funding for CREST schemes/EMCTIU has also been reflected in the budget.

### **Building Schemes**

Co-locations with Fire – No new schemes have progressed in 2021/22. Options for Police only SNT bases are being considered rather than shared facilities. Budget has been moved from this budget head to SNT Building Refurbishments/replacements to reflect this.

Derby East LPU Accommodation – Construction works on the Derby East LPU reached practical completion stage in July, internal furniture and IS fit out is complete, the building occupation has been delayed to early 2022 due to UPS back up failure. The scheme is overbudget due to an increase to specification requirements for both CCTV and UPS installations.

North East Division Accommodation- The North East Division Accommodation is no longer going ahead, part of the budget has been moved from this scheme to cover the overspend on the Derby East LPU Accommodation and also to SNT Building Refurbishments/replacements.

North West Division Accommodation - Options are still being considered.

Wyatts Way Locker Room – Main works have been completed and the building is occupied and in use.

Contact Management Centre Extension – The main works commenced in April and are due to complete in January 2022, the contractor is running behind programme due to labour and material issues.

Vehicle Compound – Phase 1 resurfacing works were completed in December 2020 and Phase 2 works were completed in July 2021. A planning application has been submitted for the training rig scheme and a decision is awaited.

Other schemes – Competitive tenders are being sought by the PFI provider for the Custody works at Derby DHQ. A start date is awaited for the Plant room works at Wyatts Way. Consultants are working on the design for Chesterfield Air Handling Unit. Following a condition survey on the Old Hall at Headquarters a report is awaited on likely costs. Other new schemes are being considered by the Estates Board.

### **Equipment and Vehicles**

Vehicles – Although orders have been placed for vehicles, a worldwide shortage of microchips has resulted in manufacturing/delivery delays of 18 vehicles, these will now be received in 2022/23.

Equipment – Some of the spend on equipment, relates to Design Board commitments.

### **IS Schemes**

IS replacement schemes – Most of the budget for end user devices has been committed to support agile working. Storage upgrade works have been completed. Budget is also included for Firewall replacements and ANPR replacements. The firewall replacements are likely to take place in 2022/23.

IS Infrastructure Projects – Budget is included for an upgrade of the corporate telephone system and replacement of the old network. Some of these works may not be completed until next year. The Original budget included £0.5m for the Niche upgrade, this budget has been removed from the capital programme as the cost is being met from revenue.

Call Centre Telephone Replacement Scheme – the Force and Capita have agreed to stop the project. A review will take place to understand the impact of this decision and to address any urgent issues.

ESN – Due to the delay in the ESN project further airwave terminals have been ordered part of this cost will be met from the uplift implementation fund.

### **Design Board Capital Projects**

Provision of £1.985m (including slippage from customer projects in 2020/21) is included for projects to be approved by the Design Board, in addition the budget also includes £0.038m for e-bikes. £0.076m of the budget relates to commitments on customer projects last year. New business cases totalling £0.205m for a laser scanner, Tactical rifle night vision lenses, forensics collision investigation unit equipment and kit for agile working have been approved to date. The majority of the £1.985m budget will not be spent in 2021/22.

Due to delays and changes in schemes, the Capital Programme has been reviewed, £7.7m budget in 2021/22 will have to be slipped forward to future years, this will be reflected in a report to Public Assurance Board in January.

## **Savings**



Procurement Savings are monitored and reported on a quarterly basis. The table below shows the savings that have been achieved during the first four months of this financial year.

Police Commercial Savings Tracker 2021/22

| <b>Contract / Service</b>            | <b>Total Savings (£000)</b> | <b>Recurring / One Off</b> | <b>Cashable Savings (£000)</b> |
|--------------------------------------|-----------------------------|----------------------------|--------------------------------|
| Custody Medical Services             | 27                          | Recurring                  | 27                             |
| IT Hardware, Software & Consumables  | 178                         | One Off                    | 178                            |
| Digital Barriers                     | 2                           | One Off                    | 2                              |
| Insurance Cover & Associated Service | 37                          | Recurring                  | 37                             |
| IT Telecommunications                | 49                          | Recurring                  | 49                             |
| Utilities                            | 39                          | One Off                    | 39                             |
| Virtual Courts                       | 11                          | One Off                    | 11                             |
| Construction                         | 5                           | One Off                    | 5                              |
|                                      | <b>348</b>                  |                            | <b>348</b>                     |

A procurement saving is where the organisation has managed to affect a lower unit price against a baseline unit price through negotiation/positive intervention. Spend reduction (or increase) is simply that, a reduction/increase in overall spend.

