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## **JOINT AUDIT RISK ASSURANCE COMMITTEE**

### **AGENDA**

<b>DATE OF MEETING</b>	2 <sup>nd</sup> March 2023
<b>TIME OF MEETING</b>	13:00
<b>LOCATION</b>	In person
<b>PCC CONTACT OFFICER</b>	Ms C Brannan
<b>CONSTABULARY CONTACT OFFICER</b>	Ch/Supt Hayley Barnett
<b>DISTRIBUTION</b>	Commissioner A Foster Chief Constable R Swann Mr A Dale Ms M Romano Mr J Peatling Mr S Blatchly Ms Katy Harrington Mr M Lunn (Mazars) Ms H Clark (EY) Ms H Lill (EY) Members of the JARAC: Ms S Sunderland (Chair) Ms J Charlton Ms L Gelderd Mr L Harrold Mr A Jenkinson Mr B Mellor

*Meeting of the Joint, Audit, Risk and Assurance Committee on 10 January 2023*

**AGENDA: Reports attached**

<b>ITEM</b>	<b>SUBJECT</b>	<b>Presented by</b>	<b>Paper or Verbal Update</b>	<b>Page in the Paper Pack</b>
1	APOLOGIES FOR ABSENCE	CHAIR	V	
2	DECLARATIONS OF INTEREST (IF ANY)	ALL	V	
3	MINUTES OF THE MEETING OF THE JARAC HELD ON 10 <sup>th</sup> JANUARY 2023	CHAIR	P	3 - 14
4	REVIEW OF ACTIONS	CHAIR	P	15-18
5	JARAC BUSINESS ITEMS			
5A	FORWARD PLAN	CHAIR	P	18-20
5B	JARAC TERMS OF REFERENCE	AD	P	21-35
6	EXTERNAL AUDIT			
6A	UPDATE FROM EY INCLUDING AN UPDATE TO AUDIT FEES	HC	P	36-38
7	INTERNAL AUDIT			
7A	INTERNAL AUDIT RECOMMENDATIONS LOG	CHAIR	P	39-53
7B	PROCUREMENT UPDATE	RA	P	54-58
7C	INTERNAL AUDIT PROGRESS REPORT	ML	P	59-81
7D	STRATEGY FOR IA AND IA PLAN 23/24	ML	P	82-99
8	INTERNAL CONTROL AND GOVERNANCE			
8A	POLICY GUIDANCE	CHAIR/AW	P	100-114
	CLOSED SESSION			

**MINUTES of a meeting of the JOINT AUDIT, RISK and ASSURANCE COMMITTEE on Tuesday 10<sup>th</sup> January 2023.**

**P R E S E N T**

Ms S Sunderland – in the Chair  
Mr A Jenkinson  
Ms J Charlton  
Ms L Gelderd

**OPCC Present:** Mr A Dale, Ms M Romano, Ms C Radford, Ms C Brannan  
**Constabulary Present:** Mrs R Swann, Mr J Peatling, Mr S Blatchly, Mr A Fowler  
**Internal Audit:** Mr M Lunn  
**External Audit:** Ms H Lill

<b>01/23</b>	<b><u>APOLOGIES</u></b>	
	Mr B Mellor Mr L Harold Ms H Clark Mr R Atkinson Commissioner A Foster  <b>Action: CB to move what has not been covered from this agenda to the JARAC meeting in March 2023.</b>	<b>CB to adjust March agenda.</b>
<b>02/23</b>	<b><u>DECLARATIONS OF INTEREST</u></b>	
	Nothing declared.	
<b>03/23</b>	<b><u>MINUTES OF THE MEETING OF THE JARAC HELD ON 14<sup>th</sup> NOVEMBER 2022</u></b>	
	Ms Charlton to be removed from the attendance list as she was not present at the previous meeting.  Once these corrections are made the minutes will be accepted as a true record.	<b>Notes to be corrected by CB.</b>
<b>04/23</b>	<b><u>REVIEW OF ACTIONS</u></b>	
	SS expressed a concern that the action of ' <i>Ensure all mandatory training/teaching points are issued as a tick box mandatory read on connect</i> ' had not been updated due to the previous Director of Finance having left post.  JP confirmed that this action had not yet been picked up.  AD suggested MR and SB were to work together to complete this action.	<b>MR and SB to discuss the action of '<i>Ensure all mandatory training/teaching points are issued as a tick box mandatory read on connect</i>'.</b>

	<b>Action: MR and SB to discuss the action of ‘Ensure all mandatory training/teaching points are issued as a tick box mandatory read on connect’.</b>	
	<p>SS asked for an update on the ‘complaint review’ action from the OPCC. MR confirmed that the report is in a final draft form and is currently with the professional standards department for approval. MR stated that the complaint review report will be tabled at the March JARAC meeting.</p> <p><b>Action: MR to table complaint review paper at the JARAC meeting in March 2023.</b></p>	<b>MR to table complaint review paper at the JARAC meeting in March 2023.</b>
	<p>SS drew attention to the action of ‘audit fees update’, informing the JARAC that whilst this was originally on the agenda, HC’s absence meant that the ‘audit fees update’ could not be given.</p> <p>SS asked AD and JP if discussions around the audit fees have begun. AD confirmed that discussions of great detail had not yet begun.</p> <p>SS asked HL when HC was likely to be able to give the audit fees update. HL stated that they could not give an exact date. SS stated that the JARAC expect the audit fees update to be resolved by the meeting in March 2023.</p> <p><b>Action: CB to add ‘audit fees update’ to March JARAC meeting agenda.</b></p>	<b>CB to add ‘audit fees update’ to March JARAC meeting agenda.</b>
<b>05/23</b>	<b><u>5A FORWARD PLAN</u></b>	
	<p>SS asked the JARAC for any general concerns and raised the question of moving the internal audit opinion report to July. JP agreed that the internal audit opinion report is to be moved to July.</p> <p><b>Action: CB to move internal audit opinion report to July on the Forward Plan.</b></p>	<b>CB to move internal audit opinion report to July on the Forward Plan.</b>
	<p>JP asked HL for an update on the financial statements for 21/22. HL stated that they will pick up in April when Leicestershire’s audit is well underway but not yet complete. JP requested to move financial statement 21/22 to July on the forward plan.</p>	<b>CB to move ‘financial statements for 21/22’ to July on Forward plan.</b>

	<b>Action: CB to move ‘financial statements for 21/22’ to July on Forward plan.</b>	
	<p>SS stated that July 2023 should be the final date for the accounts sign off.</p> <p>HL confirmed July 2023 to be the final date and stated that EY will keep in contact about the sign off date.</p>	
	<p>SS raised the question of the Value for Money work, asking if a further 3 months will be required for VFM work after the accounts sign off in July, similarly to the time frame needed for the VFM work in 20/21.</p> <p>HL stated that a further 3 months will not be required and the VFM opinion will be issued alongside the audit opinions this year.</p>	
<b>06/23</b>	<b>5B JARAC MEMBER SELF-ASSESSMENT</b>	
	<p>SS stated that in previous years the JARAC member self-assessment has consisted of a detailed questionnaire, but the JARAC would rather opt for a different approach this year. SS suggested that the JARAC discuss what training and development they believe would be useful and that this discussion will be held at the end of the meeting.</p> <p>JC stated that they would benefit from observing areas of the force to give them a better understanding of operational ongoings.</p> <p>CR informed the JARAC of pre-paid places on the achieving financial excellence in policing program whereby audit committee members can receive training.</p> <p><b>Action: CR to circulate information about AFEP places to JARAC members.</b></p>	<b>CR to circulate information to JARAC members about AFEP places.</b>
<b>CORE BUSINESS</b>		
	<b>EXTERNAL AUDIT</b>	
<b>07/23</b>	<b>6A AUDIT RESULTS REPORT (ISA 260)</b>	
	<p>HL takes the paper to have been read and highlighted the following things:</p> <p>At this point in time the audit is still ongoing, and EY will issue the report when the audit is finished. Based on the work completed to date EY expect that they will issue an unqualified opinion.</p>	

	<p>The VFM risk assessment is still ongoing and EY will consider the recent PEEL report as part of the risk assessment.</p> <p>HL then moved to adjusted and unadjusted differences on page 49 of the paper pack, noting that they have identified one misstatement surrounding pension fund liability. The misstatement outlines the use of forecast figures rather than actual figures for the pension funds.</p> <p>Pension funds assets are understated and Derbyshire Police's fund of that is 1.7million. HL brought this to attention but there is no need to change this misstatement. This is because the CFO's do not deem this to be material.</p>	
	<p>Higher Inherent Risk:</p> <p>There were 2 misstatements identified in relation to prepayments. This issue is the same as in previous years and relates to annual contracts where the dates do not align with the financial year but where the full amount is included in the year that the payment is made. JP states that the methodology has not changed year on year.</p> <p>In the current year of prepayments HL is aware that this issue will reoccur, but the report is not yet complete.</p> <p>HL then moved to Significant Risks on page 22 of the paper pack. Pensions is now complete, and EY are waiting for Derbyshire Pension Fund auditors as they have received draft letters but have not finalised yet. This is because they are waiting for the national infrastructure assets issue to be resolved and CIPFA guidance to be issued at the end of December 2022. HL stated that they should complete the work by the end of February 2023 and confirmed the work would be complete by the time EY are ready to finish their side of the audit. EY received a report from the valuation experts and no valuations are outside of expected range, but EY are still waiting for some figures from Derbyshire Police to complete the work.</p> <p>EY have tested their sample of significant risks and inappropriate risks and there are a small number of final queries to bring up with officers. There is nothing significant so far, but this work is still ongoing.</p> <p>HL also drew attention to the escalated risk for the valuation of land and buildings. The risk is now significant after receiving valuation reports as there was no visible drawn conclusions.</p>	

	<p>HL then moved on to areas of focus and stated that as the group financial statements include the payroll run by Leicestershire under a collaborative agreement, EY will complete Leicestershire's audit prior to the group financial statements.</p> <p>In the valuation of local government pension scheme a misstatement was identified above 1.4 million in liability overstated. There is a difference in benefits paid and management have explored the difference and confirmed that this is disclosures only and does not affect key financial statements.</p> <p>The valuation of the Police Pension Funds is fairly stated.</p>	
	<p>Private Finance Initiative:</p> <p>The policy has been amended from 1<sup>st</sup> April 2021 and initially EY experts felt it should be followed from after the policy was approved which would have been October 2021. However, CIPFA and DELUC state that they are content with the policy being backdated to the date it was issued rather than the date it was approved. EY experts still need to review the new policy workings and check that they are in line with the current code. HL stated that this should be done by the end of February 2023.</p> <p>The work on going concern has not yet been started by EY as they are currently liaising with management for a sign off date for the agreed financial statements and the work will be extended to the appropriate date at that point.</p>	
	<p>HL asked for questions. SS drew attention to minimum revenue prevision and stated that HL had already answered the question on this.</p> <p>SS asked JP and AD what their position is on audit differences on prepayments.</p> <p>JP replied that the current method is one of consistency. To reverse the current method would mean a change to how prepayments are made and would contradict the current consistent method.</p> <p>HL added that whilst the method that is currently being used is consistent, it is not in line with general accounting policy.</p> <p>SS ask AD and JP if the accounting policies used by Derbyshire Police make it clear what their current approach is and how general accounting policies are applied in this instance. SS then asked that if a change to the method that is</p>	

	<p>not in line with general accounting policy is not made, then AD and JP should make it clear that they are reverting from general accounting policy.</p> <p>AD stated that the method currently used predates 2016, therefore is consistently wrong. AD added that themselves and JP would review offline what the impact of changing the current method would be.</p> <p>SS reiterated that an alternative option is to state why a non-standard method is being used. SS added that auditors always find different things at different times and the fact that this has only just been raised doesn't take away from the fact that is non-standard.</p> <p>AD confirmed that he and JP would review the implications and will decide if this is something they want to commit to.</p> <p><b>Action – AD and JP to provide an update on this in July.</b></p>	<p><b>Action – AD and JP to provide an update on this in July.</b></p>
<b>08/23</b>	<b>6B LETTER OF REPRESENTATION</b>	
	<p>HL directed to page 74. SS requested an explanation as to why the JARAC chair must sign them in January 2023 as they are not due until July 2023.</p> <p>HL explained that the letters of representation have been included to bring the proposed wording to the JARAC members prior to signing in July 2023.</p> <p>SS asked if there were any points that are not standard. HL confirmed there were not any non-standard points.</p> <p>AD stated that there will be a second version of the letter of representation in AD and the Police and Crime Commissioner's name.</p>	
<b>09/23</b>	<b>6C UPDATE ON EXTERNAL AUDIT FEES</b>	
	Update moved to the JARAC meeting in March 2023.	
<b>7</b>	<b>INTERNAL AUDIT</b>	
<b>10/23</b>	<b>7A INTERNAL AUDIT RECOMMENDATIONS LOG</b>	
	<p>SS asked for an update on the changes that are currently being made within the Fleet department.</p> <p>AF stated that they have recently lost a member of staff and with that staff member a loss of knowledge and history, so the fleet team are starting from the beginning in training a new member of staff.</p>	



	<p>Vehicles on order :</p> <p>AF stated that there are 40 vehicles left to be put into service. The Fleet team have been releasing stories on Connect to the force about the new vehicles. AF also added that the Force have a Tiktok channel that is about to launch, and any new vehicles will be showcased on that platform too.</p> <p>AF confirmed that the capital budget is on track but stressed that whilst the 5-year plan would ideally be followed, there will be variations due to regular broken vehicles or written off cars. In order to replace the broken or written off vehicles, AF would have to bring the procurement of new vehicles forward a year, causing variations from the plan.</p>	
	<p>Technology:</p> <p>AF confirmed that Fleet have telematics being installed into 550 vehicles which includes 350 vehicles being fitted with dashboard cameras.</p> <p>There are various mobile apps in development for Fleet to manage inventory.</p>	
	<p>New teams:</p> <p>AF expressed the difficulty Fleet are having with the force setting up new teams and new structures of directory. There have been 3 new policing teams set up in the past 3 months that all expect vehicles to be provided. In order to accommodate this AF has temporarily reallocated vehicles that were planned for decommission.</p>	
	<p>There has been an overall increase in vehicles from 550 to 582, and whilst increases must be rationalised there is a steady increase to the fleet.</p>	
	<p>SS asked when the fleet strategy will be developed beyond a 5-year progress plan into a strategy.</p> <p>AF stated that the strategy still outlines what their predecessor outlined. Additional factors such as the 2 year extension of the contract with Derbyshire County Council for vehicle maintenance and sustainability within the fleet will need to be considered for a long term strategy. AF also stated that there is a possibility of moving the maintenance contract in house to give a more control over the fleet.</p> <p>SS asked when the fleet strategy will be complete.</p> <p>AF said that they are currently busy with the variation to contact agreements and will move onto the strategy later on in the year.</p>	<p><b>CB to put Fleet Management</b></p>

