



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

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## **JOINT AUDIT RISK ASSURANCE COMMITTEE**

### **AGENDA**

<b>DATE OF MEETING</b>	10 <sup>th</sup> January 2023
<b>TIME OF MEETING</b>	10:30
<b>LOCATION</b>	In person
<b>PCC CONTACT OFFICER</b>	Ms C Brannan
<b>CONSTABULARY CONTACT OFFICER</b>	C/Supt. Wilson(101)
<b>DISTRIBUTION</b>	Commissioner A Foster Chief Constable R Swann Mr A Dale Mr J Peatling Mr M Lunn (Mazars) Ms H Clark (EY) Ms H Lill (EY) Members of the JARAC: Ms S Sunderland (Chair) Ms J Charlton Ms L Gelderd Mr L Harrold Mr A Jenkinson Mr B Mellor

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

**AGENDA: Reports attached**

<b>ITEM</b>	<b>SUBJECT</b>	<b>Paper or Verbal Update</b>	<b>Presented by</b>	<b>Page in Paper Pack</b>
1	<b>APOLOGIES FOR ABSENCE</b>	V	CHAIR	N/A
2	<b>DECLARATIONS OF INTEREST (IF ANY)</b>	V	ALL	N/A
3	<b>MINUTES OF THE MEETING OF THE JARAC HELD ON 14<sup>th</sup> NOVEMBER 2022</b>	P	CHAIR	3-9
4	<b>REVIEW OF ACTIONS</b>	P	CHAIR	10-12
5	<b>JARAC BUSINESS ITEMS</b>			
5A	<b>FORWARD PLAN</b>	P	CHAIR	13-14
5B	<b>JARAC MEMBER SELF- ASSESSMENT</b>	V	CHAIR	N/A
6	<b>EXTERNAL AUDIT</b>			
6A	<b>AUDIT RESULTS REPORT (ISA 260)</b>	P	HC	15-73
6B	<b>LETTER OF REPRESENTATION</b>	P	HC/JP	74- 79
6C	<b>UPDATE ON EXTERNAL AUDIT FEES</b>	V	HC	N/A
7	<b>INTERNAL AUDIT</b>			
7A	<b>INTERNAL AUDIT RECOMMENDATIONS LOG</b>	P	CHAIR	80-97
7B	<b>IA PROGRESS REPORT</b>	P	ML	98-130
8	<b>INTERNAL CONTROL AND GOVERNANCE</b>			
8A	<b>STOCK CONTROL REPORT</b>	P	JP	131-134
8B	<b>ENVIRONMENTAL STRATEGY</b>	P	RB / JP	135-151
	<b>CLOSED SESSION</b>			

**MINUTES of a meeting of the JOINT AUDIT, RISK ASSURANCE COMMITTEE on Monday 14th November 2022.**

**P R E S E N T**

Ms S Sunderland – in the Chair  
 Mr A Jenkinson  
 Ms L Gelderd  
 Mr L Harrold  
 Mr B Mellor

**OPCC Present:** Mr A Dale, Ms M Romano, Ms D Brown  
**Constabulary Present:** Mrs R Swann, Mr S Allsop, Mr J Peatling, Mr D D’eath, Ms R Webster, Mr A Wilkins  
**Internal Audit:** Mr M Lunn  
**External Audit:** Ms H Clark

<b>64/22</b>	<b><u>APOLOGIES</u></b>	
	Commissioner Angelique Foster DCC K Meynell Ms J Charlton	
<b>65/22</b>	<b><u>DECLARATIONS OF INTEREST</u></b>	
	None noted	
<b>66/22</b>	<b><u>MINUTES OF THE MEETING OF THE JARAC HELD ON 27 SEPTEMBER 2022</u></b>	
	<ul style="list-style-type: none"> <li>• Mr Peatling was not present – apologies to be noted</li> <li>• Spelling of K Meynell to be corrected</li> <li>• 54/22 – to read “assurance” not insurance</li> <li>• Contingency plan re external audit – this was referring to the incidence of the new member of staff leaving</li> </ul> <p>Once these corrections were made the minutes were accepted as a true record.</p>	<b>Notes to be corrected by DB.</b>
<b>67/22</b>	<b><u>REVIEW OF ACTIONS</u></b>	
	These were noted and updated	
<b>68/22</b>	<b><u>FORWARD PLAN</u></b>	
	Changes were made to the plan following discussion meeting.	

CORE BUSINESS		
6	<b>EXTERNAL AUDIT</b>	
69/22	<b>Annual External Audit Report</b>	
	<p>Ms Clark presented the audit report and invited questions.</p> <p>Audit plan report for 21/22 audit – these are being worked through and they are aware of HMIC inspection result due out this month and will consider to see if that produces any areas to focus on.</p> <p>The Committee were referred to the Exec Summary. Have now completed planning procedures and progressing well. On pension side have some initial reporting and set further roll forward exercise in progress. Real estate – a property has been revalued this year and this is being considered. One area flagged last time is collaborative arrangements and assurances as part of other audits. Their audit is scheduled in new year and we will look at how we stagger the work to get assurance letters out as soon as possible. Close out rest of audit and await collaboration assurances then we can tie it back in to yourselves. Will delay approving financial statements.</p> <p>Committee agreed with this approach.</p> <p>JP - Page 64 – MRP – JP clarified that consideration of the assessment of MRP only appears in group and PCC accounts.</p> <p>VFM page 71 will focus more on ongoing political and economic instability.</p> <p>Audit fee - £93K – AD enquired about the justification of the figure. HC explained this figure has been there for 18 months plus. EY ran an exercise reading all audits to a realistic scale fee which came out at £93K. PSAA are consulting on 22/23 fees at the moment so an update may be available for next meeting. Update on fees to next meeting</p> <p><b>Action: add Update to Fees to next agenda</b></p>	CB
70/22	<b>Audit Plan 2021/22</b>	
7	<b>FINANCIAL ASSURANCE</b>	
71/22	To be discussed in closed session	
8	<b>INTERNAL AUDIT</b>	

