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## **JOINT AUDIT RISK ASSURANCE COMMITTEE**

### **AGENDA**

<b>DATE OF MEETING</b>	1 <sup>st</sup> February 2024
<b>TIME OF MEETING</b>	10:00
<b>LOCATION</b>	In person
<b>PCC CONTACT OFFICER</b>	Ms M Poole
<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 Ms M Poole Mr J Peatling Mr A Price Mr S Blatchly Mr P Mason Ms S Knowles (Mazars) Ms H Clark (EY) Ms H Lill (EY) Members of the JARAC: Ms S Sunderland (Chair) Ms J Charlton Mr L Harrold Mr A Jenkinson Mr B Mellor Ms S Beecham

*Meeting of the Joint, Audit, Risk and Assurance Committee on 1<sup>ST</sup> February 2023.*

<b>ITEM</b>	<b>SUBJECT</b>	<b>Presented by</b>	<b>Paper or Verbal Update</b>
<b>1</b>	APOLOGIES FOR ABSENCE	<b>CHAIR</b>	<b>V</b>
<b>2</b>	DECLARATIONS OF INTEREST (IF ANY)	<b>ALL</b>	<b>V</b>
<b>3</b>	MINUTES OF THE MEETING OF THE JARAC HELD ON 23 <sup>rd</sup> NOVEMBER 2023	<b>CHAIR</b>	<b>P</b>
<b>4</b>	REVIEW OF ACTIONS	<b>CHAIR</b>	<b>P</b>
<b>5</b>	JARAC BUSINESS ITEMS		
<b>5A</b>	FORWARD PLAN	<b>CHAIR</b>	<b>P</b>
<b>6</b>	EXTERNAL AUDIT		
<b>6A</b>	UPDATE FROM EY 21/22 & 22/23 AUDIT.	<b>HC/HL</b>	<b>P</b>
<b>6B</b>	FEE'S UPDATE ALL OUTSTANDING YEARS (20/21 ONWARDS)	<b>HC/HL</b>	<b>V</b>
<b>7</b>	INTERNAL AUDIT		
<b>7A</b>	INTERNAL AUDIT RECOMMENDATION MONITORING LOG	<b>CHAIR</b>	<b>P</b>
<b>7B</b>	INTERNAL AUDIT PROGRESS REPORT – INC UPDATE ON PROCUREMENT BRIEFING.	<b>SK</b>	<b>P</b>
<b>7C</b>	DISCUSSION ON INTERNAL AUDIT 2024/25 AREAS OF FOCUS	<b>SK</b>	<b>V</b>
	INTERNAL CONTROL AND GOVERNANCE		
<b>8A</b>	UPDATE ON FORCE RISK MANAGEMENT ARRANGEMENTS	<b>JP</b>	<b>P</b>
<b>8B</b>	FINANCIAL UPDATE 2023/24 & BUDGET UPDATE 2024/25	<b>JP</b>	<b>P</b>
	<b>ANY OTHER BUSINESS</b>		

**MINUTES of the JOINT AUDIT, RISK and ASSURANCE COMMITTEE meeting held on 23<sup>rd</sup> November 2023**

**P R E S E N T**

Ms S Sunderland – in the Chair  
 Ms J Charlton  
 Ms S Beecham  
 Mr B Mellor  
 Mr L Harrold

**OPCC Present:** Ms C Radford, Ms D Brown, Ms M Poole  
**Constabulary Present:** Mr A Price, Mr J Peatling, Ms M Fox  
**Internal Audit:** Ms S Knowles, Mr A Campbell  
**External Audit:** Ms H Lill

<b>65/23</b>	<b><u>APOLOGIES</u></b>	
	Apologies received from Andrew Dale, Marie Romano, and Hayley Clark.	
<b>66/23</b>	<b><u>DECLARATIONS OF INTEREST</u></b>	
	None.	
<b>67/23</b>	<b><u>MINUTES OF THE MEETING OF THE JARAC HELD ON 21 September 2023</u></b>	
	<p>SS raised the spelling on LH name in the previous minutes.</p> <p><b>ACTION: MP to correct LH name in previous minutes.</b></p> <p>JC raised in the previous minutes it stated both her and LH didn't attend training however, JC did attend.</p> <p><b>ACTION: MP to amend previous minutes to state JC did attend the training.</b></p> <p>SS confirmed after these changes the minutes are accepted as an accurate record.</p>	<p><b>ACTION: MP to correct LH name in previous minutes.</b></p> <p><b>ACTION: MP to amend previous minutes to state JC did attend the training.</b></p>
<b>68/23</b>	<b><u>REVIEW OF ACTIONS</u></b>	
	<p><i>Risk Management Board</i></p> <p>It was confirmed that the Board is on 8<sup>th</sup> of December at 10am and a JARAC member was invited to attend this.</p>	

	<p>JC advised she will check her availability and will liaise with MP.</p> <p>It was agreed that in future dates of the Board would be circulated in good time to enable a JARAC member to attend.</p> <p><b>ACTION: MP to liaise with JC re the above and ensure the Risk Management Board dates are circulated in advance for the JARAC members.</b></p> <p><i>Policies Update</i></p> <p>BM requested this policy is run past him first before going out in the paper pack.</p> <p><i>Data Protection Training for the JARAC.</i></p> <p>It was agreed that the training would take place at the end of the February meeting.</p> <p><b>ACTION: MP to add an hour onto the February JARAC for the data protection training.</b></p> <p><i>CIPFA papers</i></p> <p>These had been circulated – action to be closed.</p> <p><i>Policy Operations Document</i></p> <p>MP advised she had spoken with Head of Policies and BM had been updated accordingly. When the document is complete BM will be provided with an update.</p> <p><i>Risk Management meeting</i></p> <p>Action to be closed</p> <p>SS advised the action on the risk around electric cars is not in the Risk Management Report. AP advised he will give an update on this in closed session.</p> <p>SS confirmed all other actions are complete / on agenda.</p> <p><i>Business Continuity</i></p> <p>It was agreed that when the paragraph has been added into the recommendation this action can be closed off.</p> <p>SS asked if new JARAC member SB had her introduction set up.</p>	<p><b>ACTION: MP to liaise with JC re the above and ensure the Risk Management Board dates are circulated in advance for the JARAC members.</b></p> <p><b>ACTION: MP to add an hour onto the February JARAC for the data protection training.</b></p> <p><b>ACTION: MP to arrange and set up SB induction.</b></p>
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	<b>ACTION: MP to arrange and set up SB induction.</b>	
	SS confirmed all other actions are now closed.	
<b>JARAC BUSINESS ITEMS</b>		
<b>69/23</b>	<b><u>5A FORWARD PLAN</u></b>	
	SS confirmed there was nothing picked up on the forward plan.	
<b>CORE BUSINESS</b>		
	<b>EXTERNAL AUDIT</b>	
<b>70/23</b>	<b>6A, 6B and 6C</b>	
	<p>HL highlighted two parts of the report. EY have submitted their scale fee variation request regarding 2021 audit to the PSA. EY have received additional clarification questions from the PSAA which they have responded to and as soon as EY receive a determination on these an update will be provided to the JARAC.</p> <p>In regard to the 2021/22 financial statement audit, all areas of the audit are now complete subject to review with the exception of the work done over the collaboration which is awaiting the work being completed on the Leicestershire Police audit, the going concern assessment will not be complete until there is a clearer indication of when the opinion will be signed off as this has to cover at least 12 months from the date of the opinion, and they don't want to create additional work for officers.</p> <p>One aspect of the work is still awaiting sign off over the Local Government Pension Fund which EY are awaiting final confirmation from the auditors of Derbyshire Pension Fund until they sign their opinion, they will not issue EY with an un caveated letter that they may not find something else while completing their audit. Their general procedures over the IS19 assurances are complete and they have provided EY with the results of this work.</p> <p>HL moved on to the update on the general external audit market and the delays. HL confirmed EY are still awaiting an announcement from DLUHC which was promised in September 2023 regarding the future of the audit market. Until this is announced there is still some uncertainty. HC met with SS and the CFOs earlier this week to discuss this and EY have confirmed they will be issuing something around the</p>	

	<p>future of the market next week regardless of whether the DLUHC announcement has been made or not.</p> <p>SS understood in the meeting that was held, whilst the audit is substantially complete there is no work being done at all at the audit where the collaboration work sits meaning there is no foreseeable date for closing this audit. HL confirmed there isn't a date at present.</p> <p>SS moved on to the 22/23 audit as the JARAC asked that all open audits were included in reports. SS asked for comments in the updates moving forward in terms of planning and any likely timescale as to when the work will be started.</p> <p>HL advised this is wrapped up in the comment regarding the future for external audit and waiting for the DLUHC announcement and HC has promised there will be a letter coming out on this in the next week.</p> <p>HL stated the immediate impact is that the value of money work needs to be complete regardless of what happens with the 22/23 audit. In term of additional work this is awaiting on the DLUHC announcement. The review on the value of money work is not complete although the work is complete on the 21/22, they have not yet started the 22/23 value for money work however, this will be starting in the next month or so.</p> <p>LH asked if this can be a committed action moving forward to be provided with a written update in any reports going forward. SS wants all outstanding years which EY are responsible for to have a written update in all future reports as from April 2024 the auditors are going to be different, so we need to ensure it is clear who is responsible for what.</p> <p>LH asked if 21/22 audit is complete other than the additional work. HL confirmed there hasn't been anything significant since the audit results report was issued in January 2023. There have been a few minor issues which have been resolved which have led to some minor amendments in financial statements, but an update can be brought to the next meeting which outlines all things that have been found.</p> <p>JP asked what is causing the delay with Leicestershire on the collaboration work as colleagues in Leicestershire have stated there is nothing causing a delay their end. HL was unsure of any details on this, so she is taking it away for HC.</p> <p><b>ACTION: EY to provide a written update on all outstanding audits for each year in all future reports and</b></p>	<p><b>ACTION: EY to provide a written update on all outstanding audits for each year in all future reports and an update in the report for the next meeting on the</b></p>
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	<p><b>an update in the report for the next meeting on the delays on the collaboration work with Leicestershire Police.</b></p> <p>SS thanked HL for the update.</p>	<p><b>delays on the collaboration work with Leicestershire Police</b></p>
<b>7</b>	<b>INTERNAL AUDIT</b>	
<b>71/23</b>	<b>7A INTERNAL AUDIT RECOMMENDATIONS LOG</b>	
	<p>SS referred to the first recommendations which are linked to the collaboration audits which are harder to get an update on. In terms of the EMSOU wellbeing document the strategy is being provided in the closed session.</p> <p>SS stated that in terms of the management of policies and procedures there is an issue around the EIAs and with the update that has been provided.</p> <p>JC stated that although this is not a legal requirement it is the forces chosen method of ensuring compliance is demonstrated with the public. Although there has been EIAs complete when are the force going to be in a position where these are going to happen on a more frequent basis.</p> <p>BM stated that at the end of the report it states that there is governance in place for EIAs. BM asked for some figures of the number of policies which have gone through how many have had acceptable EIAs completed.</p> <p><b>ACTION: AP to get the figures for the next meeting as to how many policies have had EIAs completed.</b></p> <p>SS confirmed when the JARAC have seen this figure they will be in a place to close this recommendation down.</p> <p>SS moved on to the 4.4 Business Continuity recommendation.</p> <p>MP stated that this links back to the action log in which the additional paragraph needs adding into this recommendation and then asked if it can be closed.</p> <p>SS asked if the JARAC are happy to accept this and confirmed this can now be closed.</p> <p>SS moved onto 4.1 Agile Working recommendation and raised the issue around data protection training.</p> <p>AP advised AT can do some additional things however resources meant it was impossible for this meeting. AT could research the College Learning website for all categories of staff and identify all the training components on offer and what</p>	<p><b>ACTION: AP to get the figures for the next meeting as to how many policies have had EIAs completed.</b></p>

	<p>is mandatory, wait for a response from National data skills lead about timetable and expectations for delivery of new national products, reviewing the new video we have prepared locally and agreement for its use with L&amp;D reviewing the new DEDACT team regarding the new cyber awareness training we want to roll out confirming arrangements for tighter monitoring of completion rates and how we can escalate non compliances.</p> <p>SS asked that although the training is mandatory is it that the system can't pull reports as to who has completed the training.</p> <p>AP confirmed that the national system is a national training programme, and the system is struggling to pull out completion rates for each force.</p> <p>LH stated that the service isn't fit for purpose to mitigate a risk. BM stated this is very fundamental as if there is a data breach you must prove that employees have completed mandatory training. There is a struggle trying to get the national system to work however the responsibility should lie with the force and some temporary arrangements should be put in place to prove the force have carried out statutory obligations and it needs some temporary system put in place which can pull figures as to what percent of the workforce have completed the mandatory training.</p> <p>AP assured BM that in accordance with the guidelines in the ToR it was felt that sufficient information had been submitted for this recommendation however, if it needs to go on the risk register then AP accepts this.</p> <p>SS asked that this is closed on here and then is flagged as a risk and added to the risk register.</p> <p><b>ACTION: AP to add the recommendation around Data Protection to the risk register.</b></p> <p>SS confirmed that 4.1 Performance Targets can be closed.</p> <p>SS confirmed that 4.2 Benchmarking can be closed.</p>	<p><b>ACTION: AP to add the recommendation around Data Protection to the risk register.</b></p>
72/23	<b>7B INTERNAL AUDIT PROGRESS REPORT 2023/24</b>	
	<p>SK explained the report sets out the progress in implementing the 23/24 audit plans, there has been 3 reports finalised since the last JARAC. The fieldwork for the core financials audit has been completed and fieldwork is ongoing for the Payroll and Transport Follow-Up audits. The remaining dates for the</p>	



outstanding audits have an agreed date to be completed by 31<sup>st</sup> March 2024.