	<p>SS stated that the JARAC would like realistic dates to be put forward.</p> <p><b>Action: Fleet Management Strategy to be put onto the agenda for the JARAC meeting in September 2023.</b></p>	<p><b>Strategy onto the agenda for the JARAC meeting in September 2023.</b></p>
	<p>Logbooks:</p> <p>Proposed extension to the completion date is April 2023.</p> <p>AF stated that for Fleet to roll out the removal of logbooks all vehicles would need telematics fitted. The borer card system and the telematics system needs to be synced before the logbooks can be removed from vehicles, this project is forecast to be completed in June 2023.</p>	
	<p>4.4 – Performance information</p> <p>AF states that the current performance information is provided through the contractor Derbyshire County Council and they do not consistently provide information.</p> <p>SS asked how the lack of performance information will be resolved in the short term and why the current contract does not provide AF with the performance information.</p> <p>AF assured that moving forward with the extension of the contract with Derbyshire County Council, more information will be provided. Currently the information distribution is not good, but the contract extension will change this.</p> <p><b>Action – Change the completion date of performance information to June 2023.</b></p>	<p><b>CB to change the completion date of performance information to June 2023.</b></p>
	<p>4.5 Budget Monitoring</p> <p><b>Action – Mark as complete as the budget monitoring meeting is now being attended.</b></p>	<p><b>CB to mark as complete as the budget meeting is now being attended.</b></p>
	<p>SS moved onto the procurement section in the Internal Audit Recommendations Log.</p> <p>SS requested RA to attend the JARAC meeting in March 2023 and for him to provide a written paper.</p> <p>AD asked that a paper is done and circulated before the next meeting.</p> <p>SS agreed but asked RA to still attend in March.</p> <p>SS stated that the completion date on this should be March but a follow up conversation will be needed.</p>	<p><b>CB to invite RA to next JARAC meeting and ask for a paper on procurement updates.</b></p>

	<b>Action: CB to invite RA to next JARAC meeting and ask for a paper on procurement updates.</b>	
	SS stated that the proposed completion of stock control internal audit recommendations do not have any supporting evidence and therefore the meeting will now divert to the later agenda item of the 8A Stock Control Report.	
<b>11/23</b>	<b>Stock Control Report</b>	
	<p>JP stated that the implementation of the stock management system is underway and there is now a process whereby officers can request uniform from stores and the stores team the pick, pack and distribute the uniform. JP assured that there is entitlement limits set on the ordering system.</p> <p>Audit had previously highlighted that stores were overordering, in response to this the stores department identified all the roles within force for both officers and staff and their uniform requirements per year. Stores are currently photographing all items for each role and uploading them onto the uniform ordering system. Stores are not going to stop officers from ordering more than their allocated uniform due to exceptional circumstances and will monitor over/under ordering via audit reports.</p> <p>A small number of teams have had a trial of the new system, and the trail is set to be completed by April 2023. Following the trial's completion, the rest of the force will be added to the system on an incremental basis.</p> <p><b>Action – All stock control recommendations are to be marked as complete.</b></p> <p>AJ stated that all the stock control improvements are in the design phase and asked if JP was happy that they will all be implemented.</p> <p><b>Action – CB to put stock control update onto the Forward Plan for November 2023.</b></p>	<p><b>CB to mark all stock control recommendations as complete.</b></p> <p><b>CB to put stock control update onto the Forward Plan for November 2023.</b></p>
<b>12/23</b>	<b>7A INTERNAL AUDIT RECOMMENDATIONS LOG</b>	
	The meeting then resumed the review of the Internal Audit Recommendations Log:	

	<p>4.2 Third Party Testing</p> <p><b>Action – Mark 4.2 Third Party Testing as complete.</b></p>	<p><b>CB to mark 4.2 as complete.</b></p>
	<p>4.3 Third Party Testing Provided Services</p> <p><b>Action – Mark 4.3 Third Party Testing Provided Services as complete.</b></p>	<p><b>CB to mark 4.3 as complete.</b></p>
	<p>Collaboration – Wellbeing:</p> <p>SS stated that the original completion date of this recommendation did not follow through to the revised completion date.</p> <p>SS also feels that the wellbeing governance and documentation recommendation has not been addressed.</p> <p><b>Action – AP to attend next meeting to give an update.</b></p>	<p><b>CB to invite AP to March JARAC.</b></p>
	<p>4.2 Use of implementation plans:</p> <p>JC noted that it was unclear how the process initiation document is going to enable the ongoing tracking of implementation. This will need to be queried with AP at the next JARAC meeting in March.</p>	
	<p>4.3 Workforce analysis:</p> <p><b>Action – Mark 4.3 Workforce analysis as complete.</b></p>	<p><b>CB to mark 4.3 as complete.</b></p>
	<p>4.4 Monitoring report:</p> <p><b>Action – Mark 4.4 Monitoring report as complete.</b></p>	<p><b>CB to mark 4.4 as complete.</b></p>
	<p>Business Continuity:</p> <p>4.1 Collaboration risk management policy.</p> <p><b>Action – Mark 4.1 Business Continuity: Collaboration risk management policy as complete.</b></p>	<p><b>CB to mark 4.1 as complete.</b></p>
<b>13/23</b>	<b>Internal Audit Update</b>	
	<p>ML takes the report as read and draws attention to the following parts:</p> <p>Payroll audit was completed across December, but Policy and Procedure needs the last section of field work completing.</p> <p>IT agile working started a day prior to the meeting (9<sup>th</sup> January 2023).</p> <p>The Business Continuity audit is to start in February 2023 and the paper will be tabled at the JARAC meeting in July 2023.</p>	

	<p>ML suggested that this report could be circulated when complete rather than waiting until July and SS agreed.</p> <p><b>Action: CB to circulate Business Continuity audit when ML has completed it.</b></p> <p>3/6 of the collaborations audit plans have been issued and the other 3 are ongoing.</p> <p>The regional digital currency audit is currently sat with AD for finalisation.</p> <p>ML assured that they are in a good place compared to previous years and the finalised reports listed above will be tabled at the March 23 meeting.</p> <p>JP asked what will fill fleets audit space as fleets audit has been pushed back.</p> <p>AD replied that they will have an offline conversation to discuss what will fill the audit space.</p> <p>ML stated that the Core Financial Report was pleasing.</p>	<p><b>CB to circulate Business Continuity audit when ML has completed it.</b></p>
	<p>Performance Dashboard:</p> <p>ML was happy that since last year there has been improvements to the system access and the timely removal of staff. There is a missing signature on the specialist equipment requisitions but that is the only recommendation.</p> <p>JC asked if the 3-way match process is an automated control within Agresso.</p> <p>AD stated that it is not automated as 3-way match doesn't happen in the current system.</p> <p>SS asked why the system was sometimes bypassing the three-way match on some invoices.</p> <p>ML added that processing can be carried out without a goods received notes.</p> <p>CR asked if JP receives an exception report when payments are processed without goods received notes.</p> <p>JP is going to investigate this and report back.</p> <p><b>Action: JP to give an update about goods received notes bypass report.</b></p>	<p><b>JP to give an update about good received notes bypass.</b></p>

	<p>Firearms:</p> <p>There was the impact of covid on this area due to visits but the report has still come back with no recommendations which is a vast improvement compared to 2016.</p> <p>SS and AD were pleased, as the old firearms system was paper based and didn't register change of address.</p>	
	<b><u>CLOSED SESSION</u></b>	
<b>14/23</b>	<b><u>8B ENVIRONMENTAL STRATEGY</u></b>	
	<p>Environmental strategy:</p> <p>RS outlined what the environmental strategy ambitions and outcomes are and what objectives the force have pending the recruitment of staff.</p> <p>Page 140 – Estates and Fleet are the biggest areas that need sustainability plans. The budget for the environmental strategy needs to be agreed as being reasonable and proportionate.</p> <p>SS asked for a timescale for the recruitment of an Environmental Manager.</p> <p>CC unsure on timeline.</p> <p>LG asked for the most recent Force Carbon footprint.</p> <p>AD and JP state the information is not in the report as they have not received the information back yet.</p> <p>CC added that there will be a delay getting the carbon footprint as the beginning of 21/22 was impacted by Covid-19 lockdowns.</p> <p>SS stated that it would also be worth looking at suppliers' footprints to ensure that the force are procuring in an environmentally friendly way.</p> <p>CR added that Derbyshire are very prepared compared to other forces in that the baseline is already in place.</p>	
<b>15/23</b>	<b><u>ANY OTHER BUSINESS</u></b>	
	<p>JARAC Terms of Reference will be tabled at the March 2023 Meeting.</p> <p>LG to leave JARAC panel in July. She was thanked for her input and will be missed. Recruitment for a replacement will be initiated.</p>	

**JOINT AUDIT, RISK AND ASSURANCE COMMITTEE**

**REVIEW OF ACTIONS**

Agenda Item	Report Title and Action Required	Responsible Officer	Progress
<b>ACTIONS FROM MEETING ON 27<sup>th</sup> SEPTEMBER 2022</b>			
	<b><u>Update on the Complaints Procedures</u></b>		
	Ensure all mandatory training/teaching points are issued as a tick box read on connect.  <b>January update: MR and SB to discuss action of 'Ensure all mandatory training/teaching points are issues as a tick box mandatory read on connect'.</b>	MR/SB	Update to be given at the JARAC Meeting in March .
	January update: Share complaint review, once finalised, with JARAC at March 2023 Meeting.	MR	Complete.
<b>ACTIONS FROM MEETING ON 10<sup>th</sup> JANUARY 2023</b>			
	<b>Minutes of meeting on 14<sup>th</sup> November 2022</b>		

	Ms Charlton to be removed from the attendance list.	CB	Complete.
	Add update to Fees to next Agenda. This has been moved to March due to HC absence.	CB	To be completed in meeting in March 2023.
	<b>Forward Plan</b>		
	Move internal audit opinion report to July.	CB	Complete.
	Move 'financial statements for 21/22' to July on Forward plan.	CB	Complete.
	<b>JARAC Business Items</b>		
	Circulate information to JARAC members about AFEP places.	CB	Complete. OPCC are awaiting feedback from SS in order to book places.
	<b>External Audit</b>		
	AD and JP to provide an update on the implications of changing the accounting policies for prepayments.		Complete.  This has been put onto the July forward plan.
	<b>Internal Audit</b>		
	Fleet Management Strategy to be put on September agenda.	CB	Complete.  A fleet management strategy update is on the forward plan for September 2023.



	Change the completion date of 4.4 performance information to June 2023.	CB	Complete.
	Mark 4.5 Budget Monitoring as complete as meeting is now being attended.	CB	Complete.
	CB to invite RA to next JARAC and ask for a procurement paper.	CB	Invited and paper has been circulated in the March meeting paper pack.
	All stock control recommendations are to be marked as complete.	CB	Complete.
	Put stock control update onto November 2023 forward plan.	CB	Complete.
	Mark 4.2 Third Party Testing as complete.	CB	Complete.
	Mark 4.3 Third Party Testing Provided Services as complete.	CB	Complete.
	AP to be invited to next JARAC.	CB	Invited but due to Job role change KH will be attending in AP's place.
	Mark 4.3 Workforce analysis as complete.	CB	Complete.
	Mark 4.4 Monitoring report as complete.	CB	Complete.

	Mark 4.1 Business Continuity: Collaboration risk management policy as complete.	CB	Complete.
	Circulate Business Continuity audit when ML has completed it.	CB	The Business Continuity audit was scheduled to take place in February, however following communication with the lead the dates were no longer possible due to some operational priorities and therefore the audit has been re-scheduled to take place in early March.
	JP to give update about goods received notes bypass report at the next JARAC.	JP/CB	Update to be given at March Meeting.
	<b>Internal Control and Governance</b>		
	Single Tender Waivers		
	Purchase Orders and requisitions recommendation is not addressed – RA and JP to consider and feedback	RA/JP	Update to be given at March Meeting.

**FORWARD PLAN 2022/23**

<b>July 2023</b>		
	Internal Audit Progress Report 2023/24	
	Internal audit annual report and opinion 22/23	
	Final PCC & CC Financial Statements for 21/22	
	EY update	
	Financial Statements 2022/23 draft	
	Annual Financial Exception Reporting (Any breaches of financial regulations)	
	Financial Outlook (Savings Plan Update)	
	Force annual governance statement	
	Policies update	
	Annual Audit Letter 21/22	
	Update on prepayment non-standard methodology in the accounts	
	Force risk management	
	OPCC risk management	
<b>September 2023</b>		
	IA Progress Report	
	JARAC Annual Report	
	Financial Monitoring and Planning	
	Fraud and corruption theme review (themes announces at agenda setting) – anti fraud and corruption policy	
	Force Risk Register and Risk Management Strategy	
	IS Disaster Recovery – RC to attend to update	
	OPCC Risk Management	
	Fleet Management Strategy update	
	Complaints Performance – OPCC and Force	

<b>November 2023</b>		
	IA Progress Report	
	Policy Guidance	
	HMIC Activity	
	Financial Monitoring and Planning	
	Work Force and Planning – PUP and ARR	
	External audit annual report 2022	
	Stock Control Update	
<b>January 2024</b>		
	Budget Setting Process and Assumptions	
	HMIC Value for Money	
	JARAC Member Self-Assessment (CIPFA Checklist)	
	Stock Control Report	
	Procurement Briefing- Follow up to IA report	
	EA Report ISA 260	
	Environmental Strategy	
	Accounts sign off 22/23	
	Draft Letters of Representation 22/23	
<b>March 2024</b>		
	Strategy for IA and IA Plan 24/25 (Internal Audit- IA)	
	Year End Accounting Arrangements & Accounting Policies 23/24	
	Financial Monitoring and Planning	
	HMIC Activity (including VFM profiles)	
	Complaints Performance – Update on meetings with IOPC Rep	
	Force Risk Management	
	OPCC Risk Management	
	External audit plan 23/24	



# **POLICE AND CRIME COMMISSIONER FOR DERBYSHIRE**

## **TERMS OF REFERENCE FOR JOINT AUDIT, RISK & ASSURANCE COMMITTEE (JARAC) v14**

### **EXTERNAL POLICY**

**Control Sheet**

<b>Policy Title</b>	Terms of Reference for Joint Audit, Risk and Assurance Committee (JARAC) V14
<b>Responsible Officer</b>	OPCC's Head of Governance and Compliance
<b>Security Classification</b>	External
<b>Disclosable under FOIA</b>	Yes
<b>Policy implementation date</b>	May 2020 (Last reviewed February 2023)
<b>Next review date</b>	January 2024

**Policy Details**

<b>Revision date</b>	<b>Changes</b>
November 2022	Changes made to the rules over length of term that a Chair can serve
February 2023	Clarification to the rules over length of term that a Chair can serve  Clarification regarding the need for vetting

**Index list**

<b>Topic</b>	<b>Page</b>
1) Introduction	Page 4
2) Membership	Page 5
3) Rights	Page 7
4) Support	Page 7
5) Frequency and Notice of Meetings	Page 8
6) Attendance	Page 9
7) Access	Page 10
8) Minutes of Meeting	Page 10
9) Reporting	Page 10
10) Responsibilities	Page 11
11) Information requirements	Page 14

## 1. INTRODUCTION

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

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

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



- 1.4 The JARAC is a non-executive Committee and has no executive powers, other than those specifically detailed in these Terms of Reference.
- 1.5 The JARAC will establish effective communication with the Commissioner and Chief Constable, their nominated representatives, their respective Chief Finance Officers, Head of Internal Audit, the External Auditor and other relevant stakeholders, for the purpose of fulfilling these terms of reference. A working protocol will be established to ensure that this is achieved by all parties.
- 1.6 It should be noted that activities to combat Fraud, Bribery and Corruption are managed by the Constabulary's Professional Standards (PSD) department and overseen by scrutiny carried out directly by the Police & Crime Commissioner through their Head of Governance & Compliance. The work of JARAC is intended to provide an additional layer of assurance, and not confuse the lines of accountability. Wherever possible, the JARAC will make use of and take assurance from existing reports, updates and scrutiny work. There may be occasions where either attendance of key individuals or a bespoke report is deemed more appropriate, and those arrangements will be made on a case-by-case basis between the Chair and the Commissioner/Chief Constable (or their representatives).