It is feasible to make individual procurement savings even though overall spend has increased, it really means that, had the procurement savings not been made, then spend would have gone up by even more.

| <b>Derbyshire Police</b>          | <b>Revenue Budget &amp; Precept Report</b> | <b>Expected Year-end Projection</b> | <b>Variance</b> |   |
|-----------------------------------|--|-------------------------------------|-----------------|---|
|                                   | <b>£000</b>                                | <b>£000</b>                         | <b>£000</b>     |   |
| Crime & Territorial Policing      | 21,789                                     | 21,857                              | 68              | ● |
| Operational Support               | 18,910                                     | 19,294                              | 384             | ● |
| Corporate Services                | 19,391                                     | 18,839                              | (552)           | ● |
| Finance & Business Services       | 7,862                                      | 7,932                               | 70              | ● |
| Force                             | 118,206                                    | 115,489                             | (2,717)         | ● |
| Contributions to Regional Units   | 9,608                                      | 9,497                               | (111)           | ● |
| Office of the PCC                 | 1,273                                      | 1,151                               | (122)           | ● |
| Grants & Commissioning (incl MOJ) | 2,045                                      | 2,150                               | 105             | ● |
| Income & Accounting               | 3,548                                      | 3,332                               | (215)           | ● |
| <b>TOTAL</b>                      | <b>202,631</b>                             | <b>199,541</b>                      | <b>(3,090)</b>  | ● |

  

| <b>Subjective Analysis</b>   | <b>Precept Original Budget</b> | <b>Expected Year-end Projection</b> | <b>Variance</b> |   |
|--|--------------------------------|-------------------------------------|-----------------|---|
|  | <b>£000</b>                    | <b>£000</b>                         | <b>£000</b>     |   |
| Police Officers & Pensions   | 108,897                        | 107,935                             | (962)           | ● |
| Police Staff   | 50,850                         | 49,231                              | (1,619)         | ● |
| Other Indirect Officer/Staff Costs                                   | 725                            | 831                                 | 106             | ● |
| Premises   | 10,283                         | 10,609                              | 326             | ● |
| Transport  | 3,874                          | 3,613                               | (261)           | ● |
| Supplies & Services, Agency, Pay and Price Contingency, Debt Charges | 23,669                         | 23,970                              | 301             | ● |
| Regional Units   | 9,608                          | 9,497                               | (111)           | ● |
| Secondment   | 0                              | -                                   | -               | ● |
| Contribution to National Policing                                    | 54                             | -121                                | (175)           | ● |
| BCU Funds  | 321                            | 321                                 | -               | ● |
| Partnerships & Other Grants  | 667                            | 580                                 | (87)            | ● |
| Contribution to/(from) Reserves                                      | (403)                          | (424)                               | (21)            | ● |
| Office of the PCC  | 1,273                          | 1,151                               | (122)           | ● |
| Grants & Commissioning (incl MOJ)                                    | 2,045                          | 2,150                               | 105             | ● |
| Income (Including Interest Receipts)                                 | (9,930)                        | (10,248)                            | (318)           | ● |
| Operational Priorities Fund  | 698                            | 446                                 | (252)           | ● |
| <b>TOTAL</b>   | <b>202,631</b>                 | <b>199,541</b>                      | <b>(3,090)</b>  | ● |

  

( ) Underspend

● Low risk/no action required

● Medium risk/management review required

● High risk/management attention required

| Scheme                              | Total Original Budget<br>£000 | Total Revised Budget<br>£000 | Actual, Commitments & Contracts to be paid<br>£000 | Budget Remaining<br>£000 | Spend<br>% |
|-------------------------------------|-------------------------------|------------------------------|--|--------------------------|------------|
| <b>Expenditure</b>                  |                               |                              |  |                          |            |
| Co-locations with Fire              | 400                           | 0                            | -1   | 1                        | 0%         |
| Major New/Replacement Buildings     | 4,999                         | 6,356                        | 2,379  | 3,977                    | 37%        |
| Other Building Work/Land            | 2,982                         | 4,535                        | 2,252  | 2,283                    | 50%        |
| IS/Communications                   | 3,382                         | 4,176                        | 2,040  | 2,136                    | 49%        |
| Vehicles                            | 1,500                         | 1,651                        | 1,169  | 482                      | 71%        |
| Equipment                           | 35                            | 120                          | 251  | -131                     | 209%       |
| Design Board                        | 1,735                         | 2,023                        | 81   | 1,942                    | 4%         |
| EMCTIU                              | 175                           | 320                          | 282  | 38                       | 0%         |
| <b>TOTAL</b>                        | <b>15,208</b>                 | <b>19,181</b>                | <b>8,454</b>                                       | <b>10,727</b>            | <b>44%</b> |
| Regional Projects (to be recharged) | 0                             | 0                            | 76   | -76                      |            |
| <b>TOTAL</b>                        | <b>15,208</b>                 | <b>19,181</b>                | <b>8,530</b>                                       | <b>10,651</b>            |            |