In terms of collaboration audits, the field work has been completed for the capital programme and the workforce planning audit is starting next week and the final ToR is being issued for the HMICFRS which is starting in January 2024.

The final reports for the three pieces which have been issued since the previous JARAC. There were no high priority recommendations raised, there were two moderate assurance reports. SK asked if anybody had any questions.

JC asked why the follow up of recommendations are not applicable.

SK confirmed that MAZARs do not do the follow up of the recommendations it is down to JARAC.

JC asked if the workforce planning work has started yet. AC confirmed that it has started this week.

SS asked if anybody had anything on Counter Fraud and Whistleblowing.

AJ raised a question on the completion date of the moderate risk Fraud Training and asked if work was underway for this one as it is a large piece of work will the deadline be met.

AP will ensure work commences and the force are on target for this recommendation.

SB mentioned that it states the force have no governance forum to monitor any allegations that have been made, SB asked whether there was any evidence of a log of allegations made and whether internal audit reviewed this.

SK confirmed that she doesn't have access to this detail however if internal audit hadn't of seen a log there would have been a recommendation put in place.

SS suggested it would be good to include whistleblowing as part of the annual complaints report.

**ACTION: AP to provide some information on trends/themes on whistleblowing.**

SS moved on to procurement and management advising this is a follow up audit. SS raised a few issues based on information that has come to JARAC based on procurement which states that some of the elements in this audit may not be as well progressed as reported.

**ACTION: AP to provide some information on trends/ themes on whistleblowing.**

BM stated that on 5.1 Policy and Procedures it states that new policies are being introduced and implemented. BM stated these have not been implemented as draft polices came to the JARAC in July in which comments were given back to the force and the JARAC are awaiting to see the next version of the policies. The policies on the website are still old policies which suggests this is in progress.

BM stated that on 5.2 Contracts Finder, the statements that 6/10 of the sample were call offs and 1/10 was single source and these don't have to go onto contract finder is incorrect as although they do not go on as opportunities, they do have to go on contract finder as awards therefore, this is not implemented.

SS queried whether these were on as awards. SK advised she doesn't have access to these details however, she will check this.

BM moved on to 5.3 where it states that contract policies had been implemented, this is incorrect as it is still the 2018 version which is online.

BM stated that on 5.4 the contract performance KPI - the original recommendation was around considering a range of standard KPIs and in the finding sit states standard KPIs have not been developed. SK states that the decision had been made within force as to not go for standard.

SK clarified on 5.1 Policy and Procedures, MAZARS were provided with draft copies which showed they had been updated following the previous recommendation, in term of the drafts being finalised the view was taken that because they had been updated finalisation would occur.

BM moved onto the summary and queried whether the progress made is sufficient to have moved this up a level from limited assurance.

SK confirmed that there is a lot of work in progress and the type of controls would not push it into the limited assurance, and confident that giving the findings it is appropriate to be in moderate.

SS advised that 5.2 contract performance was checked by SK to assess whether the recommendations have been inputted on Contracts Finder.

**ACTION: SK to confirm the Contract and Procurement and provide MP with an update for the next JARAC.**

SS confirmed there was nothing raised in the savings plan audit. SS asked SK that at the February meeting to discuss any

**ACTION: SK to confirm the Contract and Procurement and provide MP with an update for the next JARAC.**

	<p>areas which JARAC may feel useful to be considered as part of the mid planning. SK agreed with this and confirmed it would be good timing.</p> <p>AJ asked if this was the first audit done on the savings plan, SS confirmed it was and it has been a helpful review to focus on.</p> <p>LH raised a point around internal audit fees, and asked if these could be presented at the next JARAC alongside the discussion for the planning for the upcoming year.</p> <p><b>ACTION: SK to present internal audit fees at the next JARAC alongside the discussion being held around planning for next years audit.</b></p>	<p><b>ACTION: SK to present internal audit fees at the next JARAC alongside the discussion being held around planning for next year's audit.</b></p>
	<b>8 INTERNAL CONTROL AND GOVERNANCE</b>	
73/23	<b>8A FINANCIAL MONITORING AND PLANNING</b>	
	<p>JP explained the forecast overspend on Chief Constables accounts mainly effected through the post establishment of police officers, the force will be receiving some additional funding due to the national uplift programme. The force has been actively tracking recruitment levels to ensure they achieve the check in dates which are September and March of the next financial year. The force are over uplift targets because of the reduction in the officer leavers due to both retirement and officers who leave the service which has meant additional costs.</p> <p>JP moved on to police overtime which the force is now seeing a reduction in overtime levels although it is still above monthly averages the force is currently looking at whether this due to extra demand or is it shift patterns that be changed to reduce the reliance on overtime. These two costs have been offset by the level of staff vacancies that have been ongoing throughout the year.</p> <p>JP moved on to the Capital Programme showing that the SNT buildings and the major new refurbishments were this is slipping. The delay on this is having an impact on cash flow which has allowed the force to reduce the borrowing and increase investments. Where the force planned for 3.3million of borrowing this will now not be required.</p>	

	<p>AJ asked if the force have highlighted the cause of why the overspending on overtime has occurred and is there a plan in place to how this will be reduced overtime.</p> <p>JP confirmed there is currently work taking place to identify these issues and this will form a plan and what the budget requirement will be for the next financial year.</p> <p>AP added that following the HMIC inspection there is a Skills Matrix app in place which holds individual skills for everyone in the force which makes it more flexible regarding reducing overtime.</p> <p>LH asked a question around the police officer monthly leavers on the figure of exactly 14 per month. Are new trends monitored by the performance planning?</p> <p>AP confirmed that he meets monthly with Head of HR which monthly monitors the leavers. In summer there was as low of 2/3 leavers, this monitors the PCSOs and contact management.</p>	
<b>74/23</b>	<b>8B WORK FORCE AND PLANNING – PUP AND ARR</b>	
	<p>AP explained that overall, the numbers were 2110, the first PUP uplift took the numbers up to 2137 and there is now a second additional PUP which increased the numbers to 2155 and the numbers predicted for the end of the financial year is 2165. The force does not want to go above this due to financial costs.</p> <p>AP gave the figures of the diversity; BAME police staff 4.6% and police officers 3.3%. There is a positive action team which look at these figures and work to the target although it hasn't been met.</p> <p>SS asked if the diversity of leavers is monitored. AP confirmed that this is looked at and there are no trends showing.</p> <p>AP stated on the PUP there are many recruits in a short time which doesn't allow for the BAME action plans etc.</p> <p>JC asked if it is just the BAME category which the force is under achieving on. AP confirmed that this is the only one standing out.</p> <p>SB asked if the force feel they have the resources to be able to achieve the targets and get the numbers up. AP confirmed there has been post filled which will be looking to consider these stats.</p> <p>SS confirmed JARAC were happy to move on.</p>	

75/23	<b>8C STOCK CONTROL UPDATE</b>	
	<p>JP advised that the progress since the previous update has been slower due to having to pause the resources whilst the automation of staff overtime was introduced on Agresso. The force has moved on from a system design stage to a system build stage. It has highlighted that there were far too many roles with different uniform requirements therefore, a uniform equipment tactical group was formed to establish the roles and the type of uniform required. The number of roles has reduced and on this system the officer will click on their role, and it will list their uniform. The system will update stock information and valuation if there is an increase in price/demand etc. The system can establish which officers are requesting what uniform and can see when officers are exceeding their allowance. It is looking to go live on 1<sup>st</sup> April 2024. SS thanked JP for this paper.</p>	
76/23	<b>8D ASSURANCE MAPPING</b>	
	<p>CR explained the assurance map of what is currently being used within the OPCC. The department are currently finalising how it fits in each of their responsibility areas. CR advised this can be brought back to the next meeting if needed.</p> <p>SS advised this has been going on a long time and a lot of different models of assurance mapping has been shared but the paper wasn't quite what was expected.</p> <p>CR advised the OPCC have moved from three lines to four lines as this is best practice, therefore this is what the OPCC will map against. SS stated that as this has gone on for a long time a discussion with internal audit may help to develop this further.</p> <p><b>ACTION: CR to take this back to AD to discuss developing a report as to what the JARAC require.</b></p> <p>BM stated that there are various well published documents which could help the OPCC produce one as there should be an assurance framework and examples have been provided to AD. Some of the issues are around the terminology used on the current assurance map.</p> <p>CR agreed with BM and advised if there is not an assurance framework one will be pulled together.</p> <p><b>ACTION: CR to speak with AD re an assurance framework.</b></p>	<p><b>ACTION: CR to take this back to AD to discuss developing a report as to what the JARAC require.</b></p> <p><b>ACTION: CR to speak with AD re an assurance framework.</b></p>
77/23	<b>ANY OTHER BUSINESS</b>	

	End of open session.	

## JOINT AUDIT, RISK AND ASSURANCE COMMITTEE

### REVIEW OF ACTIONS

<b>Agenda Item</b>	<b>Report Title and Action Required</b>	<b>Responsible Officer</b>	<b>Progress</b>
<b>ACTIONS FROM MEETING ON 4<sup>th</sup> July 2023</b>			
<b>45/23</b>	<b>8G POLICIES UPDATE</b>		
	<b>JP and RA to discuss incorporating BM's aid in the creation of policies.</b>	JP/RA	<p>BM has provided written feedback on the Procurement and Contract Management Policies. These Policies are being reviewed and any appropriate amendments will be made and the Policy's updated.</p> <p>The Policy's will be shared at the November JARAC meeting for review. BM suggested at the meeting the policy is run past him before going in the paper pack.</p> <p>JP has agreed with the JARAC Chair that he will provide a statement setting how the force are developing and improving their Procurement and Contracts Management arrangements, which will replace the need to update on the Procurement Policy.</p>
<b>ACTIONS FROM MEETING ON 21<sup>ST</sup> SEPTEMBER 2023</b>			
<b>51/23</b>	<b>4 REVIEW OF ACTIONS</b>		
	<b>MP to liaise with BM to gather wording for the policy operations instructions which states the policies go to JARAC for review.</b>	MP	<p>MP liaised with BM and KW regarding a policy operations document which is currently under review. This is being considered as part of the review to include some wording re the selected policies going to JARAC for review.</p>

			Discussed at November JARAC and BM will be provided with a copy of the document when it is complete.
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<b>53/23</b>	<b>6 FLEET MANAGEMENT STRATEGY UPDATE</b>		
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	<b>ME/AP to include the risks around electric cars including estate elements and operational impacts are in the risk register for the next JARAC.</b>	ME	<p>On agenda for November 2023 meeting.</p> <p>This was not included in the Risk Management Report – AP was going to give an update in closed session of the November meeting however this paper was deferred to the February 2024 JARAC.</p> <p><b>This paper has now been moved to April 2024 JARAC therefore action moved on.</b></p>
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<b>ACTIONS FROM MEETING ON 23<sup>rd</sup> November 2023</b>			
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<b>67/23</b>	<b>MINUTES OF THE MEETING OF THE JARAC HELD ON 23 November 2023</b>		
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	<b>MP to correct LH name in previous minutes.</b>	MP	Complete.
	<b>MP to amend previous minutes to state JC did attend the training.</b>	MP	Complete.

<b>68/23</b>	<b>REVIEW OF ACTIONS</b>		
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	<b>MP to liaise with JC re the above and ensure the Risk Management Board dates are circulated in advance for the JARAC members.</b>	MP	<p>MP and JC discussed and JC cannot now attend due to the meeting date changing.</p> <p>Discussed in agenda setting meeting and MP is to liaise with Katy Quick and send meeting invitations to JC.</p>
	<b>MP to add an hour onto the February JARAC for the data protection training.</b>	MP	Complete.



	<b>MP to arrange and set up SB induction.</b>	MP	MP has put the relevant people as per the below in contact with Sammy to organise Teams Calls and begin her induction.
<b>70/23</b>	<b>EXTERNAL AUDIT</b>		
	<b>EY to provide a written update on all outstanding audits for each year in all future reports and an update in the report for the next meeting on the delays on the collaboration work with Leicestershire Police.</b>	HL/HC	<b><u>On agenda for Feb 2024 meeting.</u></b>
<b>71/23</b>	<b>INTERNAL AUDIT RECOMMENDATIONS LOG</b>		
	<b>AP to get the figures for the next meeting as to how many policies have had EIAs completed.</b>	AP	<p>Currently we have 83 policies that have been approved. Of those:</p> <ul style="list-style-type: none"> <li>• 66 policies have an EIA.</li> <li>• 7 policies are currently under review which will include the completion and update of any EIA.</li> <li>• 10 policies have no EIA.</li> </ul> <p>Our new EDI Compliance officer started in post on the 2<sup>nd</sup> January 2024 and will be working with Policy holders and the Policy and Strategic Planning Officer to ensure all policies have a completed EIA's.</p>
	<b>AP to add the recommendation around Data Protection to the risk register.</b>	AP	AP has confirmed a discussion has been held with SS in regards to this action.
<b>72/23</b>	<b>INTERNAL AUDIT PROGRESS REPORT 2023/24</b>		

	<b>AP to provide some information on trends/ themes on whistleblowing.</b>	AP	We capture whistleblowing in the form of reports of conduct from officers either directly or anonymously (bad apple). This then forms part of our Counter Corruption analytical work that guides covert proactive investigations. This also forms the basis of the researchers and analysts work that drives our proactive response by our prevention officer.
	<b>SK to confirm the Contract and Procurement and provide MP with an update for the next JARAC.</b>	SK	SK advised that this has been reported back to SS and an updated procurement report is included in the progress report.
	<b>SK to present internal audit fees at the next JARAC alongside the discussion being held around planning for next year's audit.</b>	SK	SK will provide a verbal update at the day rates included in the latest contract on the February JARAC.
<b>76/23</b>	<b>ASSURANCE MAPPING</b>		
	<b>CR to take the Assurance Mapping back to AD to discuss developing a report as to what the JARAC require.</b>	CR	This report is currently being pulled together by CR and will be shared after the meeting once complete.
	<b>CR to speak with AD re an assurance framework.</b>	CR	This framework is currently being pulled together by CR and will be shared after the meeting once complete.
	<b>AP/ME to bring this paper to the February JARAC and include the Risk Management on Electric</b>	AP/ME	Action moved to April 2024 when this paper is at JARAC.