## **2. MEMBERSHIP**

- 2.1 The JARAC will have a Chair, a deputy chair and four other members, all of whom must be independent of the Commissioner, the Chief Constable and the Police and Crime Panel. All members (including the Chair) are subject to NPPV2 police vetting clearance on appointment and periodic review.
- 2.2 Members of the JARAC shall be recruited by the JARAC Chair on application and through open competition, in conjunction with the Police and Crime Commissioner and Chief Constable or their representatives. They shall be recruited to ensure that the JARAC has all the necessary skills and experience to fulfil its terms of reference, in accordance with the job description for JARAC members. To ensure the independence of the JARAC, members shall not be:
  - A current or ex-Commissioner or Chief Constable (including their respective Deputies).
  - A member or ex-member of a Police and Crime Panel.
  - Serving police officers or any person who has served as a police officer (including Special Constabulary officers).
  - Serving police staff member (including OPCC employees) or any person who has served as such.
  - Any individual who works as a volunteer with either the Constabulary or Commissioner or has worked as such within the last 5 years.
  - Currently serving officers or elected members of local authorities within the force area.

- A member of a political party.
  - An employee of either the current or previous (if the change occurred within 1 year) internal or external audit provider.
  - In a direct or indirect fiduciary relationship with the Constabulary or Commissioner not covered by the exclusions above (i.e. a member of any partnership body).
- 2.3 In addition to the factors above that preclude someone from being a member of the JARAC, a candidate must be at least 18 years of age and a substantive (i.e. main home) resident of Derbyshire to be considered for the role.
- 2.4 The Chair of the JARAC will be jointly recruited by the Commissioner and the Chief Constable. The Chair can serve a maximum of two 5-year terms on top of any time served as member. The maximum combined service (member + Chair) for a Chair will not exceed 15 years in total, therefore a Chair who is appointed after 6 or more years of service as a member will have a shortened second term as Chair. The Chair's performance is reviewed after the first 5-year term by the Commissioner and Chief Constable (or their representatives).
- 2.5 All JARAC Members will serve for a maximum of 2 terms, each term being a maximum of 5 years. To ensure continuity, where possible, member recruitment will be staggered to limit the churn and loss of expertise in any given year. A member who wishes to serve a second term of five years will be subject to a satisfactory performance review undertaken by the Chair in conjunction with the two Chief Finance Officers. If performance is deemed satisfactory, the Chair may grant a second term for a JARAC member.
- 2.6 The deputy Chair is selected by a simple majority vote of members of the JARAC with the Chair holding the casting vote. The deputy Chair will act as Chair at meetings in the absence of the Chair. If the Chair can no longer continue in this role, the deputy Chair will act as the Chair until the formal appointment of a new Chair. The deputy Chair will not automatically become the new Chair, although may apply for the post of Chair as part of the recruitment and replacement process run by the Commissioner and Chief Constable.
- 2.7 All members of the JARAC will participate in an annual self-assessment of the JARAC in September each year as detailed in clause 9.3.
- 2.8 On joining the JARAC, each member must attend an induction training course to help them understand the roles of the Commissioner and the Chief Constable, the Police and Crime Panel and the organisations pertaining to the Commissioner and Chief Constable. Further training on specific relevant topics will be provided as necessary, according to the members' own relevant experience and emerging business needs of the JARAC. Members of the JARAC will be expected to attend all such training and to develop their skills as part of a member development programme. Training needs will be considered during the annual self-

assessment process and a training & development programme established both for the JARAC and its individual members as appropriate.

- 2.9 In accordance with the JARAC members' code of conduct, each member will be required to record any conflicts of interest in the register of pecuniary and non-pecuniary interests in September each year. In addition, JARAC members will be required to disclose any such interests at the commencement of any meeting where there is a need to do so due to the nature of the JARAC agenda, or immediately if they arise unexpectedly in discussion.

### **3 RIGHTS**

- 3.1 The JARAC may with reasonable justification and with prior agreement of the Commissioner and Chief Constable, procure specialist ad-hoc advice to obtain additional skills, knowledge and experience at the expense of the Commissioner and Chief Constable to support the JARAC in the achievement of its terms of reference. This will be considered appropriate where specialist advice is not available within the existing JARAC support arrangements, or it is not considered appropriate to use this support.
- 3.2 Only members of the JARAC have the right to vote on matters, the Chair has a casting vote.
- 3.3 The members of the JARAC will be remunerated and reimbursed for all expenses incurred in the fulfilment of their JARAC duties, roles and responsibilities in accordance with the schedule of allowances and expenses agreed by the Commissioner and Chief Constable. The allowances and expenses of the JARAC are detailed in paragraph.
- 3.4 The members of the JARAC will be remunerated on an allowance basis (paid monthly in arrears) and reimbursed for additional expenses incurred in the fulfilment of their JARAC duties, roles and responsibilities as follows:
- Chair - £3,150 per annum
  - Member - £2,100 per annum
  - The Chair will receive a further payment of £525 per annum in the event they are asked to participate in JARAC interview panels
  - Travel by car £0.45 per mile irrespective of engine size
  - Car parking: costs incurred; receipt required
  - Travel by taxi: costs incurred; receipt required
  - Carer or childcare: costs incurred; receipt required

### **4 SUPPORT**

- 4.1 The Chair, in conjunction with the Commissioner and Chief Constable has responsibility for ensuring that the work of the JARAC is

appropriately resourced, including appropriate secretariat support and any other specialist support necessary to ensure its members are effective in their role. The JARAC Chair has a duty to report any shortfall in the level of support to the Commissioner and Chief Constable in the first instance and in a public report if this is not remedied.

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

## **5 FREQUENCY AND NOTICE OF MEETINGS**

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

urgent meetings may be held with less notice but should be for exceptional matters only, subject to the Chair's agreement and quorum requirements. In this case the agenda and any supporting papers will be sent to the JARAC members and to other attendees at the same time as the meeting notice is sent out, recognising that if the matter is so urgent that there may only be an oral report. If this is the case, it will be identified on the agenda.

## **6 ATTENDANCE AT MEETINGS**

- 6.1 Members of the JARAC are expected to attend all five core meetings (see 5.1) together with a briefing on the statement of accounts. If two or more such meetings are missed in a year, this will be discussed as part of the annual self-assessment process and feature as part of a member's performance review should they wish to serve a second term. Regular non-attendance of JARAC members will lead to their removal as a member of the JARAC on agreement by the Chair.
- 6.2 The Commissioner and Chief Constable may attend all core meetings of the JARAC, or ensure that they are suitably and appropriately represented, therefore ensuring that the purpose of the meeting is not compromised and that the members are able to appropriately fulfil their responsibilities. In addition, the Police Reform and Social Responsibility Act 2011, Section 114 of the Local Government Finance Act 1988 and the Audit and Accounts Regulations 2015 assign a number of statutory responsibilities to each of the Chief Finance Officers of the Commissioner and Chief Constable. Given the nature of these responsibilities it is expected that both the Chief Finance Officers of the Commissioner and the Chief Constable will attend all meetings of the JARAC, or where this is not possible then their nominated representatives.
- 6.3 The Head of Internal Audit and representatives of the external auditor will be invited to attend meetings on a regular basis. The JARAC should meet with the Head of Internal Audit and representatives of the external auditor separately and privately at least once a year. At the Chair's discretion, the JARAC may choose to meet more frequently with the Head of Internal Audit or the external auditor and involve the two Chief Finance Officers as considered appropriate.
- 6.4 A minimum of four members of the JARAC must be present for the meeting to be deemed quorate, one of whom must be either the Chair or deputy Chair.
- 6.5 All core JARAC meetings will be held in public with the matters discussed being placed in the public domain. Where items are considered commercially sensitive or contain issues which are deemed confidential or relate to a member of staff the JARAC may consider those items during a private (or "closed") section of the agenda (or in a separate

meeting excluding members of the public or press) and will record their reasons for this decision in the public domain.

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

## **7 ACCESS**

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

## **8 MINUTES OF MEETINGS**

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

## **9 REPORTING**

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

media questions relating to that report, supported by the Chief Finance Officer(s).

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

## **10 RESPONSIBILITIES**

### **10.1 Risk Management, Governance and internal control responsibilities**

The JARAC will obtain assurance in connection with the following:

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

the Chief Finance Officer, Director of Finance and the Chair of JARAC. Following the assurance review JARAC will provide support and/or comments/suggestions or concerns in terms of the fitness for purpose of the policies and procedures.

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

## **10.2. Internal audit responsibilities**

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

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



- 10.2.6. Monitor implementation of all priority 1 (red) and 2 (amber) internal audit recommendations in preparation for the internal auditor's follow-up work.
- 10.2.7. Commissioning additional work from the internal auditor, having regard to any actual or potential conflicts of interest.
- 10.2.8. Ensuring co-ordination between the internal and external auditors to optimise audit resources.
- 10.2.9. Annually review the effectiveness of internal audit.

### **10.3. External audit responsibilities**

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

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

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

The JARAC will:

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

## **11 INFORMATION REQUIREMENTS**

A programme for the annual cycle of JARAC meetings will be prepared and monitored by the Chair in conjunction with the Chief Finance Officer(s). It will ensure appropriate cover of the responsibilities listed in these terms of reference.

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

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

And where applicable: -

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

Angelique Foster  
Police & Crime Commissioner  
for Derbyshire

Rachel Swann  
Chief Constable of Derbyshire  
Constabulary

## Derbyshire Police and Crime Commissioner and Chief Constable Audit Progress Update

### Overview

This brief paper seeks to update members of the JARAC on the progress of the audit of the 2021/22 Statement of Accounts. At the request of the committee we have also provided a summary of the audit fees over a three year period.

### Financial statements audit

As part of our reporting to the Committee in January 2023, our Audit Results Report explained that the audit was still ongoing and listed the key outstanding areas to complete. Since then, we have had resources in the agreed timescales with management and continue to work to close these areas.

We are on track for the audit to be substantially complete in the coming month. However, this is subject to completion of review procedures, the work over asset valuations, the review of the MRP by our internal specialist and completion of our work over collaboration. We are also still waiting for the final confirmations from the auditors of the Derbyshire Pension Fund as set out in our Audit Results Report.

Our procedures on going concern will be required to be completed prior to sign off and are set to be undertaken during April 2023, although we will need to revisit these closer to the signing date.

### Analysis of audit fees

We have set out below a summary of the audit fees for a three-year period.

Description	2021/22 £	2020/21 £	2019/20 £
Audit Fee – Code work – Scale fee	35,447	35,447	35,447
Audit Fee – Code work – Scale fee variation (see notes below)	70,565	57,806	13,607
Total Audit Fee – Code work	106,012	93,253	49,054

No non-audit services have been provided in any year reported above.

Notes:

- The 2019/20 scale fee variation represents the amount approved by the PSAA and billed to the authority. This is the approved amount only and not the amount we submitted.
- 2019/20 was the first year we set out that we considered the more realistic cost of delivering the audit was c£93k. The scale fee variation submitted in 2019/20 did not include this additional element but should have done. As the fee variation has been approved and closed, we have not been able submit the additional element for consideration.
- The 2020/21 scale fee variation included below sets out the cost of delivering the audit. As part of this we have reflected on the baseline hours required and sought to exclude costs incurred

due to elements driven by changes in the audit team. This amount will be submitted to the PSAA for determination.

- The 2021/22 audit is still in progress and therefore we have provided an estimate of the costs at this time. As such, costs may be higher or lower depending on the finalisation of our procedures. The costs have increased compared to 2020/21 predominantly due to additional value for money considerations and work over the change in MRP.

Description	2021/22 £	2020/21 £	2019/20 £
Group	3,600	3,586	2,866
Pensions	5,000	5,253	3,887
PPE valuation	10,000	9,135	915
PFI	700	674	539
VfM commentary	10,000	7,590	
Covid-19			5,400
Increased FRC challenge		10,365	
Work of internal experts	3,000	3,001	
ISA 540	3,800	3,817	
Collaboration	3,100	3,108	
Revenue fraud risk	5,000	5,205	
Expenditure fraud risk	5,000	5,205	
Going concern	1,000	867	
Minimum Revenue Provision	10,000		
<b>Total scale fee variation</b>	<b>70,565</b>	<b>57,806</b>	<b>13,607</b>

## Appendix

Update on the most significant open areas of the audit as indicated in the Audit Results Report taken to the January JARAC:

Audit area	Update
<b>Complete our testing of non-significant areas of the audit: Income from grants; expenditure; cashflow statement; unrecorded liabilities; financial instruments and non-significant disclosures</b>	The audit team are currently working through the responses received from management to samples sent out in January. All areas of the audit except MRP and collaboration are expected to be complete by the end of March.
<b>Complete our value for money risk assessment, including assessment of the HMICFRS PEEL report and Annual Governance Statement walkthrough</b>	Risk assessment is ongoing, we expect this to be complete by the date of the Committee and will provide a verbal update on the outcome of the assessment.
<b>Review of the revised financial statements</b>	Not able to be completed until the end of the audit in July
<b>Completion of manager and partner review of work performed</b>	In progress
<b>Subsequent events review</b>	Not able to be completed until the end of the audit in July
<b>Receipt of signed management representation letter, signed Narrative Report and financial statements</b>	Not able to be completed until the end of the audit in July

## JARAC – INTERNAL AUDIT RECOMMENDATION MONITORING

Recommendation	Responsible party	Priority	Timescale	Update
<b>March 2022</b>				
<b>Transport</b>				
<p><b>4.1 Fleet Management Strategy</b></p> <p>The force should ensure that the fleet management strategy is updated and approved at the earliest possible opportunity and aligned with the current short/medium and long-term objectives of the Force. An implementation plan should also be developed for the strategy setting out how the objectives of the strategy will be achieved.</p>	Fleet Manager	2	<p>Original completion date: July 2022</p> <p>Revised completion date due to incompleteness: September 2023.</p>	<p>This is a priority for updating following changes within the Fleet Management Structure and to reflect the future long term operational requirements of the Force, technical developments and national fleet procurement strategies.</p> <p>July 2022: A fleet strategy was created by the previous fleet manager and the management of the fleet is being undertaken according to that strategy. It is worth reviewing this later in the year due to the everchanging vehicle industry and the wider supply chain.</p> <p>October 2022: There is now a new fleet manager in post and as of yet they have not worked on or progressed the fleet management strategy so any associated updates will have to be delayed.</p>