| Reserves -                         |                              |                                     |  |  | Annex C                                |
|------------------------------------|------------------------------|-------------------------------------|--|--|--|
|                                    | Balances at 31/03/21<br>£000 | Projected Movements 2021/22<br>£000 | Proposed Allocation of Underspends<br>£000 | Projected Contributions to Capital 2021/22<br>£000 | Estimated Balances at 31/03/22<br>£000 |
| <b>GENERAL RESERVES</b>            | <b>5,500</b>                 |                                     |  |  | <b>5,500</b>                           |
| <b>EARMARKED RESERVES</b>          |                              |                                     |  |  |  |
| <b>Useable:-</b>                   |                              |                                     |  |  |  |
| Operational Funding & Investment   | 2,883                        | 2,500                               |  |  | 5,383                                  |
| Covid Fund                         | 757                          | (163)                               |  |  | 594                                    |
| Uplift Fund                        | 497                          | -                                   |  |  | 497                                    |
| Carry-forwards                     | 840                          | (109)                               |  |  | 731                                    |
| PCC Grants & Commissioning Reserve | 1,166                        | (100)                               |  |  | 1,066                                  |
| Local Council Tax Support          |                              | 1,257                               |  |  | 1,257                                  |
|                                    | <b>6,143</b>                 | <b>3,385</b>                        | <b>-</b>                                   | <b>-</b>   | <b>9,528</b>                           |
| <b>Non-useable:-</b>               |                              |                                     |  |  |  |
| PFI - Ilkeston                     | 924                          | (84)                                |  |  | 840                                    |
| PFI - Derby                        | 1,754                        | (361)                               |  |  | 1,393                                  |
| Insurance                          | 147                          | 5                                   |  |  | 152                                    |
| Carry-forwards non Force           | -                            | -                                   |  |  | 0                                      |
|                                    | <b>2,825</b>                 | <b>(440)</b>                        | <b>0</b>                                   | <b>0</b>   | <b>2,385</b>                           |
| <b>TOTAL EARMARKED RESERVES</b>    | <b>8,968</b>                 | <b>2,946</b>                        | <b>-</b>                                   | <b>-</b>   | <b>11,914</b>                          |
| <b>TOTAL RESERVES</b>              | <b>14,468</b>                | <b>2,946</b>                        | <b>-</b>                                   | <b>-</b>   | <b>17,414</b>                          |



AGENDA ITEM

9A

# JOINT AUDIT RISK ASSURANCE COMMITTEE

|                     |  |
|---------------------|--|
| <b>REPORT TITLE</b> | INTERNAL AUDIT PROGRESS REPORT 2021/22 |
| <b>REPORT BY</b>    | MARK LUNN                              |
| <b>DATE</b>         | 20 JANUARY 2022                        |

## PURPOSE OF THE REPORT

- 1.1 To receive a progress report from the internal auditors on their work to date during 2021/22

## ATTACHMENTS

Progress Report

## 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.

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

CONTACT FOR ENQUIRIES

|       |                                    |
|-------|------------------------------------|
| Name: | Andrew Dale                        |
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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: 20<sup>th</sup> January 2022

**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 2022, which was considered and approved by the JARAC at its meeting on 25<sup>th</sup> March 2021.

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

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

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

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

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



## 02 Current progress

### 2020-2021

The one remaining audit for 20-21 is in relation to the Collaboration Workforce Planning audit, per the last update to the committee the new Head of Occupational Health has had discussions with both internal audit and the lead Chief Finance Officer in regard to the recommendation and subsequent management response. An updated draft report has been provided and the Head of Unit is currently preparing the updated management response before finalisation of this report. Unfortunately, the management meetings at the unit have had to be cancelled due to staff sickness and therefore this has delayed getting the formal response. This was raised and discussed at the regional CFO meeting in early January 2022, where it was agreed the Derbyshire Force CFO would take a lead and act for the group to speed up the finalisation of this report. It is actively being chased by internal audit and the regional collaboration manager.

### 2021-2022

We are pleased to present the final report for the Core Financials audit within this report, see Appendix A4 for full details. Moreover, the draft report in respect of Transport has also been issued.

Following a review of the original Internal Audit Plan 21/22 by the CFO's it was suggested that the audit of Counter Fraud would not represent value for money as a number of actions had already been taken in this area and audit time would be better allocated elsewhere. To this end additional days were re-allocated to the Transport audit to allow a wider scope of review as directed by the CFO's, with an additional focus on vehicle usage and inventory management to gain a better understanding of fleet utilisation.

Furthermore, the Procurement & Contract Management Audit fieldwork is being completed in early January and the dates & scopes for the remaining audits (Payroll, Stock Management) to be completed have been agreed. The IT Audit Manager has been liaising directly with Head of IT and initial scopes been provided but due to staff sickness there has been a delay in agreeing the date of the audits. Please see Appendix A1 below with all audits remaining on track for completion before the end of the financial year.

One amendment to the Collaboration Audit Plan 21/22 has been made following agreement by the regional CFO's and that is in relation to the proposed audits of EMSOT (East Midlands Special Operations Training Unit). This unit is working towards disbandment by March 2023 and therefore it was agreed to amend the focus of the audits at this unit towards assurance on the project being followed to wind up the unit. Therefore, regional CFO agreed to defer this audit into the 22/23 Plan and to re-adjust the focus of this audit. Please see Appendix A3 for full details. It is unfortunate but due to staff availability we have had to schedule the completion of two of the collaboration audits during early April, whilst this is not ideal we foresee no impact on our ability to issue the Annual Internal Audit Report for 2021/22 in a timely manner.