	<b>Vehicles and add in the Data Protection Mandatory Training.</b>		
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**FORWARD PLAN 2023/24**

<b>April 2024</b>		
	Strategy for IA and IA Plan 24/25 (Internal Audit- IA)	
	EA Report ISA 260	
	Update on delivery against the Environmental Strategy.	
	Force Risk Management Report	
	Year End Accounting Arrangements & Accounting Policies 23/24	
	Financial Monitoring and Planning 23/24.	
	HMIC Activity (including VFM profiles)	
	Complaints Performance – Update on meetings with IOPC Rep	
	Force Risk Management	
	OPCC Risk Management	
	External Audit transition and planning for 23/24 audit	
<b>July 2024</b>		
	Accounts sign off 23/24.	
	Draft Letters of Representation 23/24.	
	Internal Audit Progress Report 2024/25	
	Internal audit annual report and opinion 23/24	
	Final PCC & CC Financial Statements for 23/24.	
	EY update	
	Annual Financial Exception Reporting (Any breaches of financial regulations)	
	Financial Outlook (Savings Plan Update)	
	PCC and Force annual governance statement.	
	Policies update	
	Annual Audit Letter 23/24.	

<b>September 2024</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, whistle blowing policies.	
	Force and OPCC Risk Management Strategy	
	IS Disaster Recovery – RC to attend to update	
	Complaints Performance – OPCC and Force	
	Update on Peel Inspection HMIC	
<b>November 2024</b>		
	IA Progress Report	
	Policy Guidance	
	HMIC Activity	
	Financial Monitoring and Planning	
	Work Force and Planning – PUP and ARR	
	External audit annual report 2023	
	Stock Control Update	
	External Audit plan 23/24	
	Budget Setting Process and Assumptions	
	Force risk management	
	OPCC risk management	
<b>February 2025</b>		
	HMIC Value for Money	
	JARAC Member Self-Assessment (CIPFA Checklist)	
	Procurement Briefing- Follow up to IA report	

	EA Report ISA 260	
	Environmental Strategy	

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

### **Overview**

This paper seeks to update members of the JARAC on the progress of the audit of the 2020/21, 2021/22 and 2022/23 Statement of Accounts.

### **2020/21 Financial Statements audit**

We issued our certificate closing the audit in September 2023. PSAA have determined the scale fee variation for the Police and Crime Commissioner as £15,784 and the Chief Constable as £11,969, being a combined total of £27,753.

At the time of drafting the report, we are waiting for the purchase order numbers from officers to be able to issue our invoices.

### **2021/22 Financial Statements audit**

We have previously reported the status of the 2021/22 financial statements audit to the JARAC.

In summary, all areas of the audit are now complete subject to review, with the exception of our work over collaboration, going concern and finalising one aspect of our work over the Local Government Pension Fund. As set out in our previous reporting, we are also awaiting final confirmation from the auditors of the Derbyshire Pension Fund over their assurances to us for the purposes of auditing the Local Government Pension Scheme.

As set out in the letter from Stephen Reid, Partner, UK Head of Public Sector Audit dated 6 December 2023 EY is currently focusing its capacity on:

- **Maximising the completion of historic audits** – working to close open audits where audit work is substantially complete and with a high likelihood of issuing an opinion in a short period of time. Currently, the delivery of these audits is likely to be phased through to early 2024.
- **Pension fund audits** – These audits are not subject to the reset of the system; we continue to prioritise completion of all these audits to 2022/23.
- **Value for Money reporting** – As there are no anticipated changes to value for money reporting requirements, auditors' exception reporting responsibilities and statutory powers we continue to prioritise the completion of our reporting up to the 2022/23 financial year. Given the increasing focus on the financial sustainability of the local government sector, as well as a focus on those authorities who are seen to be at greater risk of not achieving value for money, this is an important priority in providing necessary assurances to stakeholders.
- **Planning for 2023/24 audits** – Where capacity allows, we will seek to commence planning for 2023/24; focusing on the most recent set of financial statements and supporting the reset.

We are aware of recent communications around the potential movement of the backstop date to 30 September 2024 and are working on a communication to all audited bodies which we

hope to issue shortly. However, we do not believe this impacts our current strategy and approach and will set out our rationale for this in our communication. This will then be followed by conversations with each audited body.

As previously discussed, for Derbyshire Police and Crime Commissioner and Chief Constable, this means it is unlikely that we will be able to fully conclude the 2021/22 audit with an unmodified opinion, due to reliance on other audits for collaboration purposes. Our reporting to Leicestershire Police is publicly available and their next JARAP meeting is on 31 January 2024.

### **2022/23 Financial Statements audit**

As set out in our letter dated 6 December 2023, mentioned above, we are prioritising our limited resources to progress audits where there is a high likelihood of issuing an opinion in a short period of time (early 2024).

As there are no anticipated changes to value for money reporting requirements, auditors' exception reporting responsibilities and statutory powers for 2022/23, we will focus on the completion of our value for money reporting for 2022/23.

The value for money work usually leverages certain elements of our audit of the financial statements – as this is unable to go ahead at this time, we will need to perform certain aspects that would traditionally have been performed during the financial statements audit, such as agreeing the financial statements to the trial balance, completing the disclosure checklist and our cash and cash equivalents work (this is not an exhaustive list). In the context of the reset of the local government sector, these additional procedures aim to provide some additional assurance to members.

We currently anticipate working to conclude the value for money work, with interim reporting to the JARAC in March 2024.

### **Transition**

Our proposed approach is designed to ensure that we can effect the reset successfully and then enable capacity to support the system recovery by focusing on the most recent year's financial statements, being 2023/24, and getting the audit timetables back on track. We therefore encourage engagement with your newly appointed auditor to commence your audit of 2023/24 to support a sustainable recovery of the audit arrangements across the sector and, importantly timely reporting for the PCC, CC and JARAC.



## JARAC – INTERNAL AUDIT RECOMMENDATION MONITORING

Recommendation	Responsible party	Priority	Timescale	Update
<b>April 2023</b>				
<b>Management of Policies and Procedures</b>				
4.2 The Force should ensure that Equality Impact Assessments are conducted and reviewed in a timely manner.	Head of Equality and Policy Officer	2	October 2023	<p>July 2023:</p> <p>Equality Impacts Assessments (EIA) are themselves not a legal requirement, however they are Derbyshire Constabulary’s chosen tool to help our organisation meet our responsibilities to ensure we comply with the duty to show ‘due regard’ under the Equality Act 2010 and involves assessing the likely (or actual) effects of the policy, guidance, project or working practice on people in respect of their protected characteristics.</p> <p>The EIA should be completed by the policy holder (or nominated person) for the business area the policy, guidance, project or working</p>

			<p>practice relates to. The process in force in relation to Policy new or existing is that the nominated owner will be contacted by Policy and Strategic Planning Officer to inform around the policy process/review and make them aware of the need to complete an EIA, by forwarding the EIA form and guidance document. On completion the EIA would be forwarded to the Compliance Officer in the Equality Diversity and Inclusion Team (EDI) or Head of EDI for quality assurance, subsequently all EIA's should be signed off by the Head of EDI.</p> <p>It has been identified that nominated policy owners do not always complete the EIA or due to the nature of the policy request that it is published whilst the EIA is being formulated.</p> <p>The previous head of EDI left force in July 2022 and since this time the Compliance Officer has been acting up as Temporary Head of EDI and carrying out dual role with limited capacity.</p>
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			<p>Going forward the force is in the process of recruiting a replacement Compliance officer and once employed reviewing the EIA completion process will be a priority.</p> <p>In the meantime the Policy and Strategic Planning Officer and Head of EDI will be delivering a joint training session with department nominees to ensure they are aware of their responsibilities in the completion of EIA's and to provide additional training in addition to the guidance that is already provided.</p> <p>September 2023: (No change in update)  <i>Equality Impacts Assessments (EIA) are themselves not a legal requirement, however they are Derbyshire Constabulary's chosen tool to help our organisation meet our responsibilities to ensure we comply with the duty to show 'due regard' under the Equality Act 2010 and involves assessing the likely (or</i></p>
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			<p><i>actual) effects of the policy, guidance, project or working practice on people in respect of their protected characteristics.</i></p> <p><i>The EIA should be completed by the policy holder (or nominated person) for the business area the policy, guidance, project or working practice relates to. The process in force in relation to Policy new or existing is that the nominated owner will be contacted by Policy and Strategic Planning Officer to inform around the policy process/review and make them aware of the need to complete an EIA, by forwarding the EIA form and guidance document. On completion the EIA would be forwarded to the Compliance Officer in the Equality Diversity and Inclusion Team (EDI) or Head of EDI for quality assurance, subsequently all EIA's should be signed off by the Head of EDI.</i></p> <p><i>It has been identified that nominated policy owners do not always complete the EIA or due</i></p>
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			<p><i>to the nature of the policy request that it is published whilst the EIA is being formulated.</i></p> <p><i>The previous head of EDI left force in July 2022 and since this time the Compliance Officer has been acting up as Temporary Head of EDI (now substantive in post) and carrying out dual role with limited capacity. Going forward the force is in the process of recruiting a replacement Compliance officer (interviews September 23) and once employed reviewing the EIA completion process will be a priority.</i></p> <p><i>In the meantime the Policy and Strategic Planning Officer and Head of EDI have started to deliver joint training session with department nominees to ensure they are aware of their responsibilities in the completion of EIA's and to provide additional training in addition to the guidance that is already provided.</i></p> <p>November 2023: Equality Impacts Assessments (EIA) are themselves not a legal requirement,</p>
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			<p>however they are Derbyshire Constabulary' s chosen tool to help our organisation meet our responsibilities to ensure we comply with the duty to show 'due regard' under the Equality Act 2010 and involves assessing the likely (or actual) effects of the policy, guidance, project or working practice on people in respect of their protected characteristics.</p> <p>The EIA should be completed by the policy holder (or nominated person) for the business area the policy, guidance, project or working practice relates to. The process in force in relation to Policy new or existing is that the nominated owner will be contacted by Policy and Strategic Planning Officer to inform around the policy process/review and make them aware of the need to complete an EIA, by forwarding the EIA form and guidance document. On completion the EIA would be forwarded to the Compliance Officer in the Equality Diversity and Inclusion(EDI) or Head of EDI for quality assurance, subsequently all EIA's should be signed off by the Head of EDI.</p> <p>The previous head of EDI left force in July 2022 and since this time the Compliance Officer was acting up as Temporary Head of EDI before becoming substantive in the role In February 2023. Since this time the Head of EDI has been carrying out dual role with limited capacity. The Force has now interviewed and are in pre employment checks (vetting/drug testing) for a replacement Compliance officer.</p> <p>There is also governance of EIA's via the Policy Advisory Group who ensure that any policy has an accompanying EIA completed. The Policy template</p>
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				<p>has also been redesigned to encompass an EIA completion section.</p> <p>This has ensured we are in a much better position however it is important to ensure that the EIA's are quality assured prior to sign off. Currently EIA's with high impact are being prioritised however once the Compliance officer is in post, reviewing the outstanding EIA's will be a priority.</p> <p>The Policy and Strategic Planning Officer and Head of EDI continue to deliver joint training sessions with department nominees to ensure they are aware of their responsibilities in the completion of EIA's and to provide additional training in addition to the guidance that is already provided.</p> <p>This was discussed at November meeting. AP to provide figures of the number of policies which have had EIAs completed. Then this will be complete. February 2024: Currently we have 83 policies that have been approved. Of those:</p> <ul style="list-style-type: none"> <li>• 66 policies have an EIA.</li> <li>• 7 policies are currently under review which will include the completion and update of any EIA.</li> <li>• 10 policies have no EIA.</li> </ul>
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				Our new EDI Compliance officer started in post on the 2 <sup>nd</sup> January 2024 and will be working with Policy holders and the Policy and Strategic Planning Officer to ensure all policies have a completed EIA's.
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November 2023				
Counter Fraud and Whistleblowing				
4.1 Ongoing Fraud Training The Force should ensure that annual training with respect to counter fraud is delivered to all staff. Staff within roles of higher risk should complete training on a more frequent basis. The Force should carry out a training needs analysis to establish which areas of the organisation have a higher risk of fraud and corruption. Training records should be maintained by the Force, to evidence completion of such training, with non-compliance escalated accordingly.	Head of Training and Development.	2	January 2024.	February: When Mazars conducted the audit of Counter Fraud, a recommendation was that of force wide training. The issue of Theft and Fraud is included in the strategic categories for PSD, however the specific issue of Counter Fraud is dealt with from a Bribery and Corruption angle, rather than a commercial risk. The risk surrounding Counter Fraud in my opinion is limited, but not exclusively, to enabling services such as Procurement. Any force wide training in my opinion would be disproportionate to the threat posed.