				<p>January 2023: Although a more formal up-to-date Fleet Strategy is yet to be written, a fundamental part of our mid to long term objectives is being formulated by the way of a 5-year forecast for vehicle replacements. The larger Fleet Strategy will be formulated in 2023.</p> <p>March 2023: The interim Fleet Management Strategy has been put to the Chief Constable and is looking to solve short to mid-term issues. The longer-term strategy is currently being built.</p>
<p><b>4.2 Vehicle Logbooks/Weekly Checklists</b></p> <p>Drivers should be reminded to promptly request a replacement where the logbook is missing/complete and record all damage in the log book as soon as it occurs. Drivers should be reminded to complete checklists on a weekly basis.</p> <p>The Fleet Team should undertake unannounced visits in order to confirm compliance with vehicle logbook/checklist procedures.</p>	<p>Fleet Manager</p>	<p>2</p>	<p>Original completion date: July 2022</p> <p>Revised completion date due to incompleteness: January 2023</p> <p>Proposed extension of delayed delivery date: April 2023</p>	<p>Scheduled reminders to commence Feb 2022. Periodic visits to commence April 2022. Digital solution is already work in progress. Fleet Manager and Head of Strategic Assets.</p> <p>Telematics project is about to be signed off so installation of hardware will begin which will enable removal of logbooks from vehicles. To be discussed and signed off by senior leadership team.</p> <p>November 2022: Due to reduced staff within the fleet team no visits have taken place to check the compliance of the vehicle log books. However, as part of the new Telematics project currently underway the future intention of the fleet manager is to remove the physical logbooks</p>



			<p>within any vehicle fitted with telematics.</p> <p>Drivers are still reminded to complete the logbooks until a time that the telematics project completes the initial hardware installation phase and the system becomes live. Estimated time April 2023.</p> <p>January 2023 : New admin staff are due to start in January 2023 and this will assist with the delivery of the Telematics Project to reduce the hardware installation time. Estimated completion of hardware install is now March 2023. Once all vehicles are active in the telematics system I will look to communicate out to the force that logbooks are no longer required.</p> <p>In addition to the above a mobile application is currently being developed to allow weekly vehicle checks to be submitted directly to our Fleet Management system, Key2. This will allow my team to produce detailed MI relating to which vehicles haven't been checked and report these to senior officers.</p> <p>March 2023: The mobile application to assist the removal of log books is currently still being</p>
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				developed.
<p><b>4.4 Performance Information</b></p> <p>The force should obtain performance information reports on a more regular basis such as monthly or quarterly from Derbyshire County Council. Performance information reports should then be presented to the Transport Steering Group either on a regular basis or by exception.</p>	<p>Fleet          Manager</p>		<p>Original completion date: July 2022.</p> <p>Revised completion date due to incompleteness: June 2023.</p>	<p>Daily monitoring of vehicle availability is currently being undertaken by the Fleet Technical Officer. The immediate issue of timely reporting will be rectified now that DCC have resolved a number of system reporting issues. The vehicle maintenance contract specification is also currently under review pending a re-tendering procurement process in 2022 and therefore the recommendations for more frequent and robust performance reporting will be included within this. The performance reporting will also be included as an agenda item at the Transport Steering Group meetings chaired by the Director of Finance and Business Services.</p> <p>The transport team at HQ have access to the DCC fleet management system, Webfleet, so we can monitor the vehicles that are off road or are due to be serviced and maintained. In regard to the performance reporting I have yet to see any reporting but this will be fed back to the management team at DCC to be discussed at the</p>

			<p>next review meeting.</p> <p>Update November 2022: Again, due to the reduce number of staff within the fleet team the regular information reports have not been reviewed on a regular basis with Derbyshire County Council. The performance of the DCC has been reviewed once since the new fleet manager has taken over and as part of the contract renewal review Derbyshire Police will be looking to extend the current contract pending continued service level agreements are adhered to.</p> <p>January 2023 :</p> <p>Further discussions have taken place with DCC in relation to the extension of the current maintenance contract. With this being a priority no further work has been done with the performance information reports other than daily monitoring of the DCC Fleet management system, Fleet Wave. This at least enables us to prioritize certain vehicles based on their requirement in the force.</p> <p>March 2023 :</p> <p>The information from Derbyshire County Council has been provided but is limited. We are currently working to improve the regularity of the information updates.</p>
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July 2022			
Procurement & Contract Management:			
<p><b>4.1 Procurement Policies &amp; Procedures</b></p> <p>All out of date policy, procedure and guidance documents should be updated to reflect current practice. They should then be reviewed on an annual basis and updated as needed. Policy, procedure, and guidance documents should include a document control section detailing at minimum the person responsible for the document, the date last reviewed and the date of the next review.</p>	<p>Head of Procurement</p>	<p>2</p>	<p>Original completion date: September 2022</p> <p>Revised Completion date: March 2023</p> <p>September 2022: Assurance that this is underway was provided to JARAC members during meeting with the Head of Procurement and Director of Finance and Business services.</p> <p>October 2022:          Example documentation is being gathered from other Police forces, local government, and NHS procurement colleagues. EMPLS providing support to ensure content complies with requirements.</p> <p>January 2023:          Update was given at the November 2022 JARAC meeting. The Director of Finance and Business services reported that a key part of this recommendation is the current documents which all comply with practice and mitigating controls are in place. The revised completion date of March 2023 was agreed.</p> <p>March 2023:          Information has been gathered from other public sector bodies (Police, Fire, NHS) to assist the</p>

				<p>compilation of appropriate content for the updating of the procurement policies &amp; procedures, contract management, the current documents are long overdue an update and are being rewritten to reflect current working practices if the force financial regulations and PCC's scheme of delegation and will include the production of a suite of standard KPI's. This work is being supported by EMPLS to ensure content is relevant, appropriate and addresses any mandatory requirements.</p> <p>At time of preparing this paper the expectation is that this piece of work is on track and will be completed by the end of March 2023.</p>
<p><b>4.4 Contract Management</b></p> <p>The Contract Management Policy should be updated to specify the exact circumstances where contract management / monitoring is required and how it should be documented. Procurement should have access to contract</p>	<p>Head of Procurement</p>	<p>2</p>	<p>Original completion date: September 2022: Work is on-going to update all procurement documentation including the Contract Management Policy. We have also now successfully recruited a Contracts and Engagement Officer to support the Force and OPCC with regards to contract management delivery and training.</p> <p>December 2022</p> <p>Revised Completion date: March 2023</p>	

management related documentation in order to support the monitoring of contract performance.



November 2022: This post is still vacant; the vacancy has been advertised again as the person offered the post decided not to accept. Alongside the other documentation being updated the Contract Management policy and processes will be upgraded when this vacant post is filled successfully.

January 2023:

Update was given at the November 2022 JARAC meeting. All policies will be up to date by the end of March 2023. A member of staff has now been recruited into the contract management role.

March 2023:

March 2023:

Information has been gathered from other public sector bodies (Police, Fire, NHS) to assist the compilation of appropriate content for the updating of the procurement policies & procedures, contract management, the current documents are long overdue an update and are being rewritten to reflect current working practices if the force financial regulations and PCC's scheme of delegation and will include the production of a

				<p>suite of standard KPI's. This work is being supported by EMPLS to ensure content is relevant, appropriate and addresses any mandatory requirements.</p> <p>At time of preparing this paper the expectation is that this piece of work is on track and will be completed by the end of March 2023.</p>
<p><b>4.5 Contractor Performance /KPIs</b></p> <p>The Force should consider developing a range of standard KPI / performance indicators for contractors to report contract performance against, which may differ depending on the type of contract. Standard KPI / performance indicators should be detailed in contractual documents and agreements, such as the ITT and contract itself.</p>	<p>Head of 2 Procurement</p>		<p>To commence from: July 2022</p> <p>Revised Completion date: March 2023</p>	<p>September 2022: As part of the on-going work to update all procurement documents and policies, we will also be updating and expanding the standard KPI's.</p> <p>November 2022: Production of a standard range of KPI's will be completed along with the documentation updating referred to at <a href="#">4.1 Procurement Policies &amp; Procedures</a>.</p> <p>January 2023:        Update was given at the November 2022 JARAC meeting and a revised completion date of March 2023 was agreed.</p> <p>March 2023:        Information has been gathered from other public</p>

				<p>sector bodies (Police, Fire, NHS) to assist the compilation of appropriate content for the updating of the procurement policies &amp; procedures, contract management, the current documents are long overdue an update and are being rewritten to reflect current working practices if the force financial regulations and PCC's scheme of delegation and will include the production of a suite of standard KPI's. This work is being supported by EMPLS to ensure content is relevant, appropriate and addresses any mandatory requirements.</p> <p>At time of preparing this paper the expectation is that this piece of work is on track and will be completed by the end of March 2023.</p>
<p><b>4.6 Purchase orders/Requisitions</b></p> <p>It should be ensured that: • Orders / requisitions are raised, and the appropriate requisition form used as required. • Procurement &amp; Finance should align their processes to allow Procurement to have oversight of payments to</p>	<p>Head of 2          Procurement</p>		<p>Original completion date: September 2022          December 2022</p> <p>Proposed extended completion date: March 2023</p>	<p>September 2022: A review of the finance/ordering process is to be carried out to close any gaps that occur in the purchase order process to ensure compliance with force financial regulations.</p> <p>November 2022: – All purchase requestions sent to finance for processing between £5,000 and £25,000 are</p>



ensure that the appropriate procurement process has been followed.



sent to Procurement for authorisation if they do not include relevant supporting information, for example 3 quotes or contract reference number. Anything above £25,000 is sent to Procurement to ensure that a live contract is in place. These steps are intended to capture any potential off contract spend.

Quarterly Procurement also run an aggregated spend report, again intended to capture potential off contract spend of lower regular values.

January 2023 :  
Head of Finance assured that the policies and procedure documentation would be updated by the end of the financial year.

March 2023:  
The purchase order/requisitions element of the IA report is being reviewed separately with the finance team, to consider the workflow from ordering to payment where PO's are not routinely raised. Findings will be reported back to the JARAC at the earliest convenience.

Collaboration – EMSOU Wellbeing			
<p><b>4.1 Wellbeing Governance documentation</b></p> <p>The Unit should update the Wellbeing Board Terms of Reference and Wellbeing Strategy to include details of the roles, responsibilities, risk management processes, decision making processes and reporting arrangements relevant to Wellbeing.</p>	<p>Director of 2 Corporate, Forensic and Technical Services</p>	<p>2</p>	<p>Original completion date: May 2022</p> <p><b>Extended completion date: October 2022</b></p>
			<p>October 2022:</p> <p>Permanent role of EDI/HR Officer recruited, and thematic lead recruited. This will allow for the relevant amendments to ToR and Wellbeing Strategy to be finalised and then appropriately incorporated.</p> <p>January 2023 :</p> <p>EDI HR role recruited and has now started. Thematic lead at Superintendent level also started work in this area.</p> <p><b>March 2023:</b></p> <p>The Wellbeing &amp; ID&amp;E HR officer has now commenced in post. The Wellbeing &amp; ID&amp;E strategy is being revamped as we found that the previous process of having formal boards for each area worked. An away day was held at the end of January and also in attendance was the National Co-ordinator for Inclusion, Diversity and Equality Gemma Lomas, where it was discussed and agreed that we need to re-look at both the Wellbeing &amp; ID&amp;E strategy, this will include focusing on EMSOU and getting it right at EMSOU. TOR will also be completed. D/Supt Waldram is the Thematic lead for this area and I am the overall lead for Wellbeing &amp;</p>

			<p>ID&amp;E. We also discussed and agreed that whilst there does need to be a more formal board made up of higher ranks and grades of Police Officers and Police Staff, the drive needs to come from the bottom up. This will be done by holding monthly informal meetings called EMSOU Views, where each month a different topic will be discussed where individuals choose whether or not to attend (so no formal board) and share their experiences on that subject matter, for example The Menopause. The purpose is to listen to our people and see what they require/want. Some suggestions will be quick wins, some suggestions will have to go in front of the formal board and some suggestions won't be able to happen, but it's about informing our people as to why we can't meet their requirements and maybe coming back with an alternative suggestion. We are now working towards being a Disability Committed Organisation, along with becoming a Menopause Friendly organisation, Make the White ribbon promise. All of these also fit in to the Race Action Plan and VAWG. D/Supt Knubley is also leading on the HeForShe campaign.</p>
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<p><b>4.2 Use of Implementation Plans</b></p> <p>The Unit to consider using implementation plans for wellbeing projects to allow tracking of actions, issues and benefits; as well as ensuring appropriate governance structures are in place.</p>	<p>Director of 2 Corporate, Forensic and Technical Services</p>		<p>Original completion date: May 2022</p> <p><b>Proposed completion</b></p>	<p>October 2022: Completed via use of projection initiation document.</p> <p>January 2023: Project Initiation Document Embedded and all projects will now follow this template.</p> <p><b>March 2023:</b> <b>Project initiation document will be used once projects are up and running.</b></p>
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Collaboration – EMSOU Business Continuity:				
<p><b>4.1 Business Continuity Test Plans</b></p> <p>EMSOU should introduce a testing schedule whereby its business continuity plans will undergo regular testing.</p>	<p>Director of 2 Corporate, Forensic and Technical Services</p>		<p>Original completion date: October 2022</p> <p>Revised completion date due to staff illness: December 2022</p>	<p>November 2022: This recommendation has not yet been implemented due to staff illness. It is difficult to set a date as the staff member does not have a return date but the aim for completion is the end of December 2022.</p> <p>January 2023: There has been a revision to the deadline and the management response to the recommendation. Unfortunately, the BSU Manager</p>

				<p>responsible for this is currently off sick, therefore it is proposed that the deadline is to be extended. We have also reached out to Leicestershire to request support and am hopeful we can get a plan in place by the end of December 2022.</p> <p>March 2023: A testing schedule is now in place and testing will commence in May 2023 supported by the Leics Principal Health &amp; Safety Advisor</p>
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# JOINT AUDIT RISK ASSURANCE COMMITTEE

<b>REPORT TITLE</b>	UPDATE ON PROCUREMENT UNIT PERFORMANCE AND PRODUCTION OF NEW PROCUREMENT PROCESSES DOCUMENTATION
<b>REPORT BY</b>	ROB ATKINSON
<b>DATE OF MEETING</b>	2 <sup>ND</sup> MARCH 2023

## **PURPOSE OF THE REPORT**

To provide assurance to the Committee on the outstanding actions relating to the current suite of procurement documentation.

## **ATTACHMENTS**

None

## **DECISIONS REQUIRED**

None – update to JARAC members.

## **CONTACT FOR ENQUIRIES**

Name: Rob Atkinson, Head of Procurement  
 Tel: 07543 509215  
 Email: [robert.atkinson@derbyshire.police.uk](mailto:robert.atkinson@derbyshire.police.uk)

## **2. PROCUREMENT RESPONSIBILITIES**

2.1 The team manage all procurement activities on behalf of the Police & Crime Commissioner, Constabulary and the EMSOU collaborative units. We ensure that all procurement activity is compliant with the Public Contract Regulations 2015 (PCR), whilst also ensuring that the financial regulations of the force are adhered to.