## 03 Performance 21/22

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.  | 33% (1/3)                   |
| 5      | Issue of final report   | Within 5 working days of agreement of responses.             | 100% (2/2)                  |
| 6      | Follow-up of priority one recommendations   | 90% within four months. 100% within six months.              | N/A                         |
| 7      | Follow-up of other recommendations  | 100% within 12 months of date of final report.               | N/A                         |
| 8      | Audit Brief to auditee  | At least 10 working days prior to commencement of fieldwork. | 100% (6/6)                  |
| 9      | Customer satisfaction (measured by survey)<br><br>"Overall evaluation of the delivery, quality and usefulness of the audit" – Very Poor, Poor, Satisfactory, Good, Very Good. | 85% average satisfactory or above                            | 100% (1/1)<br><br>Very Good |

\*See further details below

## Performance Continued.

| Audit                             | Date of ToR | Start of Fieldwork | Days' Notice | Exit meeting | Draft Report | Time from Close to Draft Report (10) | Management Comments Received | Time to Receive Comments (15) | Final Report Issued | Time Taken to issue Final (5) |
|-----------------------------------|-------------|--------------------|--------------|--------------|--------------|--------------------------------------|------------------------------|-------------------------------|---------------------|-------------------------------|
| Complaints Management             | 06-May-21   | 23-Jun-21          | 33           | 19-Aug-20    | 24-Sep-21    | 26                                   | 08-Nov-21                    | 31                            | 08-Nov-21           | 0                             |
| Core Financials                   | 06-Oct-21   | 15-Nov-21          | 28           | 23-Nov-21    | 17-Dec-21    | 18                                   | 12-Jan-22                    | 15**                          | 12-Jan-21           | 0                             |
| Transport                         | 22-Oct-21   | 8-Dec-21           | 33           | 23-Dec-21    | 12-Jan-21    | 7***                                 |                              |                               |                     |                               |
| Procurement & Contract Management | 22-Oct-21   | 4-Jan-22           | 49           |              |              |                                      |                              |                               |                     |                               |
| Stock Management                  | 02-Nov-21   | 21-Feb-22          | 76           |              |              |                                      |                              |                               |                     |                               |
| IT Audits                         | 27-Oct-21   | TBC                |              |              |              |                                      |                              |                               |                     |                               |
|                                   |             |                    |              |              |              |                                      |                              |                               |                     |                               |
|                                   |             |                    |              |              |              |                                      |                              |                               |                     |                               |

\*Working Days \*\*To note this was over the Christmas & New Year Period \*\*\*Mazars shut between 24/12/21 & 4/1/22 so these dates excluded.

## A1 Plan overview

21-22

| Audit area                        | Fieldwork Date | Draft Report Date | Final Report Date | Target JARAC | Comments  |
|-----------------------------------|----------------|-------------------|-------------------|--------------|---|
| Complaints Management             | 23-Jun-21      | Sept 21           | Nov-21            | Nov 21       | Final Report Issued                             |
| Core Financials Audit             | 15-Nov-21      |                   |                   | Jan 22       | Final Report Issued                             |
| Transport                         | 13-Dec-21      |                   |                   | Mar 22       | Draft Report Issued                             |
| Procurement & Contract Management | 03-Jan-22      |                   |                   | Mar 22       | Audit Fieldwork Underway                        |
| Counter Fraud                     | n/a            |                   |                   | n/a          | Removed from Audit Plan                         |
| Payroll                           | 14-Feb-22      |                   |                   | Mar 22       | Date aligned to Leicestershire's availability   |
| Stock Control                     | 21-Feb-22      |                   |                   | Mar 22       | Proposed Dates & Terms of Reference Issued      |
| Information Security              | Q4             |                   |                   | TBC          | ToR Sent, trying to finalise exact date of work |
| IT Disaster Recovery              | Q4             |                   |                   | TBC          | ToR Sent, trying to finalise exact date of work |

## A2 Reporting Definitions

| 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.                                 |

| 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 Collaboration Internal Audit Plan 21/22

| Audit area                   | Forces                         | Status  |
|------------------------------|--------------------------------|---|
| EMSOT Risk Management        | Leics, Lincs, Northants        | As noted in section 02 EMSOT audits to be adapted and deferred into 22/23 |
| ESMOT Business Plan          | Leics, Lincs, Northants        | As noted in section 02 EMSOT audits to be adapted and deferred into 22/23 |
| EMSLDH Governance            | Derby, Leics, Northants, Notts | Scheduled for 28 <sup>th</sup> February                                   |
| EMCJS Performance Management | Leics, Lincs, Northants, Notts | Scheduled for 6 <sup>th</sup> April                                       |
| EMSOU - Business Continuity  | Five Force                     | Scheduled for 7 <sup>th</sup> March                                       |
| EMSOU - Wellbeing            | Five Forces                    | Fieldwork is complete and draft report to be issued shortly               |
| EMSOU Risk Management        | Five Forces                    | Scheduled for 24th March  |
| Asset Management (EMCJS)     | Leics, Lincs, Northants, Notts | Scheduled for 6th April   |

## A4 Final Reports

Below we provide the final reports issued.