				<p>Having sat on the force training commissioning group, there are critical area of training that are required in the coming year, a significant proportion will be mandatory national packages. I would respectfully suggest that whilst Mazars see this as a medium risk to the force, I see the risk when measured against other threats as extremely low.</p> <p>I would therefore suggest, I take the Mazars report into 2025 with a view to ensuring PSD training is reviewed with this specific risk being considered alongside emerging risks this year.</p>
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# Office of the Police & Crime Commissioner for Derbyshire & Derbyshire Police

**JARAC – 01 February 2024**

**Internal Audit Progress Report**

Date Prepared: January 2024

**mazars**

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- 01 Snapshot of Internal Audit Activity
- 02 Overview of Internal Audit Plan 2023/24
- 03 Overview of Collaboration Plan 2023/24
- 04 Key Performance Indicators
- 05 Definitions of Assurance Levels and Recommendation Priority Levels
- A1 Final Reports

## Disclaimer

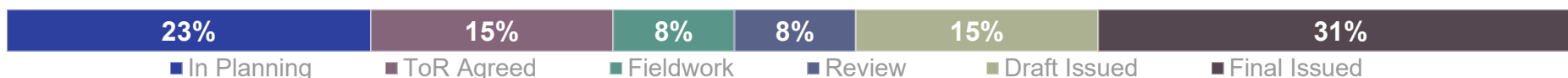
This report ("Report") was prepared by Mazars LLP at the request of the Office of the Police and Crime Commissioner (OPCC) for Derbyshire and Derbyshire Police and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came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

The Report was prepared solely for the use and benefit of the Office of the Police and Crime Commissioner (OPCC) for Derbyshire and Derbyshire Police and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, 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 this report for further information about responsibilities, limitations and confidentiality.



## Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2023/24 Internal Audit Plan.



**JARAC decisions needed**

- Note the progress being reported and consider final reports included separately in **Appendix 1**

**RAG status of delivery of plan to timetable**

**On Track**

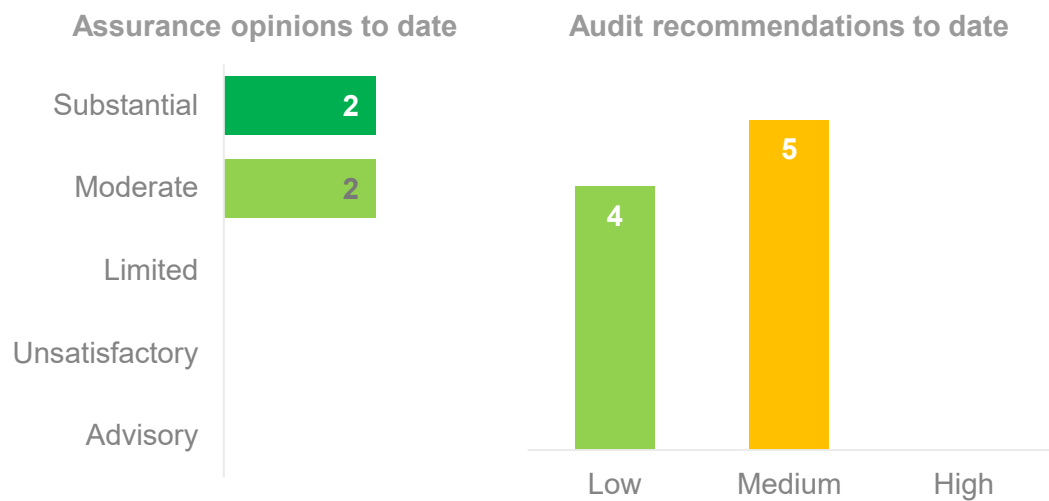
**Key updates**

Since the last update provided to the committee, we have issued a final report for the Core Financials audit, an updated final report for the Procurement audit and draft report for the Payroll audit. Additionally, fieldwork has been concluded for the Transport Follow Up audit and fieldwork is ongoing for the Workforce Planning audit.

An overview of the Internal Audit Plan can be found in Section 2.

Since the last update, the draft report for the EMSOU Capital Programme audit has been issued.

An overview of the Internal Audit Plan can be found in Section 3.



## Overview of Internal Audit Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Plan.

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Whistleblowing / Counter Fraud	5	5	Fiona Macdonald	Final Report	26-Jun-23	Nov-23	Moderate	4	-	1	3
Governance	10	10	Marie Romano	Draft Report	26-Jun-23			-	-	-	-
Procurement & Contract Management Follow Up	10	10	Rob Atkinson	Final Report	01-Aug-23	Feb-24	Moderate	3	-	2	1
Core Finance	10	10	Kelly Fantom	Final Report	10-Oct-23	Feb-24	Substantial	2	-	2	-
Savings Plan	3	3	Andrew Dale	Final Report	11-Oct-23	Nov-23	Substantial	-	-	-	-
Payroll	5	5	Kelly Fantom	Draft Report	06-Nov-23			-	-	-	-
Transport Follow Up	5	5	Andrew Fowler	In Review	13-Nov-23			-	-	-	-
Workforce Planning	10	10	Anne McCarthy	Fieldwork	20-Nov-23			-	-	-	-
IT - Key Security Control	10	10		ToR Issued	01-Feb-24			-	-	-	-
Vetting	7	7	Gemma Jolly	ToR Issued	19-Feb-24			-	-	-	-
Victim Services	7	7		In Planning	19-Feb-24			-	-	-	-
Busienss Continuity Follow Up	8	8	Phillip Mitchell	In Planning	07-Mar-24			-	-	-	-
Health & Safety	7	7	Jo Bingley	In Planning	18-Mar-24			-	-	-	-
<b>Totals</b>	<b>97</b>	<b>97</b>					<b>Totals</b>	<b>9</b>	<b>-</b>	<b>5</b>	<b>4</b>

## Overview of Collaboration Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Collaboration Plan.

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
EMSOU Capital Programme	7	7	Jon Peatling (Derbyshire)	Draft Report	04-Sep-23			-	-	-	-
EMSOU Workforce Planning	7	7	Paul Dawkins (Leicestershire)	Fieldwork	27-Nov-23			-	-	-	-
EMSOU HMICFRS Action Plan	7	7	Andrew Dale (Derbyshire)	ToR Issued	19-Feb-24			-	-	-	-
<b>Totals</b>	<b>21</b>	<b>21</b>					<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Key Performance Indicators

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.	50% (2 / 4) †
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
7	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	89% (8 / 9)
8	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)

## Key Performance Indicators (Cont.)

Audit	Date of ToR	Start of Fieldwork	Days Notice (10)	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)
Whistleblowing / Counter Fraud	25-May-23	26-Jun-23	22	04-Sep-23	07-Sep-23	3	12-Oct-23	25	17-Oct-23	3
Governance	11-Jun-23	26-Jun-23	10	11-Sep-23	11-Sep-23	0				
Procurement & Contract Management Follow-Up	25-Jul-23	01-Aug-23	5	11-Sep-23	04-Oct-23	17	17-Oct-23	9	25-Oct-23	6
Core Finance	07-Sep-23	10-Oct-23	23	19-Oct-23	04-Dec-23	32	02-Jan-24	21	18-Jan-24	12
Savings Plan	27-Sep-23	11-Oct-23	10	17-Oct-23	31-Oct-23	10	02-Nov-23	2	07-Nov-23	3
Payroll	12-Oct-23	06-Nov-23	17	27-Nov-23	18-Jan-24	38				
Transport Follow-Up	12-Oct-23	13-Nov-23	22							
Workforce Planning	06-Nov-23	20-Nov-23	10							
IT – Key Security Controls		01-Feb-24								
Vetting	11-Jan-24	19-Feb-24	27							
Victim Services		19-Feb-24								
Business Continuity Follow-Up		07-Mar-24								
Health & Safety		18-Mar-24								



## Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

Final Reports





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

## Internal Audit Final Report

### **Core Financials (05.2023/24)**

**Audit Sponsor:** Andrew Dale, OPCC Chief Operating Officer (S151); Jon Peatling, Chief Finance Officer

**Audit Contacts:** Jon Peatling, Chief Finance Officer; Maria Fox, Head of Finance; Kelly Fantom, Senior Operational Management Accountant

#### **January 2024**

Debrief Meeting: 19/10/23

Draft Report Issued: 04/12/23

Comments Received: 02/01/24

Final Report Issued: 18/01/24

# mazars

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### *Disclaimer*

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# Your One Page Summary

**Audit Objective:** To provide assurance that the risks associated with Core Financials are being effectively managed by the Force and OPCC.

## Audit rationale

<b>Why the Audit is in Your 2023/24 Plan</b> A key part of assurance for the Force & OPCC in regard to its financial controls.	<b>Your Strategic Risk</b> STR1192 – Financial Resources insufficient to meet spending and investment plans.
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## Summary of our opinion

<div style="background-color: #76b82a; color: white; padding: 10px; text-align: center;"> <b>Moderate Opinion</b>                      See Appendix A1 for definitions                 </div>	<b>Summary of Recommendations</b>			
	High	-	Actions agreed by you	100%
	Medium	2	High Priority completion	N/A
	Low	-	Overall completion	April 2024

X

## Summary of findings

<b>Examples of good practice</b> <ul style="list-style-type: none"> <li>✓ Audit confirmed for a sample of 10 investments that segregation of duties was present, adequate supporting information was retained and investments were made within agreed limits.</li> <li>✓ Audit reviewed a sample of 10 manual journals, agreed these to supporting documentation and confirmed the staff members posting the journals have the correct authority to do so.</li> </ul>	<b>Highest Priority Findings</b> <ul style="list-style-type: none"> <li>• For one amendment of a supplier's bank details the Force did not possess any supporting documentation to show that independent checks to confirm the authenticity of the request had been conducted.</li> <li>• Purchase orders were retrospectively raised for two payments in our sample.</li> </ul>	<b>Key root causes</b> <ul style="list-style-type: none"> <li>• Officers responsible for undertaking supplier amendments have not been adequately trained on the Force's procedures for conducting independent checks and documenting verification.</li> <li>• Escalation procedures have not been implemented to deter Officer's from circumventing the procurement procedure.</li> </ul>
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## Direction of travel

<b>Previous Audit</b> December 2022	<b>Direction of Travel</b> Previous opinion: Significant Assurance	<b>Recurring Findings</b> None
----------------------------------------	-----------------------------------------------------------------------	-----------------------------------

## 01 Summary Action Plan

Below is a high level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Owner	Due Date
1	<p>The Force should ensure that independent checks such as seeking direct confirmation from the supplier are conducted to verify the validity of supplier amendment requests received.</p> <p>The Force should ensure that audit trails are maintained for all amendments to supplier records, including evidence of the checks undertaken to confirm the validity of each request.</p>	Medium	Head of Finance	Implemented December 2023
2	The Force should ensure that PO's are raised prior to receipt of goods received notes and invoices for all suppliers who are not on the exemption list.	Medium	Head of Finance	Enhanced Process to commence February 2024 with full roll out by 1 <sup>st</sup> April 2024

## 02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

### Value for Money



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

- A hybrid/agile working approach is still adopted by the Force, leading to journals being posted to the GL at variable times. However, the Force conducts quarterly spot checks of manual journals to retrospectively authorise the accuracy of such journals, which Audit confirmed for the previous two quarters.
- The Force utilises Security Plus regarding physical cash deposits and collections weekly, thus allowing Force staff to focus their resources and time on other tasks.
- The Force produces monthly Budget Monitoring Reports which detail actual spend against budgeted spend for both its revenue and capital budgets. Commentary is also provided detailing the root cause of any variance in spend against budget. The Budget Monitoring Reports are shared with the Finance Assurance Board at a monthly frequency which ensures regular oversight of policing budgets and aids the Force in ensuring there is efficient utilisation of its available funds.

### Sector Comparison

Audit notes that the Force's current existing controls with respect to investments can be further enhanced to align with best practice of its peers across the region.



- Currently, the Senior Operational Management Accountant has delegated authority to both invest and remove funds within Money-Market-Funds (MMFs). Investing funds require an initial commitment to be made on the investment portal, followed by a two-step authorisation process within the Bank portal to physically shift funds within the MMF. However, removing funds only requires an initial commitment within the investment portal to physically withdraw monies.
- The Force's peers follow a similar approach regarding investing in MMFs, however they are also able to generate an automated email to notify other signatories once funds are withdrawn, a current practice which is not in place at Derbyshire.
- The introduction of an automated email should be explored by the Force, as it would provide them a real-time update as to when funds are withdrawn from MMFs, as opposed to current practice which involves the retrospective review of Treasury Management Daily Cash Sheets which can be untimely.

### 03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1 Supplier amendments are not appropriately validated	
Finding(s) and Risk	Recommendation(s)
<p><b>Observation:</b> The Setting Up A New Supplier on Agresso procedure details that amendments made to supplier master records should be requested by either letter or email. Officers are then responsible for verifying the instruction prior to making the amendment and any supporting documentation received should be attached to the supplier record within Agresso.</p> <p>We selected a sample of ten supplier amendments made within the last 12 months and reviewed the supplier master record on Agresso and supporting documentation for each to confirm that each amendment was processed by an authorised officer and was subject to the appropriate checks for authenticity.</p> <p>We noted that for one amendment of a supplier’s bank details (Supplier Number: 42575) that no supporting documentation was available to show that independent checks to confirm the authenticity of the request had been conducted.</p> <p>We were provided with a payment voucher sent to the Finance Team by the Office Manager which possessed the supplier’s bank details, however as the voucher was not signed we could not confirm if it had been completed by the supplier or by an employee of the Force.</p> <p><b>Risk:</b> Where independent checks are not conducted, fraudulent amendments to supplier details may be sanctioned resulting in payments being redirected to unauthorised accounts and financial loss for the Force.</p>	<ol style="list-style-type: none"> <li>1. The Force should ensure that independent checks such as seeking direct confirmation from the supplier are conducted to verify the validity of supplier amendment requests received.</li> <li>2. The Force should ensure that audit trails are maintained for all amendments to supplier records, including evidence of the checks undertaken to confirm the validity of each request.</li> </ol>
	Root Cause(s)
	<p>The officers responsible for undertaking supplier amendments have not been adequately trained on the Force’s procedures for conducting independent checks and documenting verification.</p>
Management Comments / Agreed Actions	
<p>The documented process is the procedure which is followed for setting up new suppliers. The transaction highlighted (42575) was an employee claiming an expense refund. A voucher had been received by Finance, being completed electronically by the individual and passed through via email by their line manager, so no signature was evident on the form itself which was uploaded to Agresso. However, where payments are routed via expenses through Accounts Payable (AP) rather than Payroll the Finance Team check and confirm the bank details to set up the “new supplier” against the employee’s payroll record to confirm the bank details match what is already documented in the Payroll system but no record of this check had been stored on Agresso for this transaction.</p>	



**Additional Control Implemented December 2023** - In order to evidence that the check within Payroll is carried out Finance will add to the existing process so that in future where an employee is reimbursed using AP for expenses and therefore needs to be set up as a new supplier we will document the payroll check process by adding the screen shot confirming the bank details are accurate to the relevant transaction on the supplier record on Agresso.