- Requirements over £25,000 – collaboration/framework or open tender process
- £5,000 - £25,000 – provide support when needed to obtain 3 x compliant quotes or dependant on requirement, collaboration/framework or open tender process.
- Variation agreements
- Novation agreements
- Confidentiality agreements
- Single tender application
- Exercising contract extension options
- FOI requests
- Pre market engagement
- Contract management
- Contract implementation
- Cashable Savings
- Spend analysis
- Supplier relationships
- Contract Monitoring
- Bluelight Commercial
- Policy and Guidance
- Supply Chain Analysis – Horizon Scanning
- Efficiency Saving and Reporting

## **3 PROCUREMENT TEAM**

3.1 Early 2022 the team reduced in size due to retirements and experienced staff leaving the organisation. After a number of failed attempts to recruit a change of approach was taken and we recruited staff into trainee posts and are supporting CIPS qualification. A restructure of the team also took place at this time to refresh the roles to enhance support and delivery across the force and OPCC. Whilst increasing the establishment without increasing overheads we have been able to introduce a new Contracts & Engagement Officer role to resource an area in force we had highlighted as a concern.

**Structure** – 1 x Head of Procurement, 1 x Procurement Manager, 2 x Trainee Procurement officers, 2 x Procurement Support Officer (p/t) & 1 x Contracts and Engagement officer

#### **4 NUMBER OF LIVE CONTRACTS & STA'S**

4.1 Via a category management structure, the team are currently dealing with circa 300 live contracts and STA's.

Full life costs of these activities are circa £100m

#### **5 CURRENT ON-GOING ACTIVITIES**

5.1 Alongside the above live contracts, the team are currently working alongside department colleagues and stakeholders to deliver over 50 further projects to further enhance Policing within Derbyshire and services commissioned by the OPCC, these include a number of key strategic force improvement programmes.

- PCIP
- Chesterfield Custody
- Next generation Forensic Analysis Services
- Digital Evidence Management System
- Improving Stakeholder engagement and educating on procurement regulations

#### **6 COLLABORATION**

6.1 In an attempt to deliver cashable and efficiency savings whilst also ensuring value for money the procurement team look to collaborate with other authorities at every opportunity. However, due to some specific Policing requirements this is not always possible.

Where collaboration is a possibility we engage with colleagues within the fire service as a first point of contact.

We also enjoy close working relationships with our procurement colleagues around the East Midlands region and collaborate on standardised goods and services, this on occasion also extends to the wider midlands forces. There are regular meetings across the EM and WM between the procurements heads.

There are also many partnership projects which have been instigated with Derbyshire County Council, Derby City Council and multiple service providers in the victims services landscape.



Close working relationships have also been formed with Bluelight Commercial to shape national contract requirements where Derbyshire profit from increased economies of scale whilst also benefitting from nationally negotiated agreements that support the whole of Policing.

There are also a number of frameworks available to us which have been awarded by other forces on a national basis to support Policing, these frameworks provide routes to market for nationally required standard goods and services.

- Ambient Food
- Uniform
- Scene of crime Materials
- Driver retraining courses
- Roadside Drug Testing Kits

Further to all of the above, as public sector organisation we have access to many national frameworks which have been established to support the wider public sector. These are also an area of consideration ahead of any individual procurement activities. Typical framework organisations include;

- CCS – Crown Commercial Service
- NHS SBS – National Health Service Supply Chain
- Bluelight Commercial – Vehicles, Temp Staff
- PDS – Police Digital Services
- ESPO – Eastern Shires Purchasing Organisation
- YPO – Yorkshire Purchasing Organisation

There are many more that we can utilise as/when required

## **7 SAVINGS**

7.1 Cashable savings achieved by the procurement team are reported to the Home Office on a monthly basis to gauge savings activity nationally against annual savings targets.

- 2022/23 = £289,667 (1<sup>st</sup> 6 months)
- 2021/22 = £622,863
- 2020/21 = £583,911
- 2019/20 = £964,049

Derbyshire's expected contribution to the Home Office set procurement savings target is 1.4%, the above contributions returned contributions of;

- 2021/22 = 3.11%
- 2020/21 = 1.95%

- 2019/20 = 3.21%

Derbyshire expected monitory contribution over these 3 years was £1.12m, contribution delivered £2.17m. additional contribution = £1.050m

## **8 IA UPDATE ON POLICY DOCUMENTS**

- 8.1 Information has been gathered from other public sector bodies (Police, Fire, NHS) to assist the compilation of appropriate content for the updating of the procurement policies & procedures, contract management, the current documents are long overdue an update and are being rewritten to reflect current working practices if the force financial regulations and PCC's scheme of delegation and will include the production of a suite of standard KPI's. this work is being supported by EMPLS to ensure content is relevant, appropriate and addresses any mandatory requirements.

At time of preparing this paper the expectation is that this piece of work is on track and will be completed by the end of March 2023.

The purchase order/requisitions element of the IA report is being reviewed separately with the finance team, to consider the workflow from ordering to payment where PO's are not routinely raised. Findings will be reported back to the JARAC at the earliest convenience.



Office of the Police & Crime Commissioner  
for Derbyshire & Derbyshire Police  
Internal Audit Progress Report

Presented to JARAC: 2<sup>nd</sup> March 2023

## Contents

01	Summary	61
02	Current progress	62
03	Performance 22/23	63
A1	Plan overview	65
A2	Reporting Definitions	66
A3	Collaboration Internal Audit Plan 22/23	67
A4	Final Reports	68
A5	Statement of Responsibility	80
	Contacts	81

### *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 A5 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 ending 31st March 2023, which was considered and approved by the JARAC at its meeting on 30<sup>th</sup> March 2022.

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

### 2022/2023

Since the last update provided to the committee, we are pleased to inform the committee that the final report in respect of Payroll have been issued. Moreover the Contract Management audit has also been issued in draft as well. See Appendix A4 for full details.

The audits of IT Agile Working and Policies & Procedures are ongoing. Whilst completion has been slightly delayed, we remain confident that these will be delivered as part of the 2022/23 audit plan, including aiming to issue a draft report for our Policies & Procedures audit prior to this audit committee.

The Business Continuity audit. was scheduled to take place in February, however following communication with the lead the dates were no longer possible due to some operational priorities and therefore the audit has been re-scheduled to take place in early March.

Audit can confirm discussions were held with regard to reallocation of the days that were assigned for Procurement and Transport follow up that have been agreed to be delayed until 2023/24, however it was decided due to timing that it was not possible.

In regard to the 22/23 Collaboration Audit Plan, the three remaining audits of EMSOT Closedown, Digital Currency and Performance Management have all been issued in draft and are pending management responses. EMSOT Closedown required some further work following the issuance of the report and audit are currently re-evaluating the information provided before progressing this report further. Likewise the Performance Management audit was also discussed with the regional collaboration manager and audit are awaiting the management comments. The Digital Current audit required a wide range of responses and these are being actively chased to enable this report to be progress to final. See Appendix 3 for full details.

A summary of Derbyshire's Plan is provided in Appendix A1.

## 03 Performance 22/23

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.	50% (3/6)
5	Issue of final report	Within 5 working days of agreement of responses.	80% (4/5)
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% (8/8)
9	Customer satisfaction (measured by survey)  "Overall evaluation of the delivery, quality and usefulness of the audit" – Very Poor, Poor, Satisfactory, Good, Very Good.	85% average satisfactory or above	100% (2/2)  2 x 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)
Retention	31-May-22	20-Jun-22	15	06-Jul-22	01-Aug-22	19	09-Aug-22**	7	02-Sep-22	12
Risk Management	21-Jun-22	01-Aug-22	30	12-Sep-22	22-Sep-22	9	26-Oct-22	25	26-Oct-22	0
Core Financial	05-Sep-22	26-Sep-22	16	24-Oct-22	28-Nov-22	26	16-Dec-22	15	16-Dec-22	0
Firearms Licensing	04-Aug-22	21-Sep-22	35	07-Nov-22	09-Nov-22	3	16-Dec-22	15	16-Dec-22	0
Payroll	31-Oct-22	12-Dec-22	31	29-Dec-22	31-Jan-23	24	15-Feb-23	12	17-Feb-23	3
Contract Management	21-Nov-22	03-Jan-23	32							
Policy Review	14-Nov-22	28-Nov-22	11							
Business Continuity	23-Jan-23	01-Mar-23	28							

\* First Management Comments 9/8, Last 18/8



## A1 Plan overview

22-23

Audit area	Fieldwork Date	Draft Report Date	Final Report Date	Target JARAC	Comments
Retention	20-Jun-22	Aug 22	Sept 22	Sept 22	Final Report Issued
Risk Management	01-Aug-22	Sep 22	Oct 22	Nov 22	Final Report Issued
Core Financial	26-Sep-22	Nov 22	Dec 22	Jan 23	Final Report Issued
Firearms Licensing	21-Sep-22	Nov 22	Dec 22	Nov 22	Final Report Issued
Policy Review & Publication	28-Nov-22			Mar 23	
Payroll	12-Dec-22	Jan 23	Feb 23	Mar 23	Final Report Issued
Contract Management (Commissioning)	03-Jan-23			Mar 23	
Business Continuity	01-Mar-23			Jun 23	
Procurement & Contract Man Follow Up				Deferred to 2022/23 Plan	
Transport Follow Up				Deferred to 2022/23 Plan	
IT – Agile Working	9-Jan-23			Mar 23	

## 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 22/23

Audit area	Forces	Status
EMSOT Closedown	Leics, Lincs, Northants	Draft Report Issued
EMSLDH Governance	Derby, Leics, Northants, Notts	Final Report Issued
EMSOU - Business Continuity	Five Force	Final Report Issued
EMSOU Risk Management	Five Forces	Final Report Issued
Collaboration Performance Management	Five Forces	Draft Report Issued
Digital Currency	Five Forces	Draft Report Issued

## A4 Final Reports

Below we provide the final reports issued.



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

## **Final Internal Audit Memo**

**Payroll 2022/23**

**February 2023**

## 1. Introduction

In line with the approved 2022/23 Internal Audit Plan for the Office of the Police & Crime Commissioner for Derbyshire and Derbyshire Police, Internal Audit have carried out an audit of the Payroll function to review the effectiveness of the internal controls in operation. There is a joint working arrangement between Derbyshire Police and Leicestershire Police for the administration of the Payroll function and, as such, Mazars carried out work with both organisations as part of the audit.

We completed this audit remotely and have been able to obtain all relevant documentation and/or review evidence via screen sharing functionality to enable us to complete the work.

## 2. Background

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

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

It was noted in the previous payroll audit that the payroll system prior to December 2021 was iTrent, with Kier providing the Force the service of maintaining and running the Payroll System, as well as processing the monthly BACS payments.

However, since December 2021, the Force has changed payroll provider and now use a hosted instance of Midland HR's (MHR) iTrent software following a transfer of information by MHR. The change in provider for this service was reviewed in a separate payroll provider audit.

The Derbyshire HR Service Centre provides the information on new starters, leavers and variations in the format of a PIM request form sent to the Leicestershire Payroll Team. The Team review the information from the PIM request form and then input on to the iTrent system. Expenses and Overtime at Derbyshire are administered and managed by the Derbyshire Finance team. Workflows are embedded within the Agresso system to automatically approve claims which fall under £50.00 per line and have a total claim of under £300.00. When the claim is above either of these thresholds, the workflow routes the claim to the Finance team for approval.

## 3. Findings

The Leicestershire Payroll Team is notified of new starters, leavers and variations to existing payroll data in the format of a PIM request form from Derbyshire HR Service Centre. The information from the PIM request form is then input on to the iTrent system by the Leicestershire Payroll Team. Audit validated the controls in place for new starters confirming compliance with documented processes and recalculated the first payslip for a sample of 5

new Derbyshire starters to confirm that this had been processed in accordance with their start date and respective salary.

Leavers from the Force are timely and accurately removed from the payroll by the Leicestershire Payroll Team, following instruction via the PIM request form from Derbyshire HR Service Centre. Audit validated the controls in place for leavers confirming compliance with documented processes and reviewed sample of 5 leavers from Derbyshire, where it was confirmed that the employee account was closed on the iTrent system. Audit also confirmed for each of the leavers that the final payslip was correctly calculated.

Variations and adjustments to employment are requested through a PIM request form, which the Leicestershire Payroll team will process on behalf of Derbyshire. It should be noted audit were unable to complete testing in relation to variations and adjustments to the payroll. An audit report detailing all the variations and amendments was unable to be provided to audit due to Midland HR IT issues. We validated the controls in place for making amendments and noted no issues but could not carry out a compliance test on a sample of variations made. Leicestershire are aware of the IT issues and are already liaising with Midland HR to resolve the issue.

Voluntary deductions to pay (such as the benevolent fund and Copperpot) are requested by individuals through emails to the Leicestershire Payroll Team. Prior to the monthly payroll cut off date these requests are collated into a batch upload spreadsheet and uploaded into iTrent, with review carried out to ensure accurate input. Audit reviewed a sample of 5 voluntary deductions requests at Derbyshire, where it was confirmed that in all cases there was appropriate supporting documentation to the request and the payroll had been accurately adjusted to account for the deduction.

The finance team at Derbyshire centrally process any overtime, expenses or mileage claims. These claims are entered on the Agresso finance system, where officers can submit their overtime, expenses and/or mileage claims for authorisation to their line manager or the Finance Team, if necessary.

Overtime claim forms are sent in by staff via email or post, which are then saved electronically by the Finance Team, who then also input them on to iTrent. Audit performed sample testing of 5 overtime claims and noted one instance where an overtime claim form was submitted in July for a period in May, therefore this claim was delayed by two months. Due to the nature of the overtime claims and the difficulty to budget for them, it is therefore important that overtime claims are submitted in a timely manner so as not to give rise to unexpected expenditure. It is to be noted that audit did not find any instances where the amount or the value of the overtime claim was incorrectly recorded.

Expenses are entered electronically by individuals and automatically approved in Agresso if claims fall under £50.00 per line and have a total claim of under £300.00. When the claim is above the thresholds the Finance Team are required to approve the claim. Audit performed sample testing of 5 expenses claims and found one instance where the receipts retained did not agree with the total expense and one instance where no receipts could be provided to support the total expenses claimed.

Derbyshire process overtime claim forms, which they then input to iTrent. The claim form should include the claim date, hours claimed and certifying officer signature.

Through sample testing audit noted one instance where an overtime claim form was submitted in July for a period in May, therefore this claim was delayed by two months. Due to the nature of overtime claims and the difficulty to budget for them, it is therefore important that overtime claims are submitted in a timely manner. However, through our testing we did not find any instances where the amount or the value of overtime claimed was incorrectly recorded and therefore not recommendation has been raised.

#### **4. Sector Comparison**

From our reviews carried out with other Forces across the region, we have noted that there are different approaches used for managing Payroll. These approaches range from internal provisions for the HR functions, the use of a shared service centre that includes payroll services and the use of a specific external payroll provider. Derbyshire utilises Leicestershire as a payroll service provider, through Midlands HR (MHR) and previously Keir, and places reliance on these organisations that processes are carried out appropriately. This is supported by assurance provided by this audit over the controls in place at Leicestershire for Payroll for both Leicestershire and Derbyshire Forces and OPCCs.