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

## **Final Internal Audit Report 21/22**

**Core Financials**

**January 2022**



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## **Disclaimer**

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The Report was prepared solely for the use and benefit of the Force and 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 in Appendix A2 of this report for further information about responsibilities, limitations and confidentiality.

## 01. Introduction

As part of the Internal Audit Plan for 2021/22 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, Income & Debtors and cross cutting themes across all of the above including policies & procedures and system access. 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 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. The OPCC and Force are then supported by their own Chief Finance Officer and Head of Finance & Business Support respectively. 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 wider 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 has been carried out on roughly a weekly basis, 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 Financial Assurance Board (FAB) 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 short term borrowing being £2.5m taken out in July 2021, to cover pension grant not arriving on the day expected.

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 November 2020, where a significant level of assurance was provided, with three housekeeping priority recommendations raised. Through our audit, we have confirmed that two of these recommendations have been implemented. However, an issue relating to the removal of user access from staff and officers leaving the Force/OPCC has still been identified and the recommendation has been raised again.

### 03. Key Findings

| Assurance on adequacy and effectiveness of internal controls for Core Financials  |                       |
|---|-----------------------|
|  | Significant Assurance |

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

#### Performance Dashboard

Based upon the scope and objectives of the review outlined within Appendix A1 of this report we have provided a summary of the results of this audit, categorised into each area of the review undertaken. As these are reviewed on a cyclical basis audit have provided the previous Core Financial audit findings to show a comparison.

| Key control area      | January 2021                  |                 | November 2021     |                 |
|-----------------------|-------------------------------|-----------------|-------------------|-----------------|
|                       | Assessment                    | Level of issue  | Assessment        | Level of issue  |
| <b>General Ledger</b> |                               |                 |                   |                 |
| Journals              | Control effective             | No issues noted | Control effective | No issues noted |
| Management Accounts   | Control effective, except for | Minor           | Control effective | No issues noted |
| Reconciliations       | Control effective             | No issues noted | Control effective | No issues noted |

| Key control area                            | January 2021                  |                 | November 2021     |                 |
|---|-------------------------------|-----------------|-------------------|-----------------|
|   | Assessment                    | Level of issue  | Assessment        | Level of issue  |
| <b>Cash, Bank &amp; Treasury Management</b> |                               |                 |                   |                 |
| Receipts of Cash & Cheques                  | Control effective             | No issues noted | Control effective | No issues noted |
| Cash Flow                                   | Control effective             | No issues noted | Control effective | No issues noted |
| Investments                                 | Control effective             | No issues noted | Control effective | No issues noted |
| Borrowing                                   | Control effective             | No issues noted | Control effective | No issues noted |
| <b>Payments &amp; Creditors</b>             |                               |                 |                   |                 |
| New Suppliers                               | Control effective             | No issues noted | Control effective | No issues noted |
| Supplier Amendments                         | Control effective             | No issues noted | Control effective | No issues noted |
| Payments                                    | Control effective             | No issues noted | Control effective | No issues noted |
| Goods / Service Receipts                    | Control effective             | No issues noted | Control effective | No issues noted |
| BACS Processing                             | Control effective             | No issues noted | Control effective | No issues noted |
| <b>Income &amp; Debtors</b>                 |                               |                 |                   |                 |
| New Debtors                                 | Control effective             | No issues noted | Control effective | No issues noted |
| Invoices Raised                             | Control effective, except for | Minor           | Control effective | No issues noted |
| Other Income Streams                        | Control effective             | No issues noted | Control effective | No issues noted |
| Credit Notes                                | Control effective             | No issues noted | Control effective | No issues noted |

| Key control area                    | January 2021                  |                 | November 2021                 |                 |
|-------------------------------------|-------------------------------|-----------------|-------------------------------|-----------------|
|                                     | Assessment                    | Level of issue  | Assessment                    | Level of issue  |
| Debt Management                     | Control effective             | No issues noted | Control effective             | No issues noted |
| Write Offs                          | Control effective             | No issues noted | Control effective             | No issues noted |
| <b>Other (Cross Cutting Themes)</b> |                               |                 |                               |                 |
| Policies, Procedures & Guidance     | Control effective             | No issues noted | Control effective             | No issues noted |
| System Access                       | Control effective, except for | Minor           | Control effective, except for | Minor           |
| Fraud Prevention                    | Not tested at this review     |                 | Control effective             | No issues noted |

## Examples of areas where controls are operating reliably

### General Ledger

- Processes are in place to ensure that accounting transactions are recorded completely and accurately through a monthly management spot-check of journals carried out by the Corporate Finance Manager.
- Audit has reviewed a sample of journals, agreed these to supporting documentation and reviewed spot-checks to ensure that journals have been recorded completely, accurately, validly and in a timely manner.
- Financial and Performance information is generated as part of the period end procedures and reviewed by relevant staff and management before presentation the Finance Assurance Board and Joint Audit Risk Assurance Committee.
- Audit has reviewed a sample of financial and performance information report packs and related communications to ensure that appropriate review and scrutiny is given to the Force's financial performance.
- Feeder system reconciliations are performed as part of the period end procedures and audit has confirmed that these are appropriately reviewed in a timely manner.
- Suspense accounts are regularly reviewed and audit confirmed that transactions are timely identified, investigated and reallocated.