<b>Responsible Person</b>	Head Of Finance	<b>Action Due Date</b>	Implemented with immediate effect – December 2023
		<b>Priority Level</b>	<b>Medium</b>

2 Purchase orders are retrospectively raised	
Finding(s) and Risk	Recommendation(s)
<p><b>Observation:</b> As per the Derbyshire Constabulary Police and Crime Commissioner Financial Handbook, purchase orders are to be raised for all work, goods and services that are not included on a list of exemptions agreed with the Chief Finance Officer. Where services have been approved for purchase following a requisition, they are sent to the supplier to initiate a purchase, which is paid following an invoice and delivery of goods.</p> <p>We selected a sample of ten purchases from the last 12 months and reviewed the Goods Received Note (GRN), Purchase Order (PO) and Invoice for each in order to determine if all invoices were matched to a PO and GRN prior to payment.</p> <p>We noted that for one purchase (Transaction Number: 714770) the PO was raised nine days after the invoice had been received. Retrospective PO's are not in accordance with the Force's procedures as they indicate that approval may not have been sought prior to the purchase being initiated.</p> <p>Additionally, we also noted that for one purchase (Transaction Number: 7162983) the GRN was raised on the same date that the PO was raised. This indicates that approval may not have been sought for the purchase prior to the purchase being initiated and the goods being delivered.</p> <p><b>Risk:</b> Purchases may be initiated without appropriate authorisation leading to unplanned expenditure and creating financial and operational challenges for the Force.</p>	<p>3. The Force should ensure that PO's are raised prior to receipt of an invoice and GRN for all suppliers who are not on the exemption list.</p>
	Root Cause(s)
	<p>Escalation procedures have not been implemented to deter Officer's from circumventing the procurement procedure when operational pressures arise.</p>
Management Comments / Agreed Actions	
<p>There is an existing process in place to deal with departments failing to action a purchase order in a timely manner and the escalation process which exists is a workflow within Agresso which highlights any such transaction to enable the Finance Team to escalate these instances to Budget Holders and provide any advice/guidance required. As part of this existing process Finance arrange with the Budget Holder to raise the purchase orders (POs) retrospectively so we can identify those breaches that have occurred and evidence these have been addressed.</p> <p><b>Additional Controls to be Implemented:</b> We recognise that this process could be further strengthened and will therefore implement an enhanced procedure which will introduce formal written escalation stages both internally with Budget Holders, through to the Force Executive as well as with external suppliers. As part of this period of focus we will continue to raise the PO's retrospectively but the purpose will be primarily to enable the details of the remedial action to be uploaded to Agresso to evidence the additional intervention which has taken place, the details of the new process are outlined below:</p> <p><b>Lead in/Preparation for New Process</b> - Head of Finance will write to all Budget Holders advising them of the new process. Head of Finance will also write to all existing external suppliers to advise them of the requirement for an official Derbyshire Constabulary PO in advance of the supply of any goods and</p>	

services and that the PO MUST be quoted on any and all invoices in future in order to receive payment. Head of Finance will also liaise with procurement to check/ensure that all new contracts include the requirement for a PO in advance of supply of goods and services and that this must be quoted on any and all invoices as part of the terms and conditions and will also review the list of suppliers who don't have to provide a PO to check this is current and appropriate.

**Stage 1 Reporting** - First Instance of No PO on receipt of an invoice – Finance Team will raise with Budget Holder to advise of the breach (Head of Finance will devise a script so the messaging is consistent) and the verbal advice/conversation will be followed up in writing with email content agreed by Head of Finance. This step allows Finance to ensure that training/understanding is embedded within departments and this stage will therefore be treated as “a learning opportunity” for the first offence. First instance of No PO on receipt of an invoice for the supplier will result in a written notification to be sent to Supplier warning of no PO, no payment in future for any subsequent incidents/transactions, again correspondence content agreed by Head of Finance.

**Stage 2 Reporting** - Second Instance of No PO on receipt of an invoice – Head of Finance will write to Budget Holder (copied into their Chief Supt/Head of Dept) highlighting this is a repeat incident and outlining the breach in terms of lack of compliance with financial regulations, impact on budget management and possible procurement risks/issues. Second instance with any Supplier will result in a written notification to the Supplier with a repeat of the requirement to obtain an official PO prior to the supply of goods and services, confirming they have been previously notified of this requirement and advising them that their invoice is rejected and that they must contact the department to obtain the required PO in order to then submit a revised invoice. (This will effectively delay the suppliers payment but should act as a sufficient deterrent whereby they will subsequently refuse any requests where they don't get a PO first.)

**Stage 3 Reporting** - Third Instance of No PO to go with Invoice – Chief Finance Officer will write to the relevant ACC/ACO highlighting this is the third occasion, highlighting previous warnings and outlining the risks and breach in terms of compliance with financial regulations, impact on budget management and possible procurement risks/issues as well as the impact from an Audit/JARAC/HMICFRS performance and scrutiny perspective. The breaches will also be reported on a separate slide on the Monthly Budget Monitoring Pack which goes to the Force Executive with the script outlining the impact on Force finances and compliance issues. The third instance with any Supplier will result in a written notification to be sent to the Supplier from Chief Finance Officer (with input from a procurement perspective in terms of contract requirements where appropriate) and with a repeat of the requirement to obtain an official PO prior to the supply of goods and services. The correspondence will confirm that they have been previously notified of this requirement and advise them that their invoice is rejected and that they must contact the department to obtain the required PO in order to submit a revised invoice. (We envisage suppliers will be unlikely to get to stage 3 but we can monitor this and adjust our response if they are not responding to stages 1 and 2.)

<b>Responsible Person</b>	Head of Finance	<b>Action Due Date</b>	Full rollout by 1 <sup>st</sup> April 2024
		<b>Priority Level</b>	<b>Medium</b>

## A1 Audit Information

### Agreed Audit Objective and Scope

The objectives of our audit were to assess whether the Office of the Police and Crime Commissioner for Derbyshire and Derbyshire Police has in place adequate and appropriate policies, procedures and controls in relation to Core Financials with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

- Accounting transactions are incorrectly recorded in the accounts.
- Management is not aware of performance issues due to lack of detailed management accounts.
- Missing transactions are not identified due to reconciliations not being completed.
- Receipted monies are not accurately recorded.
- Treasury and other financial decisions are not made based on available cash due to lack of monitoring.
- Investments made do not constitute good value for money.
- Borrowing undertaken does not constitute good value for money.
- New suppliers can be paid without review and verification.
- Supplier details can be amended without review and verification.
- Payments are made without authorisation and not in a timely manner.
- Payments are made for goods and/or services prior to their receipt.
- BACS payments are incorrectly processed.
- Inconsistent approaches are taken to financial activities.
- Systems can be inappropriately accessed.
- Fraudulent activity is not prevented or identified.

### Scope Limitations

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. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.



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

**Procurement & Contract Management (03.2023/24)**

**Audit Sponsor:** Andrew Dale, OPCC Chief Finance Officer / Jon Peatling, Force Chief Finance Officer

**Audit Contacts:** Rob Atkinson, Head of Procurement

**mazars**

January 2024

**Reporting Timetable**

Debrief Meeting: 11/9/23

Draft Report Issued: 04/10/23

Comments Received: 17/10/23

Final Report Issued: 25/10/23

Final Report Re-Issued: 19/01/24

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**Disclaimer**

This report (“Report”) was prepared by Mazars LLP at the request of Derbyshire Police (the Force) and the Office of the Police & 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 of the Force and 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 in Appendix A2 of this report for further information about responsibilities, limitations and confidentiality.

# Your One Page Summary

Audit Objective: assess the design and effectiveness of the control framework for managing procurement and contract management.

## Audit rationale

Why the Audit is in Your 2023/24 Plan	Your Strategic Risk	Your Strategic / Tactical Objective
High risk area with mixed views on performance.	SR2: Untimely response to incidents.	SO4: Caring for our community.

## Summary of our opinion

**Moderate Opinion**  
See Appendix A1 for definitions

Summary of Recommendations	
<b>High</b>	-
<b>Medium</b>	2
<b>Low</b>	1

Actions agreed by you	
High Priority completion	N/A
Overall completion	

## Summary of findings

Examples of good practice	Highest Priority Findings	Key root causes
<ul style="list-style-type: none"> <li>✓ The Procurement and Contract Management Policy have been recently updated in May 2023.</li> <li>✓ Appropriate performance management requirements have been embedded within contracts.</li> </ul>	<ul style="list-style-type: none"> <li>• The Quarterly Procurement Report contains some inaccurate information.</li> <li>• A formal contract management training programme is not in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly Procurement Report missing information due to the data transfer to Keto.</li> <li>• The Contracts &amp; Engagement Officer, who will be responsible for training, has only recently joined the Force.</li> </ul>

## Direction of travel

Previous Audit	Direction of Travel	Recurring Findings
May 2022	Previous opinion: Limited	<ul style="list-style-type: none"> <li>• Lack of formal contract management training programme</li> </ul>

## 01 Summary Action Plan

Below is a high level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Owner	Due Date
1	<p><b>Contracts Register</b></p> <p>The contract register should be sample checked on a regular basis to ensure that it contains accurate information, including estimated contract values where possible.</p> <p>Contracts should be promptly published in the contracts register where there is a requirement to do so.</p> <p>The contracts register should be published on a quarterly basis.</p>	Medium	Head of Procurement	Completed October 2023
2	<p><b>Contracts Finder</b></p> <p>Awarded contracts over the value of £25,000 should be published on Contracts Finder and the Find a Tender service where required.</p> <p>Training should be provided to staff to ensure that the requirements of the Public Contract Regulations 2015 are understood, including the requirement for publishing contract award notices.</p> <p>Guidance and procurement checklists should be updated to ensure that contract award notices are published, where required.</p>	Medium	Head of Procurement	March 2024
3	<p><b>Contract Management Training</b></p> <p>Procurement should consider developing a more formal / structured training programme for all staff involved in contract management.</p>	Low	Head of Procurement	March 2024



## 02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

### Value for Money



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

Audit recommendations detailed in Section 03 below have been designed to address weaknesses in the control environment but also to improve the efficiency and effectiveness of the existing control environment. During the audit, we identified that:

- The Force considers collaboration with other agencies and partners where possible.
- The Force uses a framework agreement which allows it to take advantage of economies of scale, competitive pricing and a more streamlined procurement process.

### Sector Comparison

Procurement within public sector organisations is governed by the Public Contracts Regulations 2015, and as a result of this, there are broad similarities in the procurement process in comparison to other Forces in the region.



- Procurement and contract management procedures and financial and contract rules are in place, setting out roles and responsibilities and requirements such as obtaining quotations and tenders.
- Similarly to other Forces, Derbyshire has a central procurement team who provide support to business areas for lower value procurements and take the lead for larger value procurements.
- From recent reviews of Procurement at other Forces, we have found that the lack of a formal contract management training programme is a common issue.

## 03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1 Quarterly Procurement Report	
Finding(s) and Risk	Recommendation(s)
<p>The Force produces a Quarterly Procurement Report which is published on the Derbyshire PCC website and was last updated in June 2023.</p> <p>From discussion with the Head of Procurement we noted that previously, the Contract Register was dealt with by another department for FOI requests but is now kept up to date within the Procurement Department.</p> <p>From review of a sample of 10 contracts we found that nine purchases were included within the Quarterly Procurement Report. However, we found that three of the contracts did not have a contract value noted within the Quarterly Procurement Report where an estimate could have been provided. These contracts are based on daily / callout rates with no predetermined fixed prices, however, in some cases an estimate was included within pre-tender documentation which was not included within the Quarterly Procurement Report. During discussions we also noted that in some cases this may have been a result of the data transfer from Agresso to the Keto system.</p> <p>This recommendation was raised as part of our May 2022 audit and, as part of this audit, we have confirmed that this has been partly implemented.</p> <p><b>Risk and Impact:</b> Contract registers are not accurate and are not published under the organisation's Publication Scheme, as per the Freedom of Information Act.</p>	<ol style="list-style-type: none"> <li>1. The contract register should be sample checked on a regular basis to ensure that it contains accurate information, including estimated contract values where possible.</li> <li>2. Contracts should be promptly published in the contracts register where there is a requirement to do so.</li> <li>3. The contracts register should be published on a quarterly basis.</li> </ol>
	Root Cause(s)
	<p>The transfer of data from the Agresso to Keto financial system may have led to missing values.</p> <p>Some contracts are based on daily / callout rates with no predetermined fixed prices leading to difficulties estimating values.</p>

Management Comments / Agreed Actions

Contracts register is currently refreshed and reviewed by the Procurement Team on a quarterly basis and sent to Force Comms and OPCC for publishing on websites. The 3 entries without values on the contracts register sample referred to are call out service contracts for Language Services, Boarding Up and Selected Medical Practitioners. These contracts have no pre-determined contract values, and incur costs (charged at tendered rates) dependant on usage of the service. It has not been the practice of the Procurement Team to estimate usage on the contracts register for these entries, but it is something we have now implemented going forward.