## 5. Areas for Further Improvement and Action Plan

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

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


	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.1	<p><b>Comparison of employee bank details and supplier details:</b></p> <p><i>Observation:</i> We were informed by the Finance Support Manager at Derbyshire that there is no review of employee and supplier bank details held by the Force and the Payroll Team to identify instances where their bank details match. Additionally, new or amended supplier bank details are not ordinarily checked to the payroll system.</p> <p>Whilst, audit carried out this test and found no duplicates the Force, this is a key control in ensuring the prevention of bank mandate fraud across payroll and supplier details.</p> <p>Therefore, the Force should ensure that there is a preventative control for the detection of matching bank details between suppliers and payroll.</p>	<p>Derbyshire should implement regular and routine checks of employee bank details and supplier details.</p>	2	<p>The audit has highlighted an underlying risk that a fraudulent payment could be made without preventative controls and is considered as a significant recommendation. Having discussed the audit findings and the level of risk, Management considers this as a lower risk given the internal controls that already exist, namely:</p> <p>Bank Industry fraud controls – payments fail if account numbers do not match payee.</p> <p>Controls in place for weekly BACS payment process – carried out by staff who do not</p>	<p>Arrangements for periodical checks of bank a/c details between the Payroll system and Agresso will be discussed with Leics Payroll dept to consider how details can be shared in a safe environment and automated checks performed.</p> <p>Jon Peatling April 2023.</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>It is noted that this may not be possible due to system capabilities, therefore a detective control would be required to be regularly carried out to ensure instances are flagged.</p> <p><i>Risk:</i> Fraudulent activity is not identified or prevented in a timely fashion.</p>			<p>have access to Supplier maintenance.</p> <p>BACS runs are approved by staff who do not have access to Supplier maintenance.</p> <p>Internal alert via an email for double checking when bank details are amended.</p> <p>Set-up of new suppliers are approved by staff who do not have access to Supplier maintenance.</p> <p>NFI checks for Supplier v's Payroll for any employees (and retired Officers) paid via accounts payable.</p> <p>There are also concerns how bank account information is shared between the Payroll system and Agresso.</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.2	<p><b>Expenses Claims:</b></p> <p><i>Observation:</i> Derbyshire has a Claiming Travel and Expenses Policy stating that receipts must be kept supporting the full value of the claim.</p> <p>Through sample testing audited noted the following:</p> <ul style="list-style-type: none"> <li>• One instance where the receipts retained (£50.76) did not agree with the total expenses (£103.26).</li> <li>• One instance where no receipts could be provided to support the total expenses claimed (£261.63)</li> </ul> <p><i>Risk:</i> Incorrect or fraudulent expenses are paid.</p> <p>Expenses payments made by the Force are not for bona fide claims.</p>	Derbyshire should remind individuals regularly of the significance of obtaining receipts for all expenses to be claimed and in ensuring that the claim amounts equal the receipts total.	3	<p>We have noticed an increase in the use of contactless payments for expenses where receipts are not routinely provided. I intend to review our Expenses Policy and highlight a requirement for 'proof of spend' rather than the retention of a paper receipt as technology moves on and more employees use App based systems for subsistence spending.</p> <p>The Officer who was included in the Audit Sample used an App which charged a separate bank account used only for this purpose so was able to evidence every penny claimed.</p>	Jon Peatling April 2023

## 6. Conclusion

An audit opinion of ‘Significant’ has been achieved with regards to the controls in place within Leicestershire for the delivery of the payroll service; see Appendix 1 for audit definitions of assurance opinions. A breakdown of this assurance has been provided below:

Overall assurance on adequacy and effectiveness of internal controls for Payroll		Priority	Number of Recommendations
 <b>Significant Assurance</b>		<b>1 (Fundamental)</b>	-
		<b>2 (Significant)</b>	1
		<b>3 (Housekeeping)</b>	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 Payroll audit findings to show a comparison.

Key control area	March 2022		January 2023	
	Assessment	Level of issue	Assessment	Level of issue
<b>Payroll</b>				
Starters	Control effective	No issues noted	Control effective	No issues noted
Leavers	Control effective	No issues noted	Control effective	No issues noted
Variations	Control effective	No issues noted	Unable to Test	
Deductions	Control effective	No issues noted	Control effective	No issues noted
Expenses	Control effective	No issues noted	Control effective except for	Housekeeping Issue

Key control area	March 2022		January 2023	
	Assessment	Level of issue	Assessment	Level of issue
Overtime	Control effective	No issues noted	Control effective	No issues noted
Payroll Runs	Control effective	No issues noted	Control effective	No issues noted
<b>Other (Cross Cutting Themes)</b>				
Policies, Procedures and Guidance	Control effective	No issues noted	Control effective	No issues noted
System Access	Control effective	No issues noted	Control effective	No issues noted
Fraud Prevention	Control effective	No issues noted	Control effective except for	Significant Issue

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

## Audit Information

Audit Control Schedule	
<b>Client contacts:</b>	Andrew Dale, OPCC Chief Finance Officer Simon Allsop, Joint Director of Finance Jon Peatling, Force Head of Finance & Business Support Julie Cook, Corporate Finance Manager
<b>Internal Audit Team:</b>	David Hoose, Partner Mark Lunn, Internal Audit Manager Alexander Campbell, Senior Auditor Akeeb Mahmood, Internal Auditor
<b>Last Evidence Received / Exit Meeting:</b>	29 December 2022
<b>Draft report issued:</b>	31 January 2023
<b>Management responses received:</b>	15 February 2023
<b>Final report issued:</b>	17 February 2023

## Scope and Objectives

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

### Payroll

- New employees appropriately vetted new joiners are completely, accurately, validly and timely added to the payroll at the rates of remuneration per the contracts of employment.
- Employees taking leave of the organisation's employment are completely, accurately, validly and timely removed from the payroll and outstanding commitments to both parties to the contract of employment are accurately and validly made to prevent complications arising after the termination of the employment
- Variations and adjustments to the payroll are reviewed and scrutinised prior to payment.
- Deductions, both statutory (PAYE & Pension) and voluntarily made (requests), are completely, accurately, validly and timely made in line with the contracts of employment and legislative requirements
- Expenses Payments to staff are accurately, validly and paid in a timely manner

- Overtime Payments to staff are accurately, validly and paid in a timely manner
- Payroll information is completely, accurately, validly and timely produced and secured to allow for effective monitoring and decision making in line with management requirements.

#### 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:
  - Comparison of employee bank details and supplier details
  - System processing outside of expected working hours

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

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

## A5 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.

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

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# Police & Crime Commissioner for Derbyshire & Derbyshire Police

## Draft Internal Audit Operational Plan 2023/24 and Charter

Prepared by: Mazars LLP

Date: March 2023

# Contents

- 1 Introduction
- 2 Internal Audit Operational Plan 2023/24
- 3 Future Considerations
- 4 Internal Audit Charter
- 5 Audit Areas Considered

## Statement of Responsibility

### Disclaimer

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

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



# 01

## Section 01: **Introduction**



## Introduction

An annual proposed Internal Audit Operational Plan has been prepared on behalf of the Police and Crime for Derbyshire and Derbyshire Police (the OPCC and Force) for the period 1 April 2023 to 31 March 2024.

As part of fulfilling the Joint Audit, Risk & Assurance Committee's (JARAC) responsibilities, the JARAC require assurance that it is focusing its attention on the key risks to the OPCC and Force and that it is receiving timely and effective assurance with regards the management of those risks.

As Internal Audit is a one source of this assurance, Internal Audit have reviewed the OPCC / Force Risk Register with the aim of identifying where the OPCC / Force obtains this assurance and that the Internal Audit plans for the coming year and beyond is suitably focused and aligned with other sources of assurance. The results of this exercise were considered when drawing the audit plan.

The purpose of this document is to provide the JARAC with the proposed 2023/24 Plan for consideration and approval.

In considering the document, JARAC is asked to consider:

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

We are also seeking approval from JARAC for the Internal Audit Charter in Section 04, which we request on an annual basis. There are no changes from the Charter presented for approval last year.

# Scope and Purpose of Internal Audit



## IA's Role

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



## IA Plan

Completion of the internal audits proposed in the 2023/24 Plan should be used to help inform the OPCC's and Force's Annual Governance Statement.



## Objective

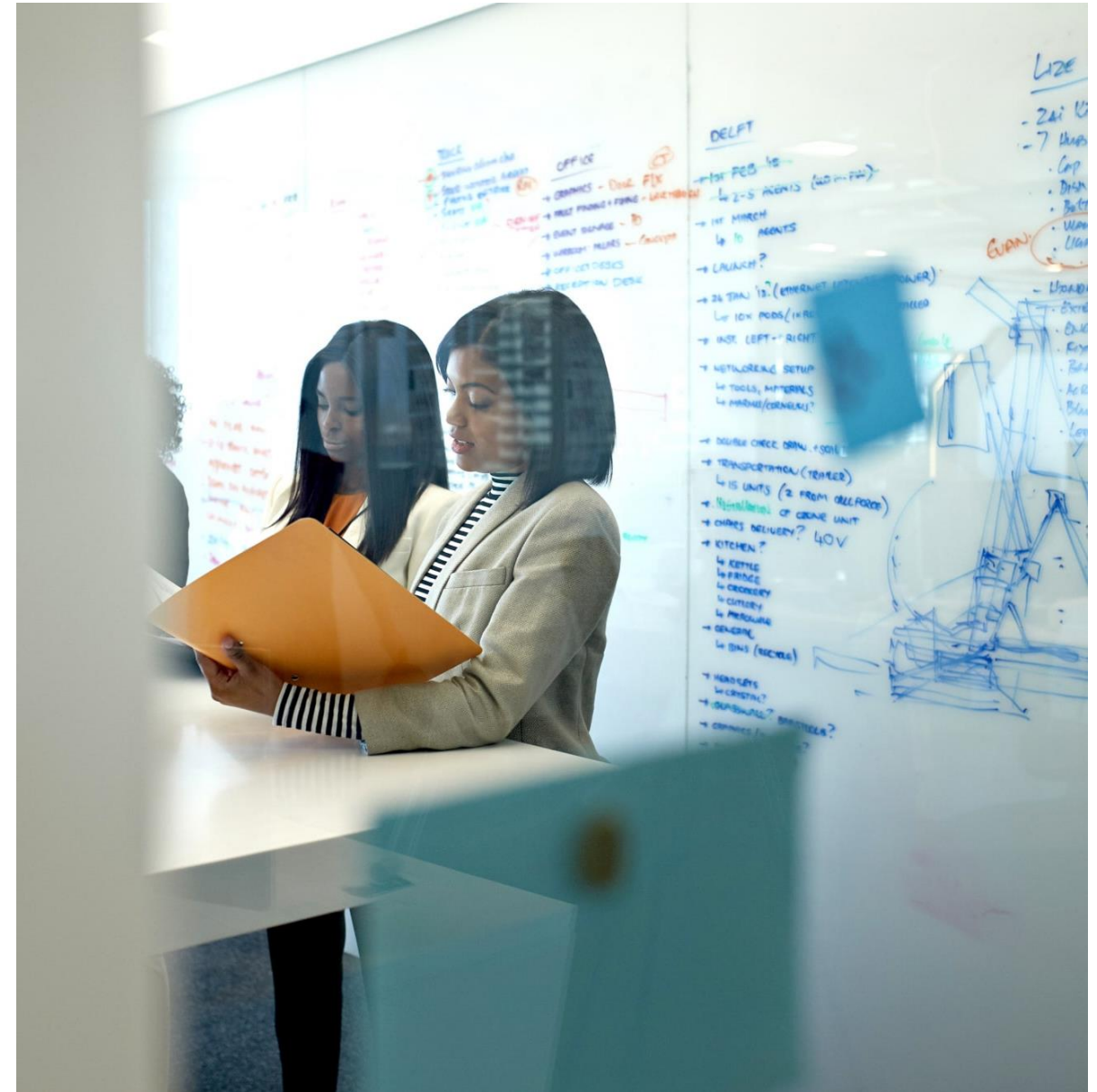
Government accounting standards require Accounting Officers to make provision for internal audit in accordance with accordance with UK Public Sector Internal Audit Standards (PSIAS), as produced by the Internal Audit Standards Advisory Board. Within the OPCC and Force, the Police & Crime Commissioner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

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

We have included our Internal Audit Charter in Section 04. The Charter sets out terms of reference and serves as a basis for the governance of the OPCC's and Force IA function, establishing our purpose, authority, responsibility, independence and scope, in accordance with the Chartered Institute of Internal Auditor's (IIA) standards.



## Charter





## Preparing the Operational Plan for 2023/24 & future considerations

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

In preparing the Strategy update we have undertaken the following:

- Met with the the Chief Operating Officers of the OPCC and the Force Chief Finance Officer on 8<sup>th</sup> & 14<sup>th</sup> February 2023;
- Reviewed the outcomes of historic internal audit work;
- Reviewed the outcomes of 2022/23 internal audit work;
- Considered the latest assessment of risks facing both the OPCC and the Force as detailed in their respective risk registers;
- Considered areas which are not necessarily high risk (such as core operational controls), but where the work of internal audit can provide a tangible input to assurance; and
- Considered the results of internal audit across our wider client base.
- Considered the output from the Police Audit Group planning seminar.

The proposed 2023/24 Plan is included in Section 02. This also includes the associated risks and reasoning for the inclusion in the plan as well as a proposed high level scope for each review. These will be revisited as part of the detailed planning for each review. Fieldwork dates for each of the audits, including presentation of finalised reports at future dates for JARAC meetings have been proposed for discussion and approval with the OPCC and Force's management.