### Cash, Bank & Treasury Management

- There is a robust system in place for the receipt and recording of cash and cheques received into the Force, with records maintained on a daily basis.
- Audit has confirmed that banked cash is supported by a paying in voucher, evidencing the staff involved in the count and confirmation of receipted cash and cheques.
- Cashflow information is prepared daily to assist the decision-making process for investments and borrowing undertaken by the Force.
- Investments are appropriately authorised and made with approved counterparties and up to agreed limits for individual investments and total investments per counterparty type.
- Borrowing has been appropriately authorised, accurately recorded in a timely manner and completed in line with the borrowing strategy.

### Payments & Creditors

- Audit has reviewed a sample of new and amended supplier master data entries and confirmed that these are supported by appropriately authorised instructions and that validity checks have been performed.
- Payments are made following the receipt of a valid invoice and audit confirmed that payments agreed to the supplier invoice
- There is a robust workflow for the approval and payment of invoices received without a valid purchase order.
- Audit has confirmed for a sample of invoices that payment was made in a timely manner, in line with the Financial Regulations.

- Audit has confirmed that goods and services are appropriately receipted prior to payment.
- BACS processing and Cheque payments are undertaken with appropriate segregation of duties between processors and authorisers.

#### Income & Debtors

- New and amended debtors are processed following the receipt of a debtor request form for an invoice to be raised.
- Audit reviewed a sample of invoices raised and confirmed that all were appropriately requested, raised accurately, validly and in a timely manner.
- Audit reviewed a sample of credit notes issued and confirmed that all were appropriately requested, reviewed, authorised and issued in a timely manner.
- 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.

#### Other (Cross Cutting Themes)

- Policies and procedures are in place for all areas of Core Financials and are available to all relevant staff.
- Audit has confirmed that controls have been put in place to prevent fraud, specifically the challenge against transactions recorded outside of expected working hours as part of the management spot-checks on journals.

## **Risk Management**

The Force & OPCC have a number of financial risks included within its Strategic Risk Registers: -

*STR1192 – Financial resources insufficient to fund development & pressures*

*STR10017 – Policing Uplift places pressure on existing MTFP*

*STR0067 – Driving Efficiencies.*

Strong financial controls are essential in mitigating risks and ensuring that the financial assets of the Force are adequately protected, utilised effectively and maximised. We carried out testing across a wide range of the Force's financial operations and found, per the assurance opinion given, that there is a sound system of internal control designed to achieve the Organisation's objectives and that the control processes tested are being consistently applied.

We did note one area where improvements could be made from our testing on systems access which had also been raised in last year's Core Financials audit. We reviewed the list of employees who have left the Force against users with access to Agresso. Through this we identified 6 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**).

As part of last year's audit, we identified an issue regarding the timely review and clearance of suspense accounts with balances that were several months old, where daily checks are carried out. From our testing this year, we have not identified any issues with the identification, investigation and reallocation of suspense account balances.

Additionally, we had identified an issue relating to the accuracy of debtor's invoices and master data; and, the retention of supporting documentation. From our testing this year, we have not identified any errors with the accuracy of the invoice reviewed as part of our sample testing. We have also been providing with sufficient and appropriate supporting evidence for debtor invoices and amendments to debtor master data.

### 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 remotely due to Covid-19, there has been some impact on the efficiency in completion of some key tasks (i.e. cash receipting, removal of leaver Agresso accounts, etc.), as referenced within the Risk Management section of the report. However, this has been identified as mainly being due to the

social distancing requirements in place during the pandemic and not a control deficiency within these processes.

### 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.

An example of this is the posting of journals to the General Ledger, where all of the five forces within the East Midlands region have removed the enforced approval of all manual journals that are posted. They have instead opted for the use of periodic spot-checks and monthly reconciliations to identify any incorrect, inaccurate or fraudulent transactions. While this does not prevent these activities, it does detect any issues and all Forces have accepted the risk that these may occur.