Action and change have been implemented

Responsible Person	Head of Procurement	Action Due Date	Completed – October 2023
		Priority Level	Medium

2 Publication of Notices on Contract Finder			
Finding(s) and Risk		Recommendation(s)	
<p>The Force is required to publish notices on Contract Finder for procurement opportunities and awards as set out in the Public Contract Regulations 2015.</p> <p>From review of a sample of 10 contracts, confirming that the contract advertisement and award had been published appropriately in 3/10 cases.</p> <p>For the remaining 7 cases, the procurement was carried out as direct award against a framework and therefore the contract opportunity was not required to be published on Contracts Finder. However, it was noted that while a decision notice had been published on the PCC's website for the direct awards, a contract award had not been published on Contracts Finder for these cases.</p> <p>This recommendation was raised as part of our May 2022 audit and, as part of this audit, we have confirmed that this has been partly implemented.</p> <p><b>Risk and Impact:</b> The Force has not complied with its obligations under the Public Contract Regulations 2016.</p>		<ol style="list-style-type: none"> <li>4. Awarded contracts over the value of £25,000 should be published on Contracts Finder and the Find a Tender service where required.</li> <li>5. Training should be provided to staff to ensure that the requirements of the Public Contract Regulations 2015 are understood, including the requirement for publishing contract award notices.</li> <li>6. Guidance and procurement checklists should be updated to ensure that contract award notices are published, where required.</li> </ol>	
		Root Cause(s)	
		Lack of understanding regarding the requirements of the Public Contract Regulations 2015, as relating to the publication of contract awards on Contracts Finder.	
Management Comments / Agreed Actions			
Learnings here will be cascaded down to team to ensure that an additional award notice is published on Contracts Finder			
Responsible Person	Head of Procurement	Action Due Date	31 March 2024
		Priority Level	Medium

3 Contract Management Training	
Finding(s) and Risk	Recommendation(s)
<p>Contract management training with BlueLight Commercial has been undertaken for the Contracts and Engagement Officer, however, a formal / structured training programme has not yet been rolled out to the wider Force.</p> <p>From discussion with the Head of Procurement, once the Contracts and Engagement Officer completes training, it is intended that they will assist in training the wider Force.</p> <p>This recommendation was raised as part of our May 2022 audit and, as part of this audit, we have confirmed that this has been partly implemented.</p> <p><b>Risk and Impact:</b> Staff involved in purchasing, procurement and contracts are not appropriately trained leading to insufficient or inappropriate contract management taking place and the Force not obtaining best Value for Money from procurements.</p>	<p>7. The Procurement Team should consider developing a more formal / structured training programme for all staff involved in contract management.</p>
	Root Cause(s)
	<p>The Contracts and Engagement Officer has only recently joined the Force and has not yet completed contract management training.</p>
Management Comments / Agreed Actions	
<p><b>The Contracts &amp; Engagement officer joined the team in January 2023. Since then she has completed specific contract management training provided via CIPS and Bluelight Commercial, this training is both at foundation (as have all staff) and practitioner levels. These training programmes are being amended to make them Derbyshire specific in their content to assist understanding, and then the process of rolling out around force will gather pace. The Contracts &amp; Engagement Officer is already, and has been from an early stage, attending meetings to lead and support colleagues liaising with suppliers to ensure contract delivery and problem solving.</b></p> <p><b>All contracts have been graded to signify level of contract management required and supporting literature around approach and procedure is being developed to assist colleagues Forcewide who may come into contact with suppliers.</b></p> <p><b>As reported in the previous audit the Procurement Team have considered and are developing programmes and procedures and have made significant improvements.</b></p>	

<b>Responsible Person</b>	Head of Procurement	<b>Action Due Date</b>	Forcewide implementation/roll out of Contract Management Training to commence prior to March 2024
		<b>Priority Level</b>	Low

## A1 Previous Audit Recommendations

Recommendation Reference – May 2022 Report	Recommendation Details – May 2022 Report	Audit Findings – September 2023	Outcome
5.1 – Policies & Procedures	<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.</p> <p>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>Updated policies and procedures have now been provided:</p> <ul style="list-style-type: none"> <li>• Procurement Policy – Updated May 2023</li> <li>• Contract Management Policy – Updated May 2023</li> </ul>	Implemented
5.2 – Contract Management	<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.</p> <p>Procurement should have access to contract management related documentation in order to support the monitoring of contract performance</p>	<p>The Procurement and Contract Management Policies were updated in May 2023 and these include details of contract management requirements. For example, it is stated in the Procurement Policy that appropriate contract management and review should be built into all new contracts and undertaken in all high value (£100,000+) or risk contracts.</p> <p>Guidance for Contract Management has also been produced, which sets out the</p>	Implemented

Recommendation Reference – May 2022 Report	Recommendation Details – May 2022 Report	Audit Findings – September 2023	Outcome
		<p>aims and activities of contract management.</p> <p>Contracts are also registered within the new Keto contract management system.</p>	
5.3 – Contractor Performance / KPIs	<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.</p> <p>Standard KPI / performance indicators should be detailed in contractual documents and agreements, such as the ITT and contract itself.</p>	<p>As discussed above, the Procurement and Contract Management Policies have been updated, and there is now a requirement for contract management to be built into all new contracts and undertaken in high value and high risks contracts.</p> <p>Standard KPI / performance indicators have not been developed, however, we found that details of what contract management should be undertaken was included in 9/10 contracts reviewed, apart from the exception purchase.</p> <p>Generally this included regular meetings and KPI reports, which may vary depending on the type of contract, and we received evidence that this contract management had been undertaken such as meeting notes and agendas.</p>	Implemented



Recommendation Reference – May 2022 Report	Recommendation Details – May 2022 Report	Audit Findings – September 2023	Outcome
5.4 – Purchase Orders & Requisitions	<p>It should be ensured that:</p> <ul style="list-style-type: none"> <li>• Orders / requisitions are raised, and the appropriate requisition form used as required.</li> <li>• Procurement &amp; Finance should align their processes to allow Procurement to have oversight of payments to ensure that the appropriate procurement process has been followed.</li> </ul>	<p>We reviewed a sample of 10 items of expenditure in relation to contracts and found that in all cases, invoices had been approved appropriately.</p> <p>Purchase orders were raised in 4/10 cases, although in the case of the exception purchase, the requisition form was not used.</p> <p>In the remaining 6/10 cases, a purchase order was not raised. However, the Derbyshire Financial Handbook notes that exemptions are in place for services where the amount of the usage or time of the requirement can not be predicted, such as appropriate adult service which these payments appeared to relate to.</p>	Implemented

## A2 Audit Information

### Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Derbyshire Force and OPCC has in place adequate and appropriate policies, procedures and controls in relation to Procurement & Contract Management with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

- Non-compliance with legislation and regulations
- Contract information is not published in a timely manner and / or accurately
- Payments and expenditure is made inappropriately or without approval
- Insufficient training in place for staff responsible for contract mana
- Contractor performance is not monitored regularly

### Scope Limitations

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. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

# Contacts

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## Statement of Responsibility

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

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

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

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

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AGENDA ITEM

8A

# JOINT AUDIT RISK ASSURANCE COMMITTEE

<b>REPORT TITLE</b>	UPDATE ON FORCE RISK MANAGEMENT ARRANGEMENTS
<b>REPORT BY</b>	CHIEF FINANCE OFFICER
<b>DATE OF MEETING</b>	1 <sup>ST</sup> FEBRUARY 2024

## **PURPOSE OF THE REPORT**

To provide an update to the Joint Audit, Risk and Assurance Committee (JARAC) of the work being undertaken within the force to improve the management and reporting of force risks. It aims to provide the Committee with assurance that operational and strategic risks are being managed appropriately.

## **RECOMMENDATIONS**

To note the contents of the report any the proposals for improved risk reporting and supporting effective risk management for the Force and the OPCC.

## **CONTACT FOR ENQUIRIES**

Name: Jon Peatling  
Tel:  
Email: [jon.peatling@derbyshire.police.uk](mailto:jon.peatling@derbyshire.police.uk)

**1. BACKGROUND**

- 1.1 A key function of the Audit Committee is to monitor the effective development and operation of risk management in the OPCC and Force and to consider whether the risk management arrangements adopted are appropriate.
- 1.2 The Committee has previously requested further clarity to improve how the risks are defined, to help assess the risk and gain a better understanding of any potential impact, thereby providing a clearer and more meaningful framework for assurance.
- 1.3 This report sets out some of the areas being considered to help improve the effectiveness of the risk reporting to the Committee. It is intended that any changes in reporting risks will be incorporated into the Force Risk Management Report and brought back to this Committee in July.

**2. RISK MANAGEMENT UPDATE**

- 2.1 The Risk Management Strategy is a key element of the governance framework for the Force and the OPCC. The main objective is to integrate risk management into organisational culture of both organisations. Within the risk management process there are also a number of roles and responsibilities which are essential for the risk management process to be fully operational. Ultimately the Chief constable and the PCC are accountable for the management of risk in the Force.
- 2.2 The Force is currently reviewing its governance reporting framework, as part of this review the reporting of Board risks will be strengthened to ensure executive oversight of key strategic risks to each Board. Any changes in the Risk Management Strategy or Policies will be agreed with the key stakeholders and parties in the Risk Management process, including:
  - Police and Crime Commissioner
  - Chief Officers and Senior Leadership Team
  - Risk Management Board
  - JARAC
  - Risk Owners
  - Internal and External Audit
- 2.3 It is proposed that strategic risks will be categorised by themes connected to each Board, to ensure that what matters most to each board is captured, reported and built into future planning. This will add an additional layer of appropriate assurance and provide a focus on activities that are the responsibility of the board. Whilst this is still subject to further review, an example is shown below.

Strategic Risk	Governance Forum
Workforce	Our People Board
Finance	Resources Board
Assets	Resources Board
Performance	Performance Assurance Board
Partnership & Engagement	Prevention & Partnership Board
Quality	Service to the Public Board

2.4 At this stage, no are no plans to change the Risk Matrix Grid, or the risk scores, which combines the Impact and Probability score to determine the overall level of risk.

Risk Matrix Grid Chart

Filters are active



Current Impact	Performance/ Service Delivery	Finance/ Efficiency	Confidence/ Reputation	Community Impact	Health and Safety	Environment	Strategic Direction
<b>Low Score 1</b>	Minor disruption to service delivery. Minor impact on performance indicators.	<b>Force</b> >£50,000 <b>Business Area</b> >£10,000	Complaints from individuals. Minor impact on specific section of community	Minor impact on a specific of the community	An injury involving no treatment or minor first aid with no time off work.	Limited amount of natural resources used, pollution produced, biodiversity affected.	Minor impact on the ability to fulfil strategic objective
<b>Medium Score 2</b>	Significant disruption to service delivery. Noticeable impact on performance indicators.	<b>Force</b> £51,000 - £250,000 <b>Business Area</b> £11,000 £40,000	Significant public concerns/ investigations Significant reputational damage, adverse media coverage.	Significant impact on a specific section of the community . Minor impact on the wider community .	An injury requiring hospital/ professional medical attention and or between one and seven days off work.	Low amount of natural resources used, pollution produced, biodiversity affected.	Significant impact on the ability to fulfil strategic objective
<b>High Score 3</b>	Serious disruption to service delivery. Serious impact on performance indicators	<b>Force</b> £250,000 - £1,000,000 <b>Business Area</b> £40,000 £150,000	Serious stakeholder/ public concerns. Serious reputational damage, adverse media coverage 7 days	Serious prolonged impact on specific section of the community. Significant impact on wider community.	An injury requiring over 24 hours hospitalisation and more than seven days off work or a major injury as defined by RIDDOR Regs	Medium amount of natural resources used, pollution produced, biodiversity affected.	Serious impact on the ability to fulfil strategic objective
<b>Very High Score 4</b>	Major disruption to service delivery. Serious impact on performance indicators. Noticeable by stakeholders	<b>Force</b> >£1,000,000 <b>Business Area</b> >£150,000	Major stakeholder concerns, investigations. Major repetitional damage, adverse media coverage 7 days	Major prolonged impact on wider community	Death or life changing injury	High amount of natural resources used, pollution produced, biodiversity affected.	Major impact on the ability to fulfil strategic objective

- 2.5 As part of the actions to improve the risk assurance it is intended to consult with Risk Owners to provide a clear and concise explanation of each risk statement so that it includes what has CAUSED the risk and what it might RESULT in.
- 2.6 Using a current example to illustrate this, Strategic Risk 088 is reported as:  
**“Estate affordability and Inflation/Cost of Borrowing”**  
 the risk statement could be better explained as:  
**“Failure to effectively manage our estate which could cause a failure to deliver key operational policing and an increase in costs”.**
- 2.7 The Risk Register and reporting would be supported by further information including control strategies and current actions.

Risk Heading: Assets	Impact Score	Likelihood Score	Residual Score	Previous Score	Current Direction of Travel	Expected Direction of Travel
<i>Failure to effectively manage our estate which could cause a failure to deliver key operational policing and an increase in costs.</i>	3 High	2 Medium	6 Amber	6 Amber	↔ Static	Treat
Description						
Risk Owner						
Scrutiny Board						
Current Action status / Control Strategy	•					
Assurance Evidence /	•					
Planned Controls	•					
Assurance Level	• <b>Limited</b> / <b>Adequate</b> / <b>Substantial</b>					

### 3. NEXT STEPS

- 3.1 Proposals for changes in our risk management principles will be agreed with Officers and stakeholders which will result in a more impactful risk articulation and improve our processes for reporting and managing of risk. The Risk Management Board is ultimately responsible for considering and accepting the risks and agree any further actions or controls it deems appropriate regarding the risks being reported on.
- 3.2 It is intended that any changes in reporting risks will be incorporated into the Force Risk Management Report and brought back to this Committee in July.