72/22	<u>Internal Audit Recommendation Monitoring</u>	
	Complaints management –it was agreed that this was a finding rather than a recommendation. This should be re-emphasising to staff that complaints should be replied to on time. Check what original recommendation was and that the action is signed off.	
	Fleet – new head of transport is now in post, but strategy is not yet completed. More work on this strategy at national level aligned to January JARAC. To come back to the meeting.  It was outlined that the strategy for electric cars was not being considered due to national advice that they are not suitable for the needs of the Force.	<b>CB to invite Andrew Fowler to next meeting and put item on agenda</b>
	Environmental strategy to be presented at January meeting – added to forward plan for the agenda	
	Staffing – does not seem like adequate risk management. SA confirmed that it will be discussed at fleet steering group.	
	Page 109 – missing header before Third Party Testing – stock blue header needed	
	4.4 Stocktakes and red levels - Should be complete by now. JP updated – delays by Agresso identifying user group who will roll it out – timescale January for trial and pilot and phased implementation across the organisation for officers and staff, worked through uniform requirements, formalised entitlement process. Pilot early January, completion within 6 months. SA added that this is being monitored through force governance groups to has wider scrutiny through that. Proposed to mark this complete in January	
	Pages 109 and 110 need full name of audit adding. Link in with JP to do this.	<b>CB to link with JP</b>
	Third party testing – need timescales adding in as per the audit report and a further update. Note: always keep original date in and reason why it has slipped.	
	Colour code to be used on the form for next time. Columns showing name, date and priority level with more room in the update column.	<b>CB to amend the form</b>
	4.1 Wellbeing – need a date in column	<b>CB to add date</b>

	4.1 Exit Interview Procedure - completed and can be moved	<b>CB to move to completed</b>
	4.1 Business continuity Test plans – change completion date to December 2022 not November 2022	<b>CB</b>
	4.1 Risk management policy – SA we have access to Teams to manage this more efficiently – mark as complete	<b>CB</b>
	<b>Internal Audit Update</b>	
	Firearms has gone in draft and will be done in January. Core financial audit going through quality review and will be at the next meeting. Policies and procedures audit starting this month and payroll audit with Leicestershire end December	
	Collaboration audit update – close down report sent out in draft. Digital currency one few clarification questions. Not quite ready. Collab performance management will conclude collab audit plan next time.	
	ML to send the revised update to JARAC. Ms Brannan to swap the papers in the current paper pack prior to upload onto the website.	<b>CB</b>
	Procurement Policies and Procedures SA and ML to discuss and suggest new date.	<b>SA/ML</b>
<b>73/22</b>	<b><u>Internal Audit Progress Report</u></b>	
	The papers were not included in the pack and therefore will be discussed at the next meeting. Mr Lunn to send on to Ms Brannan for replacement in the papers.	<b>ML</b>
<b>9</b>	<b>INTERNAL CONTROL AND GOVERNANCE</b>	
<b>74/22</b>	<b><u>Policy Guidance</u></b>	
	Adam Wilkins, Chief Inspector in Corporate Services attended to give an update on Policy Guidance. He explained that the system is a sophisticated spreadsheet whereby officers can see what policies are up for review and when, whilst showing an impact score. He reported that although there is no backlog some policies are awaiting update. If the update is not received then the matter is escalated to the relevant	

	<p>governance board.</p> <p>Staff are informed of the policies on Chief's Orders on Connect which is a compulsory read or via an email cascade to the relevant team. If there were any considerable changes these would be fed into a training day.</p> <p>Ms Romano also attends that meeting which gives assurance to the Commissioner.</p> <p>Adam agreed to send through a list of policies for the advisory group each time and the Committee can decide which they would like to see. Adam to send to Ms Romano.</p> <p>Chair thanked Adam for the helpful update which provided assurance of oversight and control</p>	
<b>75/22</b>	<b><u>Single Tender Waivers</u></b>	
	<p>Mr Atkinson gave an update on STAs which have shown a decrease in the past year. Average 75K per waiver. It was confirmed that a waiver was used as a last resort if no other option is available.</p> <p>The Committee had requested an overview to show that the system was working as intended. Mr Atkinson confirmed it was same as the procurement process and will provide a redacted version to the Committee at the next meeting. Timeliness will be removed as an option. Mr Atkinson to amend the STA form.</p> <p>In response to internal audit recommendation – procurement policies page 107– March 2023. Lots of background work has been undertaken with other forces and reached out to legal for support in drafting the documents.</p> <p>4.1 SA reported that a key part is current docs which all comply with practice and mitigating controls are in place - agreed end March 23 as revised timescale.</p> <p>4.2 – contract – mark as complete. RA have now staff training who will only learn the correct processes and applications</p> <p>4.3 – contract register – completed. There are monthly meetings and horizon scanning.</p> <p>4.4 – all policies will be up to date by end March 2023. Someone has now been recruited into the contract management role.</p> <p>4.5 – page 101 – KPIs – March 2023 timescale</p> <p>4.6 Purchase order and requisitions – 4.6 – recommendation is</p>	<b>RA and JP</b>

	<p>not addressed. Rob and JP to look at this one and feedback.</p> <p>As 80% don't have purchase orders it was confirmed that control would be maintained via an invoice or a goods received note. JP agreed to provide clarity on the process to the Committee. Could be increased by tying in the utility contracts.</p>	JP
<b>76/22</b>	<b><u>HMIC activity</u></b>	
	<p>Ms R Webster and Mr D D'eath attended the meeting to give an update on progress following the HMIC – Child Protection Inspection 2021 and reinspection May 2022 which highlighted 12 areas for improvement.</p> <p>Mr D'eath outlined the measures taken to address the issues and gave an update on progress made.</p> <p>The Committee thanked both for their reports and confirmed that they gave assurance that work is being undertaken prior to the report being published.</p>	
<b>77/22</b>	<b><u>Workforce Planning – PUP and ARR</u></b>	
	<p>Workforce planning – at 31 October the Force were over target by 13. Ongoing routes of entry, DHeP, IPLDP, and recently announced that the Force would be keeping IPLDP which will run until the College of Policing have an alternative. Work is ongoing with College of Policing to enable multiple routes of entry to organisation.</p> <p>PCSOs – 40 under target due to easier route into policing.</p> <p>Degree entry higher entry rate than non degree, lines up with national rate for leavers. Police staff – 12% vacancy rate with gaps being recruited into. Other 100 posts struggling to fill - other roles externally are offering higher pay and equivalent terms and conditions. ARR are looking at this and have started to fill posts. Programme for PCSOs proving challenging. Looking at what supplement we can use. Challenging despite best efforts. Exit interviews are being undertaken and work being undertaken focussing on retention.</p> <p>Staff survey – ends in December and will be brought to a future meeting. Following last survey Op Resolve was implemented.</p> <p>Most appropriate agency criminality team do all investigations. Deal with 35% of crime which never goes to front line . Created redaction teams. Engaged workforce to come up with ideas. Much more robust process now. Custody observations</p>	