## 04. Areas for Further Improvement and Action Plan

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

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

|     | Observation/Risk   | Recommendation  | Priority | Management response  | Timescale/ responsibility                                      |
|-----|--|---|----------|--|--|
| 4.1 | <p><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 two 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 live access to Agresso. Through this we identified 6 users with active status Agresso accounts who were also identified as having left the Force, some as far back as April 2021.</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</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> <p>The Force should consider implementing a monthly user audit to ensure that all user profiles for all staff identified as having left the Force are removed.</p> | 3        | <p>It should be noted that all leavers from the organisation have their access to our systems removed by IS and automatically no longer have any access to the Agresso system. Therefore, none of the users identified in the audit could have accessed the system after they have left the force.</p> <p>Strategic Finance, as the administrators of the systems, are reliant on the starters &amp; leavers information being</p> | <p>Head of Finance &amp; Business Support<br/>Implemented.</p> |

|  | Observation/Risk  | Recommendation | Priority | Management response  | Timescale/ responsibility |
|--|---|----------------|----------|--|---------------------------|
|  | <p>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.</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>submitted from HR. This information is reviewed monthly and the system is updated accordingly. This is to ensure that there are no legacy payments made after leaving, i.e., overtime / expenses etc. The occurrences where users have not been removed from Agresso can be categorised under four main areas:</p> <ol style="list-style-type: none"> <li>1. Timing delay, i.e. they're caught in that month after leaving so not yet closed. This is fairly common month-to-month.</li> <li>2. Names on the payroll side might differ</li> </ol> |                           |

|  | Observation/Risk | Recommendation | Priority | Management response  | Timescale/ responsibility |
|--|------------------|----------------|----------|--|---------------------------|
|  |                  |                |          | <p>slightly from the Agresso user side, e.g., married name - v- maiden name or alternate first names.</p> <p>3. Sometimes they might have 2 payroll numbers and we close 1 but not the other. This was 1 of the issues at audit.</p> <p>4. User error.</p> <p>In addition to the current arrangements and to further reduce the risk of users remaining on the system, Agresso user access will be monitored throughout the year by the system</p> |                           |

|  | Observation/Risk | Recommendation | Priority | Management response  | Timescale/ responsibility |
|--|------------------|----------------|----------|--|---------------------------|
|  |                  |                |          | <p>administrator to ensure that only <u>existing</u> employees have active user accounts. Additionally, access levels will be reviewed every quarter to ensure that the access granted is relative to the users' requirements.</p> <p>Further guidance and instruction has been provided to the system administrators re the above and reminder issued reiterating the importance of accurate system access and users.</p> |                           |

## A1 Audit Information

| Audit Control Schedule                |   |
|---------------------------------------|---|
| <b>Client contacts:</b>               | Andrew Dale, OPCC Chief Finance Officer<br>Simon Allsop, Joint Director of Finance<br>Jon Peatling, Force Head of Finance & Business Support<br>Julie Cook, Corporate Finance Manager |
| <b>Internal Audit Team:</b>           | David Hoose, Partner<br>Mark Lunn, Internal Audit Manager<br>Alexander Campbell, Senior Auditor<br>Jamie Prior, Auditor   |
| <b>Finish on Site / Exit Meeting:</b> | 23 <sup>rd</sup> November 2021  |
| <b>Draft report issued:</b>           | 17 <sup>th</sup> December 2021  |
| <b>Management responses received:</b> | 12 <sup>th</sup> January 2022   |
| <b>Final report issued:</b>           | 12 <sup>th</sup> January 2022   |

## Scope and Objectives

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

### General Ledger

- Accounting transactions and manual adjustments, are completely, accurately, validly and timely allocated and recorded in the accounts
- Financial and Performance Management Reporting is completely, accurately, validly and timely produced and secured to allow for effective monitoring of the current financial position.
- Feeder system reconciliations are undertaken within a timely manner of month end, with any balancing items investigated to ensure the integrity, reliability and accuracy of the main accounting system.

### Cash, Bank & Treasury Management

- All monies received are recorded accurately, completely and in a timely manner, and are posted and reconciled to the appropriate accounts.
- Cash flow information is accurately, completely, validly and timely produced and secured to allow for effective monitoring of decision making.
- Available funds are completely, accurately, validly and timely placed with fund managers or financial institutions and funds are safeguarded in line with the Investment Strategy and legislation.

- Cost effective loans are completely, accurately, validly and timely received from fund managers or financial institutions in line with the Investment Strategy and legislation.

#### Payments & Creditors

- New vendor details can only be processed by authorised officers and these are subject to appropriate checks for authenticity
- Amendments (bank details & addresses) can only be processed by authorised officers and these are subject to appropriate checks for authenticity.
- Payments are made following the receipt of a valid supplier invoice and payments made agree to the supplier invoice.
- There are effective controls in place for the approval of non-purchase order invoices
- Urgent payments are only made for bona fide expenditure after proper approval.
- Invoices are paid in a timely manner, in line with Financial Regulations
- Goods and services are adequately receipted and supported by adequate documentation.
- Appropriate segregation of duties & checking in the processing of the BACS file.