# Preparing the Operational Plan for 2023/24 & future considerations (continued)

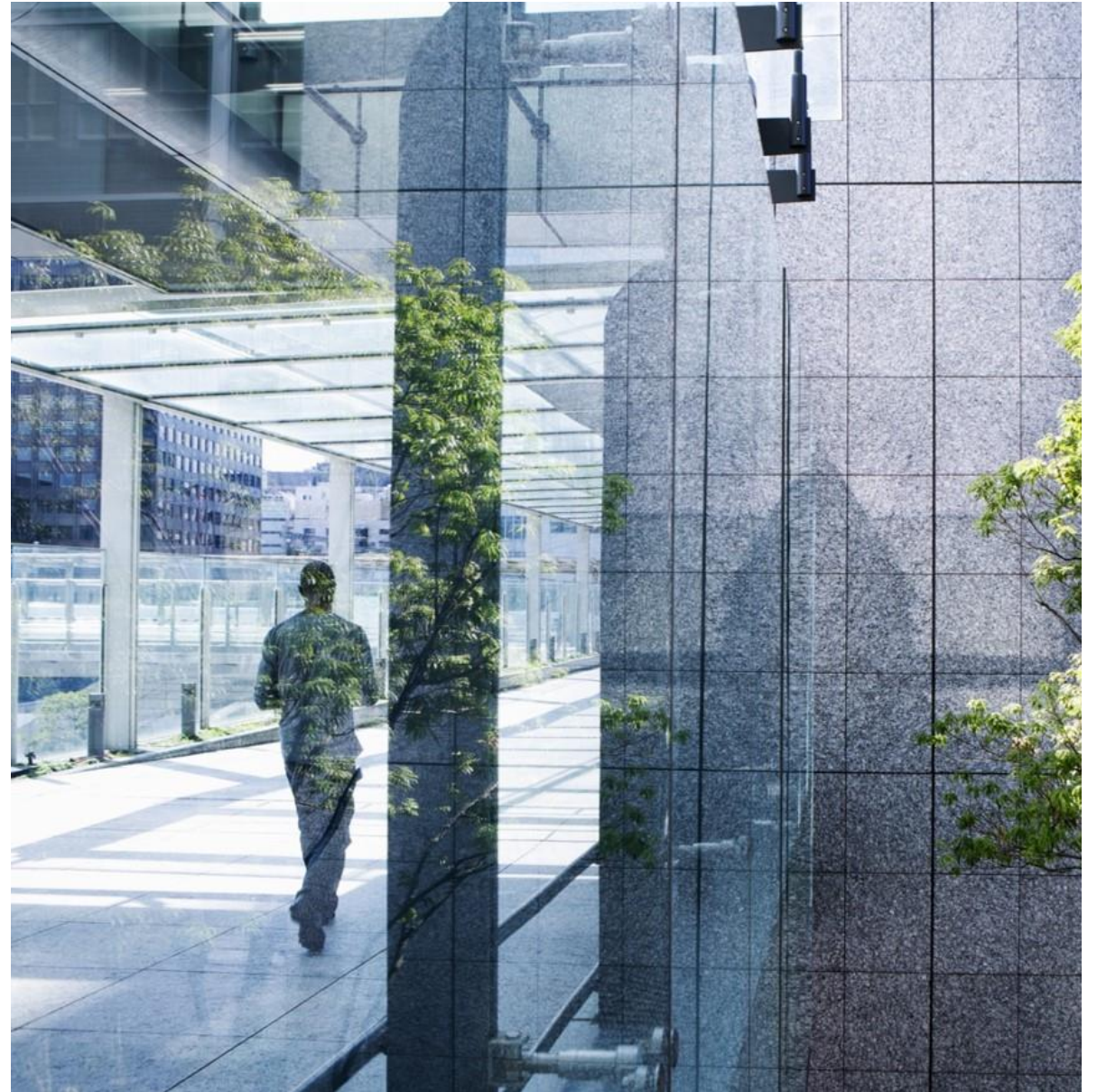
In the discussions with management in considering the above factors there were a wide range of possible audits that could have been selected but through input from management and their considerations on other areas of assurance that they received we were able to narrow the list from a wider starting point to reach the proposed plan in Section 02. To provide the committee with an understanding of the areas discussed these are included in Section 05 the report.

It is noted that the risk profile of the organisations will change and adapt over the course of the year and through regular and ongoing communication with management we will adopt a flexible approach should there be a need to make changes to during the year; we will communicate this in clear agreement with the JARAC.

Prior to conducting each internal audit, we will undertake a more detailed planning meeting in order to discuss and agree the specific focus of each review. Following the planning meeting, we will produce Terms of Reference, which we will agree with key representatives at the Force and/or OPCC prior to commencement of the fieldwork. It should be noted that in every audit that we engage in we take due consideration of any potential areas of weakness and fraud and will raise these with management should they arise.

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

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





# 02

Section 02:

**Internal Audit Operational Plan 2023/24**

# Internal Audit Operational Plan 2023/24

An overview of the Internal Audit Operational Plan 2023/24 is set out below:

Proposed Summary Operational Plan for Approval			
Audit Area	Days	Risks	Start Date
<b>Risk Based Considerations</b>			
Finance	10	Multiple Finance Risks across the registers	Q3
Payroll	5	Multiple Finance Risks across the registers	Q3
Governance	10	Change in governance structure	Q2
Procurement & Contract Management Follow Up	10	FIN0082 – Supply Chain issues	Q2
Transport Follow Up	5	STR0057 – Vehicle Replacement	Q3/4
Workforce Planning	10	STR0056, IS0019, CONM0081, STR0073 – Multiple cross cutting risks	TBC
Health & Safety	7	STR2014 - High risk properties	TBC
Savings Plan	3	STR0071 – Cost of Policing (Funding Gap)	Q1
Victim Services	5	PCC Priority – Victim Support	TBC
Vetting	7	National Area of Focus	Q2/3
Whistleblowing / Counter Fraud	5	STR1088 – Inappropriate Actions by Officers or Staff	Q1/2
<b>Information Technology</b>			
TBC	10	IT Risk Assessment to take place	TBC
<b>Management and Reporting Activities</b>			
Collaboration	5		Ongoing
Management	15		Ongoing
<b>Total</b>	<b>107</b>		

Key Points to note:

- Exact dates of each review will be agreed upon approval of the plan
- The days allocated are indicative and will be confirmed through detailed planning meetings of each audit

# Internal Audit Operational Plan 2023/24

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2023/24 is detailed below, alongside a indicative high-level scope. Please note that the detailed scope of each audit will be discussed and agreed with the relevant sponsor prior to the commencement of fieldwork. We have listed the associated risks per the OPCC and Force Risk Registers for each audit where applicable, as well as any further reasoning to provide the JARAC with the context for the individual audit inclusion in the plan.

## Finance & Payroll

A risk based approach to the areas of finance will form the basis of the audit during 2023/24. This is representative of the level of assurance received in this area in the past and the level of consistency in terms of systems and staffing.

Payroll will be covered alongside Leicestershire Police, who operate large parts of this process on behalf of the Force.

*Risks: STR1192 Financial Resources insufficient to fund development, STR0071 Cost of Policing,*

*Reasoning: A key part of assurance for the Force & OPCC in regards to its financial controls*

## Governance

Audit last completed a review of governance in 2020/21. The review will focus on the governance structure that is in operation, its efficiency and effectiveness.

*Reasoning: A key part of assurance on how the Force and OPCC are operating.*

## Procurement & Contract Management Follow Up

An audit in this area was due in 2022/23 but was deferred due to staffing issues. This audit will follow up on areas of concern previously raised in this area and also expand to focus on supply chain risk management as well.

*Risks: FIN0082 – Supply Chain issues*

*Reasoning: Previous area of concern and new risks being faced by the Force.*

## Workforce Planning

The Force and OPCC are facing increasing risks associated with a changing workforce. Whilst the exact scope of the review will be agreed with management the focus will be on the procedures in place to mitigate the risks being faced.

*Risks: STR0056, IS0019. CONM0081, STR0073*

*Reasoning: Number of cross cutting high risks on the risk registers in this area*

## Transport Follow Up

An audit of Transport was due in 2022/23 but was deferred due to staffing issues. Whilst updates have been regularly provided to JARAC the audit will provide assurance that the control framework has been strengthened in line with previous concerns.

*Risks: STR0057 – Vehicle Replacement*

*Reasoning: Previous area of concern and new risks being faced by the Force.*

# Internal Audit Operational Plan 2022/23 (Continued)

## Health & Safety

Whilst the exact scope of review will be agreed with management the focus will be on providing assurance over the control framework for managing workplace H&S and compliance with the control framework in place such as accident reporting.

*Reasoning: This area was last audited in 2018/19 and the Force has associated red risk – STR2014*

## Savings Plan

An advisory review to focus in the controls that have been established around the savings plans that is being developed by the Force.

*Reasoning: To ensure strong controls are established for a key programme of work*

## Victim Services

Whilst the exact scope of review will be agreed with management the focus will be on providing assurance over the control framework for managing and supporting victims.

*Reasoning: A key strategic priority for the PCC*

## Collaboration

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

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

A detailed 23/24 Collaboration Audit plan will be drafted and shared with the JARAC once agreed by the regional CFO's.

## Whistleblowing / Counter Fraud

Whilst the exact focus of the review will be agreed with management the focus of the audit will be on ensuring the Force has embedded controls for preventing and detecting inappropriate actions.

*Reasoning: In light of ongoing cost of living crisis all organisations face increased risk of internal fraudulent activity*

## Vetting

The subject of vetting has been in the spotlight nationally following some high profile cases of failure and therefore the review will look to provide assurance that the Force has effective controls in place over this area of operation.

*Reasoning: In light of ongoing cost of living crisis all organisations face increased risk of internal fraudulent activity*

# 04

## Section 04: **Internal Audit Charter**

# Internal Audit Charter

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

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

## Nature and Purpose

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

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

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

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

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

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

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

## Authority and Access to Records, Assets and Personnel

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

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

## Responsibility

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

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

# Internal Audit Charter continued

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

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

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

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

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

## Scope of Activities

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

OPCC & Force governance, risk management and control processes using a systematic and discipline approach by:

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

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

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

## Reporting

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

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

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

# Internal Audit Charter continued

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

## Independence

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

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

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

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

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

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

## External Auditors

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

Internal Audit and external audit will meet periodically to:

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

## Due Professional Care

The Internal Audit function is bound by the following standards:

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

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

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

## Performance Measures

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



# 05

Section 05:

**Audit Areas Considered**

# Audit Areas considered

An overview of the areas that were discussed as part of the 23/24 audit plan planning process

These areas will continually be monitored through ongoing discussion with management and audit to ensure the current plan remains appropriate for the organisations. Whilst these areas may have not been included at this time, they will form part of the ongoing programme of internal audit and could be included in future years plans.

- Capital Programme
- Partnerships
- Environmental Sustainability
- Equality Diversity & Inclusion
- Wellbeing
- Reasonable Adjustments
- Adjusted Duties



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

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

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

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

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

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## **Joint Audit Risk and Assurance Committee: Policy Overview**

### **1. Introduction**

This report outlines the overview of policies requested for review by JARAC. The following four policies have been requested:

1. Information Security Policy
2. Service Confidence Policy
3. Claiming Travel Expenses
4. Media Policy

### **2. Overview**

#### **2.1 Information Security Policy – Pending Review**

This policy remains under review. This a large policy with 16 supporting appendices. A new Information Security Officer is in post and completing a wide scale review. At this time, this review has been extended and there may be benefit in inviting relevant leads to provide a brief overview once the revised policy is published. A target date for completion has been sought.

#### **2.2 Service Confidence Policy - Reviewed**

This policy has been reviewed and amended accordingly. The reviewed policy is attached. This was completed on the previous template (this policy pre-dates the November presentation at JARAC) and includes a generic title against roles for the consultation section. The feedback at the previous JARAC meeting was to include specific names against consultation. This will be implemented moving forward.

Equality Impact Assessments (EIAs) are now completed separately and sent to the equality team for review. Sign off is pending for this EIA.



Service Confidence  
Policy - October 202

#### **2.3 Claiming Travel Expenses – Pending Review**

This review is overdue. This has been escalated to the Head of Department and will be raised to the Chief Officer team via force governance boards due to the delay in review.

#### **2.4 Media Policy – Policy Withdrawn**

This policy is to be withdrawn. National guidance is provided via [Media relations | College of Policing](#). This provides comprehensive national guidance and operating procedures for the police management of media relations. The local force policy is therefore withdrawn and no longer required.



## Force Policy

**Document title:** Service Confidence Policy

**Document Reference:** 18/349

**Owner:** Head of Department, Professional Standards

**Review date:** October 2022

**Next Review Date:** October 2024

*This Force policy **is/is not** suitable for public disclosure under the  
Freedom of Information Act 2000*

This document sets out principles to help guide decision making and in some parts may be quite prescriptive. However, it is vital that officers and staff have the freedom to innovate, exercise discretion and take risk based decisions centred on the needs of the victim and the merits of each case.

There may be occasions when a member of staff is considered to have acted outside of the content of this document but if they have done so with honesty, integrity and professionalism, to make the best decision for the community we serve, they will be trusted and supported. On the occasions when this is the case, the rationale for it must be properly recorded.

***This document should be read in conjunction with the Force Policy Statement.***

## Introduction

Whenever any member of staff comes into possession of any information or material that raises concerns about the integrity of an member of the force, they are under a duty to report it. Mechanisms for reporting are covered on the Professional Standards web page.

It must be emphasised that criminal or misconduct procedures will always remain the preferred course of action and only when they prove to be unsuitable will this procedure be invoked.

Concerns about achieving a balance between the needs of Derbyshire Constabulary and the rights of the individual should be addressed by: -

- a. Adopting an open and transparent system within legal constraints;
- b. Allowing individuals to be represented and the adoption of a review process;
- c. Maintaining a clear position that the use of the procedure is about the protection of staff and Derbyshire Constabulary by management action and not misconduct procedures or sanction.

There will be occasions when verifiable confidential or source-sensitive material comes to the notice of investigators, which brings into question the suitability of a member of staff to continue to perform their current role or duties. When the circumstances do not warrant criminal or misconduct proceedings yet are such as to raise concerns that require immediate management action both for the protection of individuals and the Force, individuals will be considered for transfer to a less vulnerable post.

The test of whether there are 'serious concerns' about an individual's integrity will be based on an assessment of all the intelligence and evidence, including source sensitive material. The evidence must establish that it is more probable than not that the individual's integrity is in question. Due regard will be paid to the principles of fairness as outlined above. This test is to be applied at all stages of the procedure.

This policy applies to all police officers and police staff including special constables and those working voluntarily or under contract.

The legal basis for this policy is provided by: -

- Police (Conduct) Regulations 2004
- Police Regulations 2003
- Regulation of Investigatory Powers Act 2000 (RIPA)
- Police Conduct Regulations 2008

## Procedures

### Definitions

#### Serious Concerns

It is not possible to provide a precise definition, each set of circumstances must be judged on merit. As a guide, considerations could include: -

- a. Whether the alleged action(s) of the individual concerned was/were undertaken knowingly or recklessly.
- b. A risk assessment of the likelihood and impact of recurrence.
- c. The damage to the credibility of the individual as a 'witness of truth' in Police/CPS Prosecutions and the requirements for disclosure of such issues to prosecutors.
- d. The nature of the current role or duties and an assessment of potential risk to the public, colleagues or police investigations or operations if the individual remains in post.

Rev'd 8.2.2018

- e. An assessment of risk caused by improper association with criminals or their close associates and the potential for corruption.
- f. Suspected dishonest or unethical conduct or corruption.

### **Confidential or Source Sensitive Information**

This will be considered as information or intelligence obtained legitimately but which legislation prohibits use of other than for intelligence purposes or where disclosure would compromise and put at risk investigations, investigative tactics or individuals.

### **Stages**

#### **Stage 1 – Referral**

Where following misconduct/discipline proceedings, serious concerns are raised regarding the integrity of the individual in question, the Chair of the Panel or the Chair of the Staff Discipline meeting has a duty to make a report to the Head of the Counter Corruption Unit.

Where information or intelligence becomes available which raises serious concern that an individual's integrity is in question, the recipient has a duty to make a report to the Head of Counter Corruption Unit.

The Head of the Counter Corruption Unit will make a risk assessment based on all the material, including source sensitive material and will, when appropriate, recommend that a case conference be called.

#### **Stage 2 – Case Conference**

The papers will be forwarded to the Deputy Chief Constable who will review the recommendation for a case conference and decide whether to support or reject it.

If the Deputy Chief Constable supports the recommendations he or she will call a meeting which will involve all or some of the following as appropriate: -

- a. The Deputy Chief Constable.
- b. The Area or Departmental Commander of the individual concerned.
- c. The Head of Professional Standards Department.
- d. The Head of Human Resources.
- e. The Force Solicitor
- f. Any other staff member that the Deputy Chief Constable believes can give material assistance.

The meeting will be closed and confidential with the aim of a free and frank exchange of information and intelligence about the subject. Everyone invited will be expected to sign a confidentiality agreement (Appendix A). This meeting will decide whether to carry on with the procedure and is so to consider and recommend: -

- a. What can be discussed beyond the closed meeting; (nothing will be disclosed which would frustrate any criminal or misconduct investigation, or the prevention or detection of crime; damage national security; breach any statute; compromise or endanger any operation or individual).
- b. The detail of what protection measures should be put into place, such as 'action plans' to address issues; or not to permit the subject to work on specific tasks, or redeployment (in



relation to police officers, such actions will be based on their conditions of service which dictate that they shall serve wherever they are ordered to serve).