	<p>etc. Tracey Lewis leading team to look at how Niche can be made more user friendly. Wellbeing – moving occupational health back in force. Visibility – roadshows upcoming across force asking people what they think the organisation should be. National apprenticeship will be tapped into again next year.</p>	
<b>78/22</b>	<b><u>Any Other Business</u></b>	
	None	

## JOINT AUDIT, RISK AND ASSURANCE COMMITTEE

### REVIEW OF ACTIONS

Agenda Item	Report Title and Action Required	Responsible Officer	Progress
<b>ACTIONS FROM MEETING ON 27<sup>th</sup> SEPTEMBER 2022</b>			
	<u>Update on the Complaints Procedures</u>		
	Ensure all mandatory training/teaching points are issues as a tick box mandatory read on connect	KM/ JK/SA	SA assured those discussions are being held
	Share complaint review, once finalised, with JARAC	MR	Complaint review waiting for Commissioner approval.
<b>ACTIONS FROM MEETING ON 14 NOVEMBER 2022</b>			
	<b>Minutes of meeting on 27 September 2022</b>		
	<ul style="list-style-type: none"> <li>• Mr Peatling was not present – apologies to be noted</li> <li>• Spelling of K Meynell to be corrected</li> <li>• 54/22 – to read “assurance” not insurance</li> <li>• Contingency plan re external audit – this was referring to the</li> </ul>	DB	Completed

	<p>incidence of the new member of staff leaving</p> <p>Once these corrections were made the minutes were accepted as a true record.</p>		
	<b>Annual External Audit Report</b>		
	Add update to Fees to next Agenda	CB	To be completed during meeting in January 2023
	<b>Internal Audit</b>		
	Mr Andrew Fowler to be invited to next meeting	CB	Completed
	Environmental Strategy to be added to forward plan and agenda for January	CB	Completed
	Page 113 of monitoring - missing header before Third Party Testing need adding in. Full name of audit to be added – CB to link in with JP to do this. Need timescales adding in as per the audit report and a further update, while keeping the original report	CB	Completed
	Colour coding to be used on form with name, date and priority level	CB	Completed

	Wellbeing – needs a date adding to column	CB	Completed
	Exit Interview Procedure – completed and can be moved	CB	Completed
	Business Continuity Testing change completion date to December 2022 not November 2023	CB	Completed
	Internal Audit Update		
	ML to send updated papers to CB. CB to add them to the current paper pack	CB	Completed
	Procurement Policies and Procedures – SA and ML to discuss further	SA/ML	Completed
	<b>Internal Control and Governance</b>		
	Single Tender Waivers		
	Purchase Orders and requisitions recommendation is not addressed – RA and JP to consider and feedback	RA/JP	Completed

**FORWARD PLAN 2022/23**

<b>MARCH 2023</b>		
	Internal Audit Progress Report and Confirmation of Internal Audit Opinion 2022/23	
	Strategy for IA and IA Plan 23/24 (Internal Audit- IA)	
	Year End Accounting Arrangements & Accounting Policies 22/23	
	Financial Monitoring and Planning	
	HMIC Activity (including VFM profiles)	
	Complaints Performance – Update on meetings with IOPC Rep	
	Force Risk Management	
	OPCC Risk Management	
	External audit plan 22/23	
	Final PCC & CC Financial Statements for 21/22	
	Accounts sign off 21/22	
<b>July 2023</b>		
	EY update	
	Financial Statements 2022/23 draft	
	Financial Exception Reporting	
	Financial Outlook	
	Internal audit progress report	
	Internal audit annual report	
	Complaints Performance - OPCC	
	Force annual governance statement	
	Policies update	
	Annual Audit Letter 21/22	
<b>September 2023</b>		

	IA Progress Report	
	JARAC Annual Report	
	Financial Monitoring and Planning	
	Fraud and corruption theme review (themes announces at agenda setting) – anti fraud and corruption policy	
	Force Risk Register and Risk Management Strategy	
	IS Disaster Recovery – R Cariss to attend to update	
	OPCC Risk Management	
	External audit plan for 22/23	
<b>November 2023</b>		
	IA Progress Report	
	Policy Guidance	
	HMIC Activity	
	Financial Monitoring and Planning	
	Single Tender Waivers	
	Work Force and Planning – PUP and ARR	
	External audit annual report 2021	
<b>January 2024</b>		
	Budget Setting Process and Assumptions	
	HMIC Value for Money	
	JARAC Member Self-Assessment (CIPFA Checklist)	
	Stock Control Report	
	Procurement Briefing	
	EA Report ISA 260	
	Environmental Strategy	

**Police & Crime Commissioner  
for Derbyshire / Chief  
Constable  
for Derbyshire Police  
Audit results report**

Year ended 31 March 2022

16 December 2022



Private and Confidential

16 December 2022

Office of the Police and Crime Commissioner for Derbyshire / Chief Constable for Derbyshire  
Butterley Hall  
Ripley  
Derbyshire  
DE5 3RS

Dear Police and Crime Commissioner and Chief Constable

### 2022 Audit results report

We are pleased to attach our audit results report, summarising the status of our audit of the Police and Crime Commissioner for Derbyshire Group (the PCC and CC). Due to the timing of writing this report, this is a status update and a final report will be circulated once our procedures are finalised.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the PCC and CC's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