#### Income & Debtors

- Additions to debtor standing data are accurately and validly processed in a timely manner

- Invoices are accurately, validly and timely raised and recorded in the accounts in respect of fees and charges for goods / services delivered and other income streams
- Fees, charges and other income streams are accurately, validly and timely collected, allocated and recorded in the accounts in line with management and regulatory requirements.
- Credit notes or refunds for incorrectly raised debts and/or overpayments are accurately and validly paid, allocated and recorded in the accounts in a timely manner.
- All appropriate actions to recover overdue income is taken in a timely manner
- Only uneconomic and irrecoverable outstanding amounts are written off

#### Other (Cross Cutting Themes)

- Procedures and policies in place and have been communicated to all relevant staff.
- Systems and data are adequately protected to reduce the risk of them being open to abuse.
- Audit will perform all tests with fraud prevention in mind but specific areas to be further considered
  - System processing outside of expected working hours

The objectives of our audit were to efficiency and effectiveness of internal controls in operation in respect of Core Financial arrangements by Derbyshire Police and the OPCC 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 Financials 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 and 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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# JARAC – INTERNAL AUDIT RECOMMENDATION MONITORING

| Contact | REF NO. | Audit / Recommendation | Priority | Recommendations            |   | Update date | Update |
|---------|---------|------------------------|----------|----------------------------|---|-------------|--------|
|         |         |                        |          | Agreed Implementation Date | Responsible Officer confirmed not Implemented |             |        |

| SEPTEMBER 2021      |            |  |   |  |  |          |   |
|---------------------|------------|--|---|--|--|----------|---|
| <b>Marie Romano</b> | <b>4.2</b> | <p><b>Policy and Procedure Review</b></p> <p>Derbyshire's Policies and Procedures should act as a key reference for stakeholders to understand what the appropriate procedures are and to ensure compliance with key regulations that govern the work of the PCC and associated parties. These policies should be regularly reviewed to ensure they reflect changes to the legislation that they are built upon.</p> <p>Derbyshire do maintain a policies and procedures log; however, this control is not effective. Of the 24 policies contained in the document, only 4 were in 'in-date'. This</p> | 2 |  |  | Jan 2022 | <p>OPCC policies are published on our website and are reviewed regularly. Force have recently appointed a policy manager to sort out and produce a full list of policies. OPCC and Force are working together to keep them updated.</p> <p style="color: green; font-weight: bold; background-color: #00ff00; padding: 2px;">ACTIONED AND CLOSE</p> |

|                      |                                 |  |  |  |  |          |  |
|----------------------|---------------------------------|--|--|--|--|----------|--|
|                      |                                 | <p>includes the Scheme of Delegation that was last amended in 2012.</p> <p>Notably, it was only those policies that had been recently implemented that were in-date.</p> <p>This infers that the review procedures are the control weakness.</p> <p><i>Potential Risk:</i> OPCC and Force policies do not reflect current procedures or changes in legislative requirements.</p> |  |  |  |          |  |
| <b>NOVEMBER 2021</b> |                                 |  |  |  |  |          |  |
| Jed Keen             | <p>November 2021</p> <p>4.1</p> | <p><b>Complaints Management –</b></p> <p><b>Local Handling - Regular contact</b></p> <p><i>Observation:</i> The statutory guidance states that complainants should be updated every 28 days. Moreover, when an outcome assessment letter is provided it should include a response to all allegations within the complaint.</p>   |  |  |  | Jan 2022 |  |

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  | <p>We reviewed 10 complaints resolved through local handling and identified:</p> <ul style="list-style-type: none"> <li>- One complaint (CO/00875/20) received on the 29<sup>th</sup> October 2020, and initial contact was made on 2<sup>nd</sup> November. The complainant was spoken to on the phone on the 30<sup>th</sup> November 2020, but the complainant was next contacted on the 19<sup>th</sup> January 2021 by letter, a period of 51 days later.</li> </ul> <p>From a review of the outcome assessment letters sent to complainants we identified for two complaints (CO/00970/20 and CO/01042/20) that all the allegations raised within their complaint were not included within the outcome letter.</p> <p><i>Potential Risk:</i> The Force does not comply with the statutory guidance when handling</p> |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

|                            |   |   |          |  |  |                 |   |
|----------------------------|---|---|----------|--|--|-----------------|---|
| <p><b>Marie Romano</b></p> | <p><b>November 2021</b></p> <p><b>4.4</b></p> | <p><b>OPCC Dip Sampling</b></p> <p><i>Observation:</i> Dip sampling should be performed by the OPCC over complaints that are processed by the Force. The dip sampling considers various aspects of the statutory guidance and assesses the compliance to this, as part of the complaint's management process. We identified that dip sampling is not currently being completed by the OPCC and was last completed in early 2020.</p> <p><i>Potential Risk:</i> Insufficient evidence that complaint handling guidance is followed by the Force.</p> | <p>2</p> |  |  | <p>Jan 2022</p> | <p>Dip sampling of closed Stop Search and Discrimination are now back to being conducted on a monthly basis. Dip sampling ceased temporarily due to staffing issues within the Constabulary's PSD but his issue has now been resolved fully.</p> <p><b>Actioned</b></p> |
|----------------------------|---|---|----------|--|--|-----------------|---|