AGENDA ITEM

**8B**

# JOINT AUDIT RISK ASSURANCE COMMITTEE

<b>REPORT TITLE</b>	2024/25 BUDGET PLANNING UPDATE
<b>REPORT BY</b>	CHIEF FINANCE OFFICER (Jon Peatling)
<b>DATE OF MEETING</b>	1 <sup>ST</sup> FEBRUARY 2024

## **PURPOSE OF THE REPORT**

To provide an update on budget planning for 2024/25.

## **ATTACHMENTS**

None

## **DECISIONS REQUIRED**

None – update to JARAC members.

## **CONTACT FOR ENQUIRIES**

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## 1 MEDIUM TERM FINANCIAL PLAN AND 2024/25 BUDGET UPDATE

### 1.1 Budget Assumptions 2024/25 were developed using the following information:

- The Police Finance Settlement, including its wider context of the government's overall economic and fiscal strategy.
- The government's updated Precept Limitation principles, as they applied to Police and Crime Commissioners for 2024/25 which provided for a maximum £13 increase in Band D Council Tax.
- Forecasted the estimated taxbase of Derbyshire for 2024/25, using past trends and figures provided by the various billing authorities where available.
- Used the data above to project the potential revenue funding available to the Constabulary under the recommended Council Tax option and alternative options.
- Calculated a committed Budget Requirement for 2024/25, by updating the 2023/24 Base position for the following items.
  - Removal of non-recurring spend from the 2023/24 Base (principally one-off Investment Fund items).
  - Ensuring that the committed Budget Requirement was aligned with the Constabulary's workforce planning process.
  - The impact of pay awards already implemented (September 2023) and the estimated impact of future pay awards (projected for September 2024) on the pay cost base.
  - The impact of non-pay inflation, actual and expected, on the non-pay cost base, as assessed on a heading-by-heading basis.
  - The full impact of Derbyshire's allocation of additional Uplift officers (27 officers) within the budget.
  - The impact of various other national policy decisions and other external factors influencing the Constabulary's expenditure and income.
  - The impact of changing demands and trends which have an influence on costs and income.
  - The impact of decisions previously taken by the Constabulary, for example the ongoing costs of business cases approved by the various Boards and the costs of borrowing (approved by the Commissioner) associated with the approved Capital Programme.
  - The impact of savings which have been identified as well as the ongoing financial management practised across the Constabulary.

This provided options for funding the budget requirement and achieving a balanced budget for 2024-25. The PCC's priorities as set out in the current Police and Crime Plan were considered to ensure that the budget proposals were aligned with these as far as possible, including the Constabulary's ongoing responsibility to consider the impact of its budget proposals on equality and diversity and Value for Money (VFM) for taxpayers and the wider public in budget proposals.

The budget paper also identified, assessed, and where possible quantified the key risk areas where outcomes in 2024/25 could vary from the expectations inherent in the budget proposals and projected the ongoing impact of the funding expectations and budget proposals over the Medium-Term to 2028/29, to ensure their sustainability. This included the impact on levels of Reserves.

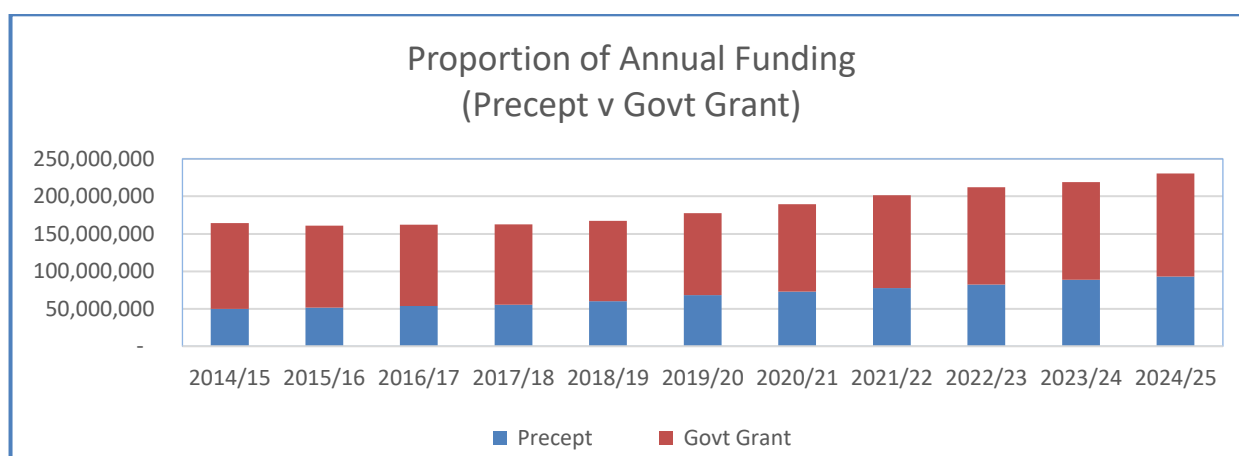
1.2 The Police Settlement for Derbyshire was as follows:

Derbyshire Constabulary Funding Streams	2023/24 £m	2023/24 Restated £m	2024/25 £m	Change £m	Change %
Home Office Police Grant	76.3	80.9	82.6	1.7	2.1%
EX- DCLG Formula Funding	45.4	45.4	46.3	0.9	2.1%
<b>Sub Total - Formula Grant</b>	<b>121.7</b>	<b>126.3</b>	<b>128.9</b>	<b>2.6</b>	<b>2.1%</b>
Council Tax Grants	8.7	8.7	8.7	0.0	0.0%
<b>Total - General Funding Grants</b>	<b>130.4</b>	<b>135.0</b>	<b>137.6</b>	<b>2.6</b>	<b>1.9%</b>
Pension Support Grant	1.9	1.9	5.9	4.0	211.7%
Police Uplift Grant	3.9	3.9	7.3	3.4	87.3%
McCloud Grant	0.0	0.0	0.4	0.4	100.0%
<b>Total - All Police Grants</b>	<b>136.2</b>	<b>140.8</b>	<b>151.3</b>	<b>10.4</b>	<b>7.4%</b>

The above allocations of general grant funding represent an increase in cash support of just over **1.9%** compared to 2023/24. This needs to be seen in the context of a period of high inflation and the rising cost of living. Pay and prices increased sharply during 2022 and 2023 with inflation peaking at 11.1% in October 2022. Soaring energy and fuel prices combined with strong global demand and supply chain disruption has continued to push up the cost of supplies and services. Key non-pay budgets have seen inflationary increases well above 1.9% in the past 12 months. For example, utility costs, vehicle insurance and IT costs have all increased considerably over the past 12 months.

£1.296m of the overall increase in funding is in the form of additional Police Officer Recruitment Top-Up Grant. This grant is for forces who volunteered to recruit above their Uplift target and equates to £48k per officer for an additional 27 Officers, increasing our baseline establishment to 2,137 Officers. Although this is additional grant, it is not expected to cover the full cost of a PC, which is currently budgeted at £57k. As it is a requirement to maintain police officer numbers, this provides no flexibility as to how the increase in funding is utilised. The Settlement continues to include Ringfenced Police Uplift Grant to maintain overall officer establishment at 'post Uplift' headcount of 2,137 officers. Access to Ringfenced funding will be based upon headcount levels at data collection points on 30 September 2024 and 31 March 2025. Every officer below a force's maintenance headcount (2,137) will result in the grant reducing by £80,000 if missed at both data points (£40k per officer at each data point) down to a threshold of 1.5% (32 officers) below the total maintenance headcount.

Government Grant continues to be the main source of funding for the Constabulary, with Council Tax precept income meeting the additional running costs for the force. The proportion of Grant to Council Tax has changed significantly during the past seven years, resulting in a greater proportion of funding through Council Tax as can be seen from the table below which shows Precept as 40% of income now (it was 30% in 2014/15.)



- 1.3 The Constabulary's budget proposals amounted to a Net Budget Requirement of **£231,923,132**, a 6% increase in net expenditure over 2023/24.

<b>Build of 2024-25 Base Budget</b>	<b>£m</b>
<b>2023/24 Approved Budget</b>	<b>219.181</b>
In Year Savings 23-24 Savings Programme	(0.728)
Pay awards and non-pay inflation	18.222
Other Committed Changes	3.369
Grants - Police Uplift & Pensions Grant	(7.857)
Identified Savings	(1.046)
Additional Areas of Income Changes	(0.316)
Approved Business Cases	0.787
Force Decisions / agreements /increased Expenditure	0.740
Reduction in Direct Revenue Financing of capital (net)	(0.430)
<b>2024/25 Base Budget</b>	<b>231.923</b>

- 1.4 As part of the budget the following plans would be impacted by the Precept Funding:

<b>Plans Impacted by Precept Funding</b>
<p><b>Victim Support &amp; Safeguarding:</b> Protecting Children Online Team uplift (1 x Intelligence Development Officer) to support the targeting of offenders, and the protection of victims, from this heinous offending.</p>
<p><b>Driving Efficiencies:</b> Digital Data and Technology uplift (1 x Cyber Engineer, 2 x Cloud Developers, 1 x Data Analyst and 1 x Cloud Solution Specialist) to help ensure that vital technological change is delivered and to protect against ever increasing Cyber-attacks.</p>
<p><b>Strong Local Policing:</b> 1950 frontline Officers including SNT Officers have laptops thereby increasing visibility with key systems being available away from the police station. There is an ongoing need for investment in this technology available to officers – renewal and capability reduced so that more need to return to the station and use systems there.</p>
<p><b>Driving Efficiencies:</b> Improved software capability for the Intelligence Department to ensure intelligence services are equipped to deal with the ever-changing nature of criminality.</p>
<p><b>Strong Local Policing:</b> Continued roll out of Taser training to ensure officers can operate safely and protect communities from harm.</p>
<p><b>Strong Local Policing:</b> A further 100 officers trained in Initial Police Pursuit driving during 2024/2025 to respond more effectively to deny criminals the use of our roads.</p>
<p><b>Strong Local Policing:</b> Continued investment in the estate, including local bases such as Killamarsh rebuild and new station at Clay Cross.</p>
<p><b>Strong Local Policing:</b> I360 system is being considered as part of PCIP. This is a platform which looks to deliver greater demand analytics to ensure the appropriate deployment of police resources in terms of location and timings</p>
<p><b>Victim Support and Safeguarding:</b> Criminal Justice Performance Officer (1 x Police Staff Post) to support ongoing improvement in the CJ arena to support victims and bring offenders to justice</p>
<p><b>Victim Support and Safeguarding:</b> GoodSam internet platform for advance levels of contact between the police and the public, offering better opportunities to safeguard vulnerable people. It includes the live viewing of an incident from a victim's phone and details of their location to ensure an effective policing response.</p>
<p><b>Victim Support and Safeguarding:</b> Potential introduction of Citizen's portal as part of PCIP to better keep victims informed.</p>
<p><b>Driving Efficiencies:</b> Analytical Services uplift (1 x Analyst and 1 x Researcher) to further support effective decision making and deployment of police resources.</p>

- 1.5 The options considered for increasing Council Tax under the available limits which were considered were as follows:

Band D Increase £	Band D Council Tax £	Increase %	Estimated Precept Funding £	Grant Funding £	Total Funding £	Deficit against committed Budget £
£10	£276.60	3.75%	93,013,306	137,664,465	<b>230,677,771</b>	<b>1,245,361</b>
£11	£277.60	4.13%	93,349,581	137,664,465	<b>231,014,046</b>	<b>909,086</b>
£12	£278.60	4.50%	93,685,854	137,664,465	<b>231,350,319</b>	<b>572,813</b>
£13	£279.60	4.88%	94,022,128	137,664,465	<b>231,685,593</b>	<b>237,539</b>

The force identified a number of measures it could take to close the budget gap which all carried a variety of risks and opportunity costs, only one of the options was considered appropriate, this was a reduction in the Direct Revenue Financing of capital spend and this is built into the table at 1.3 above.

The PCC consulted with local taxpayers on various options for increasing the Police element of Council Tax with results showed that for those who expressed an opinion 77.4% supported an increase, with 70.8% supporting an increase of £15 or more. Given the number of key plans which would be affected by the decision on increasing the precept the PCC agreed an increase of £13 on a Band D property. The remaining shortfall of £0.237m is to be met from a one-off contribution from the Operational Funding and Investment Reserve, pending further savings options being developed to eliminate the budget gap on a permanent basis

- 1.6 The force's Medium-Term Forecast indicates that under all current assumptions the underlying budget deficit will grow in the three following years and therefore it is acknowledged by the force that even with a maximum £13 Council Tax increase in 2024/25 a rigorous and structured process for identifying further savings will be required to enable balanced budgets to be set for 2025/26 to 2028/29.