This report is intended solely for the information and use of the Joint Audit, Risk and Assurance Committee (JARAC), other members of the PCC and CC, and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

Hayley Clark  
Partner  
For and on behalf of Ernst & Young LLP  
Encl  
CC Joint Audit and Risk Assurance Committee



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**09** Independence

**10** Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the PCC, CC, Joint Audit, Risk and Assurance Committee and management of Derbyshire Police in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the PCC, CC, Joint Audit, Risk and Assurance Committee, and management of Derbyshire Police those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the PCC, CC, Joint Audit, Risk and Assurance Committee and management of Derbyshire Police for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary



# Executive Summary

## Scope update

In our Audit Planning Report presented at the 14 November 2022 JARAC meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

### Materiality:

In our Audit Plan, we communicated that our audit procedures would be performed using a materiality of £6.75 million for the PCC Group; £2.20 million for the PCC Single Entity and £6.39 million for the CC Single Entity. Performance materiality was set at 75 % of overall materiality and thresholds for reporting misstatements were set at 5% of performance materiality. We have made no changes to these materiality levels.

### New significant risks not identified at planning stage:

We escalated the valuation of PPE land and buildings to a significant risk following our review of the valuation report which identified that there were a number of unusual movements in the assets valued.

### Additional audit procedures as a result of remote working:

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the PCC/CC's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agreed IPE to scanned documents or other system screenshots.

## Executive Summary

### Status of the audit

Our audit work in respect of the PCC and CC opinion is ongoing. The main items relating to the completion of our audit procedures that were outstanding at the date of this report are detailed in Appendix B, including actions required to resolve and responsibility. Once the audit procedures have been performed, the following items will need to be completed:

- ▶ Review of the revised financial statements
- ▶ Completion of manager and partner review of work performed
- ▶ Subsequent events review
- ▶ Receipt of signed management representation letter
- ▶ Receipt of signed Narrative Report and financial statements

### Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the PCC and CC have put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the PCC and CC a commentary against specified reporting criteria (see below) on the arrangements the PCC and CC has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

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

## Executive Summary

### Status of the audit - Value for Money

We are in the process of concluding our risk assessment and are still working through the HMICFRS PEEL report. We have not identified any risks of significant weaknesses in our work completed to date and have no matters to report by exception in the auditor's report at this stage (see Section 03).

We plan to issue the VFM commentary within three months of issuing the audit report, in line with the extension provided by the NAO for 2021/22, within our Auditor's Annual Report.

### Audit differences

At the time of writing this report, we have identified one audit differences in the draft financial statements. There are also two audit differences relating to the prior year that have a turnaround impact on the current year. These would have an impact on the income statement of increasing expenditure by £709,099 and increasing the other comprehensive income by £1,427,000. These are shown in section 4.

We ask that they be corrected or a rationale as to why they are not corrected be approved by the Police and Crime Commissioner and the Chief Constable, following advice from the Joint Audit, Risk and Assurance Committee meeting and included in the Letter of Representation.

### Other reporting issues

We received an updated version of the Annual Governance Statements and are reviewing this for consistency with our knowledge of the PCC and CC, and considering its collation as part of our work on value for money. We do not expect to have anything to report.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. The NAO (National Audit Office) are currently reviewing the Data Collection Tool and it will not be available until into 2023. We will audit this once your officers have the updated software and have been able to submit their entries. However, we do expect, based on prior year guidance, that Derbyshire Police and Crime Commissioner and the Chief Constable for Derbyshire Police would fall below the testing threshold set by the NAO for detailed procedures on the consolidation return (threshold - £2 billion). We do not expect therefore to have any issues to report.

We have no other matters to report.

## Executive Summary

### Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of the PCC and CC. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report. Significant risks are identified individually in the table below.

Areas of audit focus	Conclusion
Significant risk - Misstatements due to fraud or error - Management override	Our work to date has not identified any instances of management override. Our work over journals and the valuation of property is still ongoing and our work over pensions is complete subject to review and receipt of the final IAS 19 confirmations from the Derbyshire Pension Fund Auditors, Mazars.
Risk of fraud in revenue and expenditure recognition - cut-off of other income	We are still concluding on our work in this area.
Significant risk - Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure	We have not identified any material misstatements arising from fraud in revenue and expenditure recognition and the inappropriate capitalisation of revenue, subject to review.
Valuation of Land & Buildings in Property, Plant and Equipment	We are still concluding on our work in this area.
Group financial statements	Our testing is in progress and will be subject to review.
Collaborative arrangements	Our work in relation to collaboration arrangements is still ongoing.
Valuation of Local Government Pension Scheme	We have completed our work over the Local Government Pension Scheme, subject to review and receipt of the final confirmation from the Derbyshire Pension Fund Auditors, Mazars and are satisfied that the liability is fairly stated.
Valuation of the Police Pension Scheme Liability	We have completed our work over the Police Pension Scheme Liability, subject to review and are satisfied that the liability is fairly stated.
Accounting for Private Finance Initiative (PFI) schemes	We are satisfied that management have accounted for the PFI scheme correctly for 2021/22, subject to review.
Minimum Revenue Provision	We are still concluding on our work in this area.
Going Concern Compliance with ISA 570	We are still concluding on our work in this area.

# Executive Summary

## Areas of audit focus

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no residual further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Police and Crime Commissioner, Chief Constable, Joint Audit, Risk and Assurance Committee or Management.

## Control observations

We have adopted a fully substantive approach, and so have not tested the operation of controls. We have, however, updated our understanding of the key processes and the controls which are in place to detect or prevent error. Through this work, we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

## Independence

We can confirm that we remain independent of the PCC and CC and include an update in Section 09.



## 02 Areas of Audit Focus





# Areas of Audit Focus – Fraud risk

## Misstatements due to fraud or error – management override of controls – fraud risk

(PCC & CC)

### What is the risk?

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

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

We identify and respond to this fraud risk on every audit engagement.