- c. If there are any vetting implications that should be brought to the attention of the Force Vetting Officer.
- d. What can and cannot be disclosed to the individual and/or his or her representative.
- e. Whether matter needs to be referred to next stage i.e. to the Chief Constable.

Minutes will be kept of the conference and a full record of the decision making processes maintained and kept on confidential file within the Counter Corruption Unit.

### **Stage 3 – Informing the Subject**

If the case conference has made a referral to the Deputy Chief Constable, including its recommendations the relevant Head of Department or Divisional Commander will meet with the individual concerned to inform him or her of that referral. In accordance with normal practice, the individual will have the right to be accompanied at that meeting by a friend or member of a Trade Union or Staff Association. Minutes will be maintained of the meeting and retained with the confidential file at the Counter Corruption Unit. The meeting will address: -

- a. The purpose of the meeting and the procedure being followed.
- b. The reason for the decision to recommend to Deputy Chief Constable that the individual should be subject to the procedure.
- c. The recommended action plan, redeployment or other intervention for the individual, to be implemented with immediate effect.
- d. The individual's right to make a written submission to the Deputy Chief Constable within 14 days of the meeting with the Head of Department/Divisional Commander.

Wherever possible the subject will be informed of the reasons for the recommended action plan, redeployment or other intervention. However, nothing will be disclosed which might: -

- a. Impede the apprehension or prosecution of offenders.
- b. Frustrate any investigation, or the prevention and detection of crime.
- c. Damage national security.
- d. Breach any legislation.
- e. Compromise or endanger any operation or individual.

When disclosure is not appropriate, the individual will be told that the action recommend is being effected on the basis of source sensitive information for the operational needs of Derbyshire Police and that further disclosure is not appropriate at the present time for those reasons above.

### **Stage 4 – Decision Making Process**

On receipt of a referral from a case conference, the Deputy Chief Constable shall consider: -

- a. Whether there is sufficient evidence to support the recommendation.
- b. Any submission provided by the individual (if none is available or the individual requests more time to prepare, this will not preclude the Deputy Chief Constable from making a decision to implement the procedure and recommendations).
- c. Whether the action plan, redeployment or other intervention recommended is necessary, proportionate and non-discriminatory.

Rev'd 8.2.2018

The Deputy Chief Constable will then decide whether to implement the recommendations and will maintain a record of his or her decision, which will form part of the confidential file held at Counter Corruption Unit.

In all cases the individual will subsequently be notified by the Divisional Commander/Head of Department of the Deputy Chief Constable's decision.

### **Appeal Process**

An individual can appeal against a decision made under the policy. The application shall be in writing and made to the Chief Constable within 14 days of the individual being informed of the decision of the Deputy Chief Constable. The application must give the reasons and grounds for the appeal request.

The Chief Constable will appoint a Review Officer of the rank of Superintendent or above or equivalent police staff to review the decision taking into account the material in the application. The Review Officer will have appropriate security clearance.

The review process will: -

- a. Test the integrity of the process.
- b. Test the strength and quality of the information and or intelligence on which the decision was based.
- c. Ensure that the decision is proportionate, necessary and non-discriminatory.
- d. Consider other options, if appropriate.

The review process will be completed as soon as practicable and the Divisional Commander or Head of Department will notify the individual of the result in person.

All reasonable steps should be taken to resolve appeals and the individual will be notified of the result within 21 days. The Chief Constable should consider whether the decision to subject an individual to a SCP was necessary, proportionate and non-discriminatory. The decision of the Chief Constable will be final.

The Derbyshire Constabulary grievance procedure cannot be used to appeal against decisions made under this policy.

### **Records and Briefings**

The Head of Counter Corruption Unit will retain supporting documentation and other material at each stage of the implementation of this procedure.

If the decision involves transfer to a different area of command, the Head of the Counter Corruption Unit will be responsible for ensuring that the receiving Divisional Commander/Head of Department receives an appropriate briefing. A briefing paper will form part of the individual's personal file.

### **Monitoring**

The Divisional Commander/Head of Department will be responsible for any training or development issues resulting from use of the procedure and will create an appropriate action plan for the individual aiming to regain the confidence of the organisation. Any welfare issues that may arise from the process must also be considered.

If there are any prohibitions or an individual's operational capacity, for example, not to work on certain issues, access certain material or handle covert human intelligence sources, then the Divisional Commander/Head of Department will ensure that the necessary procedures are in place to ensure that, should the Divisional Commander or Head of Department be replaced, the policy has resilience and the subject is not left unmonitored.

If the individual is subsequently redeployed or transferred to another place of duty, the Divisional Commander/Head of Department will ensure that any restrictions on the subject are clearly identified to the new Divisional Commander/Head of Department by confidential memo. A copy of this memo should be forwarded to the Counter Corruption Unit for retention.

Details of any outstanding prosecutions for which the individual has provided a statement of evidence will be obtained by the Divisional Commander/Head of Department and reviewed by a nominated officer. This officer will consider disclosure to the CPS Unit Head or Special Casework lawyer, in accordance with Chapter 18 CPS Disclosure Manual 2005. The assistance of the Head of Counter Corruption Unit should be sought on this issue. In cases where the revelation to the CPS is deemed necessary the individual will be provided with a form of words agreed by the Head of **CCU** and the CPS for inclusion on the form MG 6b. This obligation will be effective until the individual has been informed that it is no longer necessary.

Individuals subject to the policy will be the subject of ongoing monitoring by a supervisor (monitoring officer) nominated by the Divisional Commander/Head of Department. Progress against the action plan should be reviewed at least every six months. Any further development needs should be identified and addressed.

If the monitoring officer believes the action plan has been successfully completed, then the Divisional Commander/Head of Department should notify the Head of Counter Corruption Unit in writing. On receipt of the notification, the Head of the Counter Corruption Unit will present the case papers, together with any further relevant information and intelligence, to the Deputy Chief Constable who will reconvene the case conference to consider: -

- a. Whether the risk of recurrence has reduced sufficiently.
- b. The basis of the original decision and its ongoing validity.
- c. The potential risk to colleagues, the public, or police operations should the service confidence procedure be terminated.
- d. Alternative options as appropriate.
- e. Issues surrounding any requirement to disclose the process to the CPS.

The case conference will again notify the Deputy Chief Constable of their recommendations and the individual will be personally informed of the decision of the Deputy Chief Constable.

If the decision is to terminate the procedure, then the Divisional Commander/Head of Department should arrange a review of the individual's position taking into account: -

- a. Any learning needs of the individual as a result of being absent from the normal place of duty or identified as a consequence of the procedure.
- b. Consideration of issues surrounding:
  - Any organisational needs;

- Reducing risk to staff of victimisation of any person;
- Any human rights issues or any other relevant factor.

The individual concerned may remain in the post to which they were transferred under the Service Confidence Policy, if appropriate, or a programme of induction should be agreed. Subject to the issues within the managerial review, consideration should be given to returning the individual to the same, or a similar role or duties, which the individual was performing prior to the service confidence policy being invoked.

Consultation will take place with the individual subject of reinstatement and their staff association representative, if required. Any disagreements will be referred to the Deputy Chief Constable for decision.

### **Responsibilities**

The responsibilities of the various parties involved in the delivery and operation of this policy are outlined below: -

- a. There is a responsibility on all members of staff to report any information or intelligence that raises concern over the integrity of a member of staff.
- b. The Head of Counter Corruption Unit will be responsible for recommending case conferences, maintaining confidential records in relation to the procedure and keeping an overview of all ongoing cases.
- c. The Deputy Chief Constable will convene case conferences.
- d. Divisional Commander/Head of Department will attend case conferences, interview individuals concerned; implement training/development and monitoring.
- e. The Head of Human Resources will attend case conferences and hold interviews with individuals concerned.
- f. The Force Solicitor will attend case conferences and will ensure compliance with Human Rights and Employment legislation.
- g. The Deputy Chief Constable will consider the recommendations of case conferences and the outcomes of interviews with individuals concerned; and decides on measures to be implemented
- h. The Chief Constable will provide the final level of appeal against the decision.
- i. The Review Officer, on behalf of the Chief Constable, will conduct any appeal against the decision of the Deputy Chief Constable.
- j. The Monitoring Officer will have responsibility for 'hands on' management of action plans and agreeing time scales for monitoring and review of performance; and for supervision of health and safety and welfare issues. Will be of the rank of Inspector/Police staff equivalent, or at least one rank higher than the individual subject of this procedure, whichever is the higher.

**Appendix A**

**SERVICE CONFIDENCE POLICY – CASE CONFERENCE  
 CONFIDENTIALITY AGREEMENT**

**SUBJECT:** ..... **DATE & TIME:** .....

**Information discussed within the case conference or contained within any documents related to the case conference is to be held in the strictest of confidence and must not be divulged to other parties except in accordance with any action or request arising from the case conference.**

HEAD OF CCU (PRINT NAME)	SIGNATURE
HEAD OF PSD (PRINT NAME)	SIGNATURE
HEAD OF PERSONNEL (PRINT NAME)	SIGNATURE
AREA COMMANDER (PRINT NAME)	SIGNATURE
DEPARTMENT HEAD (PRINT NAME)	SIGNATURE
FORCE SOLICITOR (PRINT NAME)	SIGNATURE

**OTHERS PRESENT:** Specify role

ROLE	PRINT NAME	SIGNATURE

This confidentiality agreement is to be retained with all of the case conference papers by the Head of the Counter Corruption Unit.

**Part 1 Human Rights**

<b>1. What is the policy or procedure title, what is its purpose or objective and who will be affected by it?</b>
Service Confidence Policy.  This policy applies to all police officers and police staff including special constables and those working voluntarily or under contract.
<b>2. Will the policy or procedure restrict anyone's Convention rights?</b>
No
<b>If the answer to Q2 was Yes proceed to Q3.</b> If the answer to Q2 was No proceed to Part 2, Equality Impact Assessment. However, be alert to any possibility that your policy or procedure may restrict someone's Convention rights, things may change and you may need to reassess.
<b>3. What Convention rights are restricted? Are they absolute rights or limited rights?</b>
N/A
<b>4. What is the legal basis for the restriction?</b>
Police (Conduct) Regulations 2004 Police Regulations 2003 Regulation of Investigatory Powers Act 2000 (RIPA) Police Conduct Regulations 2008
<b>5. What is the legitimate aim for the restriction?</b>
Adopting an open and transparent system within legal constraints. Allowing individuals to be represented and the adoption of a review process. Maintaining a clear position that the use of the procedure is about the protection of staff and Derbyshire Constabulary by management action and not misconduct procedures or sanction.
<b>6. Are the actions that restrict the right proportionate? Are you sure you are not using a sledgehammer to crack a nut?</b>
No
<b>7. Are the actions that restrict the right fair, non-discriminatory and least intrusive?</b>
No
<b>8. Does the policy or procedure specify that a record of any decisions that affect someone's rights are documented?</b>
Yes
<b>9. Has legal advice been sought on the policy or procedure?</b>
No

## Part 2 - Equality Impact Assessment

This form should be completed electronically and on completion forwarded to the equality unit mailbox.

This Equality Impact Assessment form must be used to inform your decision making when reviewing or developing new policies/guidance/procedure/ working practices. It should remain a live document and be reviewed at key milestones during development or at least yearly.

### The General Duty

The general duty is set out in section 149 of the Equality Act 2010. In summary, those subject to the Equality Duty must have DUE REGARD to the need to:

- eliminate unlawful discrimination, harassment and victimisation, between those who share a protected characteristic and those who do not;
- advance equality of opportunity between those who share a protected characteristic and those who do not;
- foster good relations between those who share a protected characteristic and those who do not.

Authors have a statutory requirement to have DUE REGARD to the relevant protected characteristics shown below, whilst taking a common sense approach

- age
- disability
- gender reassignment
- marriage & civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex (gender)
- sexual orientation

Name of the document, project or working practice:	Policy/Ref No:
Service Confidence Policy	18/439

### 1. Briefly describe the intention of the document, project or working practice?

This document sets out principles and guidance for whenever any member of staff comes into possession of any information or concerns about the integrity of a member of Derbyshire Constabulary, providing guidance and support to senior officer's to have the confidence to make decisions using discretion and to meet organisational needs.

<b>2. Does this document, project or working practice have a direct impact on people who :-</b>				
a. Work for Derbyshire Constabulary (including specials and volunteers)	Yes	x	No	<input type="checkbox"/>
b. Reside or visit Derbyshire	Yes	x	No	<input type="checkbox"/>
<b>3. How does this policy affect the following protected groups?</b>				
Include what relevant quantitative and qualitative data you have. This may include national/local research, surveys, reports, complaints and meetings. Please list any evidence in the boxes below.				
Protected Characteristic	Positive Impact or Benefits	Negative Impact or Risks	Where impact/risk identified, what, if anything can be done?	
Age:			N/A	
Disability (physical, sensory, learning)			N/A	
Transgender (person is proposing to undergo, is undergoing or has undergone a process (or part of a process) for the purpose of reassigning the person's sex by changing physiological or other attributes of sex)			N/A	
Race (Black, Asian, Chinese & Other, Mixed Race, White, Gypsy/ Travellers, Asylum Seekers)			N/A	
Religion/Belief Religion/Belief (Religion means any religion and a reference to religion includes a reference to a lack of religion. Belief means any religious or philosophical belief and a reference to belief includes a reference to a lack of belief)			N/A	
Sex (Gender)			N/A	
Sexual orientation (lesbian, gay man, bisexuals, heterosexual)			N/A	
Pregnancy and Maternity			N/A	
Marriage and Civil Partnership			N/A	



<b>4. Is there any further engagement or consultation required to support the above?</b>			
<b>No</b> If No go to 7	X	<b>Yes</b>	<input type="checkbox"/> If Yes please contact the Equality Unit – Compliance and Inclusion Officer (75 04865) for advice on who to consult with.
<b>5. Who have you consulted with and what was their feedback? Was their feedback adopted? (If not why not?)</b>			
<b>6. Action Plan</b> This EIA will be reviewed on a yearly basis to monitor the impact on protected characteristics. Following consultation and feedback what action will you take?			
Action	Timescale	Action Owner	

<p><b>7. Quality Assurance -</b></p> <p>This assessment requires the signature of the EIA author. It should then be forwarded to the Equality Unit.</p> <p>I am satisfied this assessment demonstrates compliance with the General Duties under the Equality Act 2010 , and that due regard has been given to the need to:-</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination</li> <li>• Advance equality of opportunity</li> <li>• Foster good relations</li> </ul>		
EIA Author:	Date:	Department:
Head of Equality:	Date:	
This EIA will be retained until the next review date:		

### Part 3 - Consultation

<p><b>1. What departments, individuals and organisations have been consulted in the development of this policy or procedure? At the very least you should consult with the below. It may also be beneficial in some cases to consult with the Force Staff Network co-ordinator and Legal Services.</b></p>		
Name	Department / Organisation	Date
Police Federation		
Unison		
Data Protection		