Medium-Term Forecast 2024/29	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
<b>Previous Year's Gross Expenditure</b>	<b>219.470</b>	<b>232.353</b>	<b>239.677</b>	<b>248.194</b>	<b>255.576</b>
Less Contribution From Reserves	(0.289)				
Less In Year Savings 23-24 Savings Programme	(0.728)				
<b>Previous Year's Gross Expenditure</b>	<b>218.453</b>	<b>232.353</b>	<b>239.677</b>	<b>248.194</b>	<b>255.576</b>
Pay Awards and Inflation increases	18.222	4.565	3.583	4.503	4.563
Other Changes to the Committed Budget	4.110	1.402	4.550	2.361	1.794
Identified Savings Income Generation	(1.362)	(0.221)	0.000	0.000	0.000
New Business Cases and Investment	0.787	1.192	0.384	0.518	0.536
Police Uplift & Pensions Grant	(7.857)	0.386	0.000	0.000	0.000
<b>Net Revenue Budget</b>	<b>232.353</b>	<b>239.677</b>	<b>248.194</b>	<b>255.576</b>	<b>262.468</b>
Projected Funding	(231.686)	(237.800)	(244.050)	(250.440)	(257.024)
<b>Forecast Base Budget (Surplus) / Deficit</b>	<b>0.667</b>	<b>1.878</b>	<b>4.144</b>	<b>5.136</b>	<b>5.444</b>
Less Net Budget Reduction to RCCO	(0.430)	(0.430)	(0.430)	(0.430)	(0.430)
<b>BUDGET (SURPLUS) / DEFICIT</b>	<b>0.237</b>	<b>1.448</b>	<b>3.714</b>	<b>4.706</b>	<b>5.014</b>
Contribution from Op Funding/Investment Reserves	(0.237)				
<b>REMAINING (SURPLUS) / DEFICIT NOT FUNDED</b>	<b>0.000</b>	<b>1.448</b>	<b>3.714</b>	<b>4.706</b>	<b>5.014</b>

This will be addressed through a structured and risk-based Savings Plan, building upon the savings already achieved during 2023/24. The Savings Plan will help to reduce overheads, deliver continuous improvements and achieve both cashable and non-cashable savings to help towards achieving a balanced budget over the medium term.

# JOINT AUDIT RISK ASSURANCE COMMITTEE

<b>REPORT TITLE</b>	FINANCIAL MONITORING UPDATE 2023/24
<b>REPORT BY</b>	CHIEF FINANCE OFFICER (Jon Peatling)
<b>DATE OF MEETING</b>	1 <sup>ST</sup> FEBRUARY 2024

## PURPOSE OF THE REPORT

To provide an update on the current forecast outturn position for 2023/24, including Revenue and Capital Expenditure and an update on the current Treasury Management performance.

## ATTACHMENTS

Period 9 (April to December 2023) Monitoring Report



Period 9 Monitoring  
Report (004).ppsx

## DECISIONS REQUIRED

None – update to JARAC members.

## CONTACT FOR ENQUIRIES

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## 1. FINANCIAL UPDATE 2023/24

### 1.1 Chief Constables Account

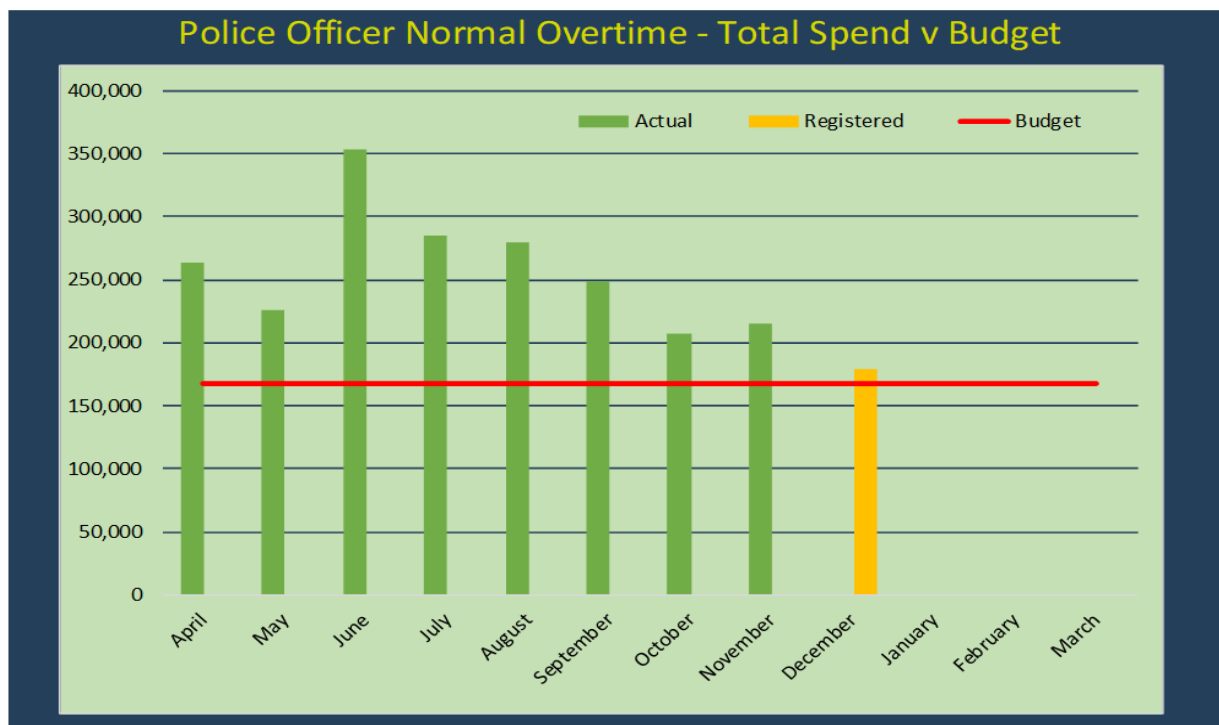
The total forecast spend for the year is **£211.798m** against a budget of **£211.367m**. The forecast overspend is therefore **£0.431m (0.2%)**. Several key areas continue to contribute to this net position:

- Due to starting 2023/24 over establishment on Police Officers we are forecasting a **£1.586m** net overspend on Police Officer salaries. As a result of the extra uplift in funding, we commenced the year at 2,177 Officers, some 67 above our establishment. 50 of these officers attracted additional Grant funding from the Home Office totalling **£1m** (received in 2022/23).
- Further funding was made available in 2023/24 for additional ‘Overshoot’ officers, as part of the continued commitment to maintain Police Officer numbers. If we maintain our overshoot position, the force will receive funding of **£1.215m** (£45k per officer) for an additional **27** Officers, increasing our baseline establishment to **2,137** Officers. We were subsequently notified of a ‘secondary’ uplift of an additional **18** officers, increasing our establishment to **2,155**. This further uplift has attracted additional one-off grant funding of **£0.432m** (£24k per officer).
- Due to a reduction in leavers during 2023/24, we have remained above our Uplift establishment of **2,155** Officers for most of the year to date. However, in December we have seen an increase in leavers and our establishment was **2,168** with **70** leavers since April, we estimate we will now be on target to meet our budgeted assumption of **90** by the end March.



- We aim to finish the year as close to **2,155** officers as possible. However, the secondary funding for the extra **18** officers is conditional on being at or above our required establishment. Monthly establishment meetings are taking place to review planned leavers and starters to ensure we meet the Uplift requirement of 2,155 by March 2024. It should be noted however, that starting the 24/25 year over establishment would incur additional costs until we fall back to our budgeted establishment, which will now be 2,137 as the original uplift numbers of 27 are added to our previous base establishment of 2110. We anticipate any new recruitment will commence in Summer 2024.

- Police Officer Overtime is forecast to be overspent by **£0.647m**. Although monthly overtime costs have reduced for the past six months, the monthly costs remain above the budgeted profile. Improved overtime reporting and financial awareness training to Inspectors has been introduced and is helping to reduce the overtime spend together with monthly scrutiny also taking place through the P&E Board. Further work is ongoing to review the increases in overtime working and this has been fed into the budget requirement for 2024/25.



- Staff vacancies continue to be above the 6% vacancy level and we are currently expecting to underspend by **£2.002m** on staff salary costs. The vacancy rate as at the end of December was **7%**. Plans are in place to reduce vacancies in key areas including the Force Control Room and PCSO numbers as shown in the two tables below so that these two areas are up to their agreed establishment by March 2024.

<b>Force Control Room</b>						
Date	Target Actuals	Actuals at month start (FTE)	Joiners	Leavers	Actuals at month end	(- / +) against Target at month end
Nov 23	216.6	207.1	0	2.5	202.8	- 13.8
Dec 23	216.6	202.8	0	2.0	200.3	- 16.3
Jan 24	216.6	200.3	9	4.0	205.3	- 11.3
Feb 24	216.6	205.3	10	3.0	212.3	-4.3
Mar 24	216.6	212.3	10	3.0	219.3	+2.7

<b>PCSOs</b>						
Date	Target Actuals (Inc 4% VG)	Actuals at month start (FTE)	Joiners	Leavers	Actuals at month end	(-/+ ) against 4% VG establishment
Nov 23	192	188.3	0	1.0	187.3	-4.7
Dec 23	192	187.3	0	2.0	185.2	-6.8
Jan 24	192	185.2	12	2.0	195.2	+3.2
Feb 24	192	195.2	0	2.0	193.2	+1.2
Mar 24	192	193.2	0	2.0	191.2	-0.8

- The net effect of the additional Pay Award grant is expected to generate a saving of **£0.683m**. The Home Office has agreed to fund the equivalent of 4.5% of the 7% pay increase, leaving forces to fund 2.5% of costs. The force had budgeted for an increase of 2% and provided for a further 1% pay contingency within the budget.
- Operation Safeguard, which was a contingency plan to deal with prison overcrowding in the United Kingdom involved using cells at police stations as accommodation for prisoners when the number of cells in prisons became critically low has now ceased. During the period in 2023/24 where Operation Safeguard was live the Force received additional income of **£1.060m** for the use of custody cells in Derby and Chesterfield.

## 1.2 Police and Crime Commissioners Account

The budget for the Police and Crime Commission was set at **£7.814m**, the current forecast spend is projected to be **£6.886m**, resulting in a forecast underspend of **£1.349m**. The underspend is mainly attributable to an increase in additional Investment Income of **£0.800m** which has arisen in part to the slippage in the Capital Plan and therefore surplus cashflow which has benefited from the increase in bank rates.

- 1.3 The combined underspend is **£0.497m** representing **0.23%** of the Force and PCC Budgets. A more detailed analysis of the budget and forecast outturn is contained within the embedded document.

## 2.1 Capital Programme Update

The Capital Programme for 2023/24 including slippage from 2022/23 is **£28.595m**. The Capital Programme includes planned investment in our Buildings, Fleet, Information Technology and our share of Capital spend in regional collaboration as set out in the following table:

Capital Programme							
	Buildings £m	Equipment & Vehicles £m	IT £m	Design Board £m	EMCTIU £m	Regional Lead Force £m	Total £m
Revised Capital Programme (Incl Slippage)	17.272	3.222	4.562	3.364	0.175	0.000	28.595
Actual	4.220	1.002	2.544	2.145	0.323	0.077	10.311
Commitments	1.365	1.768	0.215	1.170	0.314	0.033	4.865
Total To Period 9 (2nd January 2024)	5.585	2.770	2.759	3.315	0.637	0.110	15.176
Budget Remaining	11.687	0.452	1.803	0.049	( 0.462)	( 0.110)	13.419

Total contracted spend to date is **£15.176m** (53%) with **£13.419m** of the budget still to be spent. A breakdown of the actual and planned expenditure is shown in the following table.



Detailed Capital Analysis					
Scheme	Total Original Budget £m	Total Revised Budget £m	Actual Commitments & Contracts to be paid £m	Budget Remaining £m	% Spend
<b>Expenditure</b>					
SNT Building Refurbishment & Replacement	2.550	2.586	0.017	2.569	1%
Major New/Replacement Buildings	7.700	11.243	4.160	7.083	37%
Other Building Work/Land	2.663	3.443	1.409	2.034	41%
IS/Communications	2.575	4.562	2.759	1.803	60%
Vehicles	2.023	2.665	2.577	0.088	97%
Equipment	0.397	0.557	0.192	0.365	34%
Design Board	0.989	3.364	3.315	0.049	99%
EM CTIU	0.175	0.175	0.637	( 0.462)	364%
<b>Sub Total</b>	<b>19.072</b>	<b>28.595</b>	<b>15.066</b>	<b>13.529</b>	<b>53%</b>
Regional Projects (to be recharged)	-	0.000	0.110	( 0.110)	
<b>Total</b>	<b>19.072</b>	<b>28.595</b>	<b>15.176</b>	<b>13.419</b>	

## 2.2 Treasury Management Update

Based upon the original Capital Programme, our assumed borrowing for the year was **£3.315m**, increasing our total Public Works Loan Board (PWLB) debt to **£33.764m**. As a result of slippage in the Capital Programme and escalating borrowing rates it is unlikely that this borrowing will now be required during 2023/24.

As a result of the slippage in the capital plans we continue to have surplus cash following the **£20m** borrowing taken out in December 2021 where the borrowing with the PWLB was achieved at rates of between **1.38%** and **1.52%**. Our surplus funds are currently invested at rates of over 5% (HM Treasury UK Debt Management Office Investments rates currently 5.19%).

Since December 2021, the Bank Rate has increased on 14 consecutive occasions but has now remained static for a while and is currently **5.25%**. Investment income to date is **£1.817mm** and due to the Bank Rate increases is expected to be **£2.000m** by the end of March 2024.

Treasury Management				
	Previous Year £m	Original Budget £m	This Month £m	Last Month £m
LOANS - PWLB	31.263	33.764	30.776	30.825
LOANS - PFI Liabilities	5.029	3.566	3.932	4.054
<b>Total Borrowing</b>	<b>36.292</b>	<b>37.330</b>	<b>34.708</b>	<b>34.879</b>
Total Average Investments	39.396	n/a	40.872	42.800
Total Investment Income	( 0.968)	( 1.200)	( 1.798)	( 1.607)
Average Interest Earned to date	2.142%	n/a	4.994%	4.950%
Average SONIA Rate to date	2.260%	n/a	4.901%	4.868%
Average Base Rate to date	2.325%	n/a	4.960%	4.930%

We will continue to monitor our Capital Programme and the Estates Strategy to determine any future borrowing requirements and explore options to fund Capital expenditure through Revenue contributions whilst interest rates remain high.