We did not identify any specific fraud risks in our planning. We continued to update our risk assessment throughout our audit. We have no additional specific fraud risks to report.

### What judgements are we focused on?

The risk manifests specifically in whether year-end adjustment journals are appropriate and supported, the application of estimates and judgements, and whether significant or unusual transactions are identified and accounted for appropriately. As part of our work we focus on judgements made which effect the recording of transactions within the general ledger, particularly around journal entries. We considered what the most significant estimates in the financial statements relate to and we reviewed these accounting estimates for evidence of management bias, with a specific focus on the following:

- ▶ IAS 19 disclosures;
- ▶ Valuation of the Local Government Pension Scheme assets and liabilities;
- ▶ Valuation of the Police Pension Fund liability; and
- ▶ Valuation of land and buildings in Property, Plant and Equipment.

As the above estimates have been identified as separate risks within section 2 of this report we have not repeated that information here.

### What did we do?

We have performed the procedures described in our original audit plan. Please see the following page for full details.

### What are our conclusions?

Our audit work is still in progress and is subject to review.

We have found no evidence of weaknesses in controls or that management had attempted to override internal controls. We have not identified any instances of inappropriate judgements being applied to date.

Our testing of journals found the items tested to be appropriately supported and correctly entered into the general ledger.

Our testing of judgements and estimates did not identify inappropriate judgements or bias in estimates.

We did not identify any other transactions during our audit which appeared unusual or outside the PCC and Force's normal course of business.

This conclusion is based on detailed testing of accounts entries susceptible to potential manipulation.





## Areas of Audit Focus – Fraud risk



### Further details on procedures/work performed

We identified the key fraud risks at the planning stage of the audit and considered the effectiveness of management's controls that are designed to address the risk of fraud. We updated our understanding of the risks of fraud and the controls put in place to address them and made enquiries of Internal Audit, management and those charged with governance to support our understanding. We remained alert throughout the course of the audit for where this assessment may have changed. We did not identify any previously unidentified areas of risk (that are not linked to the presumed risk of fraud in revenue and expenditure recognition covered separately).

We have:

- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.

Performed mandatory procedures regardless of specifically identified fraud risks, including:

- ▶ Reviewing the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of the financial statements.
- ▶ Substantively testing of journals that met specific risk criteria in order to understand their purpose and appropriateness, and we reviewed and tested accounting estimates for evidence of management bias, including those related to pensions and asset valuations.
- ▶ Reviewing and discussing with management and challenging any accounting estimates on revenue or expenditure recognition for evidence of bias, specifically:
  - ▶ IAS 19 disclosures;
  - ▶ Valuation of the Local Government Pension Fund asset and liability;
  - ▶ Valuation of the Police Pension Fund liability; and
  - ▶ Valuation of land and buildings in Property, Plant and Equipment.

Our work over journals and the valuation of property is still ongoing and our work over pensions complete subject to review and receipt of the final IAS 19 confirmations from the Derbyshire Pension Fund Auditors, Mazars.

- ▶ Reviewing the transactions in the financial statements for evidence of any significant unusual transactions.

In addition to our overall response, we considered where these risks may present themselves and identified a separate fraud risk related to the capitalisation of revenue expenditure and a separate fraud risk over the cut-off of other income. We escalated the valuation of PPE land and buildings to a significant risk following our review of the valuation report which identified that there were a number of unusual movements in the assets valued and included the valuation of the local government and police pension funds as areas of audit focus as set out on the following slides.



## Areas of Audit Focus – Fraud risk

### Risk of fraud in revenue and expenditure recognition – cut-off of other income – fraud risk

(PCC & CC)

#### What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We consider the risk to be relevant to those significant revenue streams other than taxation receipts and grants, where management is able to apply more judgement. Specifically, our risk is focused on the completeness of other income (including fees and charges and other service income), where management may seek to move income between 2021/22 and 2022/23.

#### What judgements are we focused on?

We focus on judgements that could be influenced by management decisions and bias. Specifically we have focused on any judgement made by management in relation to the financial year other income has been recognised in, with a specific focus on 2021/22 income recognised in the 2022/23 financial year or moved between the two financial years in either direction.

#### What did we do?

We have:

- ▶ Reviewed and discussed with management any accounting estimates or judgements on other income recognition for evidence of bias;
- ▶ Performed overall analytical review procedures to identify any unusual movements or trends for further investigation in other income;
- ▶ Used our data analytics tool to identify and test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, specifically those that manually move other income between financial years;
- ▶ Performed other income and debtor cut-off testing.

We have utilised our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries more generally for evidence of management bias and evaluated them for business rationale.

#### What are our conclusions?

Our procedures performed to date have not identified any material misstatements in relation to the recognition of other income, this work is still subject to review.



## Areas of Audit Focus – Fraud risk

### Risk of fraud in revenue and expenditure recognition – inappropriate capitalisation of revenue expenditure – fraud risk

(PCC & CC)

#### What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We considered that this risk is more prevalent over the medium term and is likely to occur through the capitalisation of expenditure that should be accounted for in the CIES given the extent of the Authority's capital programme. We consider this to impact on the valuation of Property, Plant and Equipment balances.

#### What judgements are we focused on?

We focussed on whether expenditure is properly capitalised in its initial recognition, or whether subsequent expenditure on an asset enhances the asset or extends its useful life.

#### What did we do?

We have:

- ▶ Examined a sample of invoices for significant additions, and sought evidence of capital expenditure authorisations, leases and other data that support the additions, to ensure that they have been correctly classified as capital and included at the correct value. We reviewed the sample selected against the definition of capital expenditure in IAS 16;
- ▶ Extended our testing of items capitalised in the year by lowering our testing threshold. We also reviewed a larger random sample of capital additions below our testing threshold.
- ▶ Using our data analytics tool in performing journal testing - we used our testing of Journals to identify high risk transactions, such those that moved expenditure to PPE balance sheet general ledger codes.

We have utilised our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries more generally for evidence of management bias and evaluated them for business rationale.

#### What are our conclusions?

Our testing is complete, subject to review.

We have not identified any other material misstatements from inappropriate capitalisation of revenue expenditure.

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.



## Areas of Audit Focus – Significant risk

### Valuation of Land & Buildings in Property, Plant and Equipment (PPE)

(PCC)

#### What is the risk?

The value of land and buildings in PPE represent significant balances in the PCC's financial statements and are subject to valuation changes and impairment reviews. Management is required to make a high degree of material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

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

We escalated the valuation of PPE land and buildings to a significant risk following our review of the valuation report which identified that there were a number of unusual movements in the assets valued

#### What judgements are we focused on?

We focussed on whether the appropriate assumptions had been used in calculating the valuation of the assets.

#### What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- ▶ Considered the work performed by Derbyshire Police's valuers (Lambert Smith Hampton), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Challenged the assumptions used by the valuer by reference to external evidence and through engaging our EY Real Estate valuation specialist team - for example, significant or unusual movements in valuation, or investments in areas of the economy under stress such as retail;
- ▶ Sample tested key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Instructed our own Property valuation team (EY Real Estates) to review a sample of property valuations performed by the Force's Valuer;
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested accounting entries have been correctly processed in the financial statements.

#### What are our conclusions?

Our work in relation to the valuation of property is still ongoing.

We instructed our property valuation team to review a sample of the valuation performed by the PCC. Their review is not yet complete.



## Areas of Audit Focus - Higher inherent risks and other areas of audit focus

### Group Financial Statements (PCC)

#### What is the risk?

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

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

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

#### What judgements are we focused on?

We are focused on any judgements applied by management on the consolidation of the joint venture into the financial statements, as well as considering the valuation of the buildings included in the joint venture.

#### What did we do?

We have:

- ▶ Updated our understanding of the joint service agreements to understand the nature and responsibilities for both the Force and the Police and Crime Commissioner and Chief Constable for Derbyshire.
- ▶ Reviewed management's assessment of the required accounting treatment in the Financial Statements.
- ▶ Tested the accounting entries and disclosures to confirm that the correct accounting standard has been applied.
- ▶ Ensured that we have gained assurance over any balances included within the DPFLLP accounts which are material to the entity's Group Financial Statements. This has included testing the valuation of the buildings held by the joint venture.

#### What are our conclusions?

Our testing in this area remains underway.

Based on the procedures performed to date, our testing has not identified any material misstatements or matters that we need to report to the JARAC in relation to the preparation of the group financial statements.

The PCC has decided to apply a small audit exemption to the LLP financial statements. Therefore the LLP accounts are unaudited and in order to gain assurance over the transactions within the Group accounts we have undertaken direct testing of transactions covering income, expenditure, assets and liabilities.

Our work concluded that the equity method of accounting by the PCC of the LLP transactions is appropriate and in line with the CIPFA code of Practice for joint venture accounting.

We instructed our property valuation team to review the valuation of the LLP joint Headquarters and Training Centre performed by the PCC. Their review of the asset valuation is in progress.



# Areas of Audit Focus - Higher inherent risks and other areas of audit focus

## Collaborative Arrangements (CC)

### What is the risk?

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

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

### What judgements are we focused on?

We are focused on any judgements applied by management in the accounting for the collaboration balances.

### What did we do?

We have:

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

### What are our conclusions?

Our work in relation to collaboration arrangements is still ongoing.



# Areas of Audit Focus - Higher inherent risks and other areas of audit focus

## Valuation of the Local Government Pension Scheme (PCC & CC)

### What is the risk?

The Local Authority Accounting Code of Practice and IAS19 requires the PCC and Group and CC to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS), administered by Derbyshire County Council, in which it is an admitted body. The pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheets. At 31 March 2022 the draft financial statements include an amount of £474 million. The information disclosed is based on the IAS 19 report issued to the PCC and Group and CC by the actuary to the Derbyshire Pension Fund. The accounting entries relating to the LGPS are underpinned by significant assumptions and estimates. There is therefore an increased risk of misstatement and error. The estimation of the defined benefit obligations is sensitive to a range of assumptions such as rates of pay and pension inflation, mortality and discount rates. The pension fund valuations separately involve external specialists, to provide these actuarial assumptions. The defined benefit assets involve estimation on the expected asset returns for the year based on the movement in the underlying Pension Fund total assets. A small movement in these assumptions could have a material impact on the value in the balance sheet. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and assumptions underlying these estimates.

### What judgements are we focused on?

We have focused on the reasonableness of the underlying assumptions used by the Authority's expert, Hyman Robertson; the valuation of the underlying scheme assets; ensuring the information supplied to the actuary in relation to the Force was complete and accurate and that the the accounting entries and disclosures made in the financial statements were consistent with the report from the actuary.

### What are our conclusions?

We are waiting for an updated final response from Mazars, once they have completed their audit.

### What did we do?

- ▶ Liaised with the auditors of the Derbyshire Pension Fund, Mazars, to obtain assurances over the information supplied to the actuary in relation to the Authority and their work over the valuation of the pension fund's assets.
- ▶ Assessed the work of the Pension Fund actuary (Hyman Robertson) including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, commissioned by the NAO for all Local Auditors, and considering any relevant reviews by the EY actuarial team.
- ▶ The assumptions used by the actuary have been reviewed by both PwC and our EY actuarial team who have both concluded that the assumptions and methodology used are considered to be appropriate.
- ▶ Considered the reasonableness of the actuary's estimate of the asset returns applied in rolling forward the asset position from the prior year.
- ▶ Reviewed and tested the accounting entries and disclosures made within the PCC and Group and CC financial statements in

relation to IAS19, including any updates to the value of year end assets;

Used outturn information available at the time we undertook our work after production of the Derbyshire Pension Fund's draft financial statements (for example the year-end actual valuation of pension fund assets), to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

Our EY pension specialists have been able to independently reconcile the liability roll forward with the figures produced by the actuary to a difference of less than 2%. However, this equates to £7.1m. The value of the pension scheme liability when compared to the materiality applied for the purposes of the audit means that there is a high degree of sensitivity involved in the calculation of the liability.

We identified a difference of £870,000 between the actual benefits paid and the benefits paid disclosed in the actuarial report. We established that this has no impact on the overall net liability as benefits impact both the asset and liability position. This is therefore a misstatement in the disclosure only.

We have completed our work in reviewing the LGPS actuary Hymans Robertson, we concluded that the actuary had made appropriate assumptions. The financial statements include sufficient disclosures in respect of the sensitivity involved in the calculation of pension balances.

We identified that the Pension Fund asset value at 31 March 2022 used by the actuary in their report was understated by £1,427,000. As the difference is not material, we concluded that this did not have a material impact on the valuation of the Net Pension Liability. We have reported this an unadjusted misstatement.





# Areas of Audit Focus - Higher inherent risks and other areas of audit focus

## Valuation of the Police Pension Scheme liability (CC)

### What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Group and CC to make extensive disclosures within their financial statements regarding their membership of the Police Pension Scheme administered and underwritten by HM Government. The Group and CC Pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheets of the Group and CC. At 31 March 2021 this totalled £3,299 million. Accounting for the scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

We have reduced the risk level from a significant risk to a higher inherent risk. The increased risk in the prior year was due to findings by PwC identifying that the CPI assumption adopted by the Government Actuaries Department (GAD) was outside of the expected range. Initial findings by PwC in relation to the CPI assumption for 2021/22 are that this is within an acceptable range.

### What judgements are we focused on?

We have focused on the following areas, which are consistent with those of management:

- ▶ The reasonableness of the underlying assumptions used by the Authority's expert, GAD.
- ▶ Ensuring the information supplied to the actuary in relation to the Authority was complete and accurate.
- ▶ Ensuring the accounting entries and disclosures made in the financial statements were consistent with the report from the actuary.

### What did we do?

- ▶ Assessed the work of the Pension Fund actuary (GAD) including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, commissioned by the NAO for all Local Auditors, and considering any relevant reviews by the EY actuarial team.
- ▶ The assumptions used by the actuary have been reviewed by both PwC and our EY actuarial team who have both concluded that the assumptions and methodology used are considered to be appropriate.
- ▶ Reviewed and tested the accounting entries and disclosures made within the PCC and Group and CC financial statements in relation to IAS19, including any updates to the value of year end assets; and
- ▶ Gained assurance over data that has been provided to the actuaries.

Consistent with our reporting of the LGPS our EY pension specialists have been able to independently reconcile the liability roll forward with the figures produced by the actuary to a difference of less than 0.5%. However, this equates to £9.54m. The value of the pension scheme liability when compared to the materiality applied for the purposes of the audit means that there is a high degree of sensitivity involved in the calculation of the liability.

### What are our conclusions?

Based on the procedures performed, subject to review, our testing has not identified any material misstatements in the valuation of Police Pension Scheme Liability.

We have been able to independently reconcile our roll forward with the figures produced by the actuary as at the disclosure date to a difference of less than 2% of the figure for the liabilities. The financial statements include sufficient disclosures in respect of the sensitivity involved in the calculation of pension balances.



# Areas of Audit Focus - Higher inherent risks and other areas of audit focus

## Accounting for Private Finance Initiative (PFI) schemes (PCC)

### What is the risk?

The PCC has two PFI schemes which are material to our audit. The arrangements are supported by complex models to calculate the figures to be included in the financial statements each year. A detailed review of these arrangements was undertaken by our specialist in 2018/19. The liability and payments for services are dependent upon assumptions within the accounting models underpinning the PFI scheme. As such Management is required to apply estimation techniques to support the disclosures within the financial statements.

### What judgements are we focused on?

We are focused on any judgements applied by management in the accounting for the PFI schemes, including judgements made in relation to any changes in the model or contracts during the year.

### What did we do?

We have:

- ▶ Reviewed the accounting judgements and models to ensure that we are comfortable with the judgements and related accounting treatment in the financial statements;
- ▶ Reviewed the assurances brought forward from prior years regarding the appropriateness of the PFI model;
- ▶ Ensured that the inputs into the accounting models for each scheme are consistent with the PFI contracts and agree to underlying records and the operational models; and
- ▶ Ensured the accounting entries and disclosures made in the financial statements are consistent with the accounting model and the changes to the contract.

### What are our conclusions?

Based on the procedures performed, subject to review, we have not identified any significant issues in our testing. We have not identified any changes in the PFI contracts impacting the models used by management in accounting for the PFI schemes.

We are satisfied that management have accounted for the PFI scheme correctly for 2021/22.



## Areas of Audit Focus - Higher inherent risks and other areas of audit focus

### Minimum Revenue Provision (PCC)

#### What is the risk?

Local authorities are normally required each year to set aside some of their revenues as provision for capital expenditure financed by borrowing or credit arrangements. This provision is known as MRP. MRP is a real charge that impacts on the general fund. The calculation of MRP is inherently complex and the Force has changed their methodology for calculating the provision in 2021/22.

#### What judgements are we focused on?

We are focused on any judgements applied by management in the accounting for the PFI schemes, including judgements made in relation to any changes in the model or contracts during the year.

#### What did we do?

We have:

- ▶ Reviewed the revised MRP methodology and ensure that this is in line with the Local Authority Accounting Code of Practice;
- ▶ Used an internal specialist to review the Force's MRP calculations;
- ▶ Liaised with both CIPFA and DLUHC regarding the appropriateness of the timing of the implementation of the new policy; and
- ▶ Assessed the material accuracy of the Force's MRP estimate and historic over or under provision.

#### What are our conclusions?

Our work in relation to the minimum revenue provision is still ongoing.



## Areas of Audit Focus - Higher inherent risks and other areas of audit focus

### What is the area of focus?

#### Going Concern Compliance with ISA 570

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the PCC and Group was the audit of the 2020/21 financial statements.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 states that organisations can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

The revised standard increases the work we are required to perform when assessing whether the PCC and Group are a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Joint Audit, Risk and Assurance Committee.

### What did we do?

We have met the requirements of the revised auditing standard on going concern (ISA 570) and considered the adequacy of the PCC and CC's going concern assessment and its disclosure in the accounts by:

- ▶ Challenging management's identification of events or conditions impacting going concern;
- ▶ Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias);
- ▶ Reviewing the cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern;
- ▶ Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.

### What are our conclusions?

We have discussed the detailed implications of the revised auditing standard with finance staff in order to provide management with information regarding the adequacy and sufficiency of the proposed disclosures in relation to going concern.

Our work in relation to going concern is still ongoing.



## 03 Audit Report

## Draft audit report for the Police and Crime Commissioner

### Our opinion on the financial statements

#### INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR DERBYSHIRE

##### Opinion

We have audited the financial statements of the Police and Crime Commissioner for Derbyshire for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- ▶ Police and Crime Commissioner for Derbyshire and Group Comprehensive Income and Expenditure Statement;
- ▶ Police and Crime Commissioner for Derbyshire and Group Balance Sheet;
- ▶ Police and Crime Commissioner for Derbyshire and Group Movement in Reserves Statement;
- ▶ Police and Crime Commissioner for Derbyshire and Group Cash Flow Statement;
- ▶ Related notes 1 to 31, the Expenditure Funding Analysis and the Statement of Accounting Policies; and
- ▶ Police and Crime Commissioner for Derbyshire Pension Fund Account Statements and related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of the Police and Crime Commissioner for Derbyshire and the Group as at 31 March 2022 and of its expenditure and income for the year then ended;
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22; and
- ▶ have been prepared properly in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Derbyshire and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Operating Officer & S151 Officer's (the "Chief Financial Officer") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner and the Group's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Operating Officer & S151 Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Police and Crime Commissioner and the Group's ability to continue as a going concern.



# Audit Report

## Draft audit report for the Police and Crime Commissioner (continued)

### Our opinion on the financial statements

#### Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Chief Operating Officer & S151 Officer is responsible for the other information contained within the Statement of Accounts 2021/22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);

- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended); or
- ▶ we are not satisfied that the Police and Crime Commissioner and the Group have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.

#### Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 13, the Chief Operating Officer & S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view and for such internal control as the Chief Operating Officer & S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Operating Officer & S151 Officer is responsible for assessing the Police and Crime Commissioner's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner and the Group either intend to cease operations, or have no realistic alternative but to do so.

The Police and Crime Commissioner and the Group are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Audit Report

## Draft audit report for the Police and Crime Commissioner (continued)

### Our opinion on the financial statements

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and determined that the most significant are:
  - ▶ Local Government Act 1972,
  - ▶ Local Government Act 2003,
  - ▶ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
  - ▶ The Local Audit and Accountability Act 2014,
  - ▶ The Accounts and Audit Regulations 2015 (extended with Accounts and Audit (Coronavirus) (Amendment) Regulations 2020),

- ▶ The Police Reform and Social Responsibility Act 2011,
- ▶ Anti-social behaviour, Police and Crime Act 2014,
- ▶ Police Pensions scheme regulations 1987,
- ▶ Police Pensions regulations 2006; and
- ▶ Police Pensions regulations 2015.

In addition, the Police and Crime Commissioner has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

- ▶ We understood how Police and Crime Commissioner and the Group are complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, those charged with governance and the monitoring officer and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Police and Crime Commissioner's and the Group's committee minutes, through enquiry of employees to confirm Police and Crime Commissioner and the Group policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- ▶ We assessed the susceptibility of the Police and Crime Commissioner's and the Group's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified our fraud risks to be manipulation of reported financial performance (through improper recognition of revenue in relation to other income), inappropriate capitalisation of revenue expenditure and management override of controls.



## Audit Report

# Draft audit report for the Police and Crime Commissioner (continued)

### Our opinion on the financial statements

- ▶ To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue in relation to other income, we tested and discussed with management any accounting estimates or judgements on other income recognition for evidence of bias; performed overall analytical review procedures to identify any unusual movements or trends for further investigation in other income; used our data analytics tool to identify and test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, specifically those that manually moved other income between years; and performed other income and debtor cut-off testing.
- ▶ To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Police and Crime Commissioner's and the Group's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine. We also included specific risk criteria in our journals testing to test manual journals specifically moving expenditure to property, plant and equipment additions.
- ▶ To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in December 2021, as to whether the Police and Crime Commissioner and the Group had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner and the Group put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner and the Group had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's and the Group's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



## Audit Report

# Draft audit report for the Police and Crime Commissioner (continued)

### Our opinion on the financial statements

#### Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Police and Crime Commissioner for Derbyshire and the Group's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

#### Use of our report

This report is made solely to Police and Crime Commissioner for Derbyshire and the Group, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Derbyshire and the Group, for our audit work, for this report, or for the opinions we have formed.

*Hayley Clark (Key Audit Partner)*  
*Ernst & Young LLP (Local Auditor)*  
*Birmingham*



# Audit Report

## Draft audit report for the Chief Constable

### Our opinion on the financial statements

#### INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR DERBYSHIRE

##### Opinion

We have audited the financial statements of the Chief Constable for Derbyshire for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- ▶ Chief Constable for Derbyshire Comprehensive Income and Expenditure Statement;
- ▶ Chief Constable for Derbyshire Balance Sheet;
- ▶ Chief Constable for Derbyshire Movement in Reserves Statement;
- ▶ Chief Constable for Derbyshire Cash Flow Statement; and
- ▶ related notes 1 to 19, the Expenditure Funding Analysis and the Statement of Accounting Policies; and
- ▶ Chief Constable for Derbyshire Pension Fund Account and related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of the Chief Constable of Derbyshire as at 31 March 2022 and of its expenditure and income for the year then ended;
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22; and
- ▶ have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Chief Constable for Derbyshire in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Joint Director of Finance and Business Services' (the 'Chief Financial Officer') use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue .

Our responsibilities and the responsibilities of the Joint Director of Finance and Business Services with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Chief Constable's ability to continue as a going concern.



# Audit Report

## Draft audit report for the Chief Constable (continued)

### Our opinion on the financial statements

#### Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Joint Director of Finance and Business Services is responsible for the other information contained within the Statement of Accounts 2021/22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Matters on which we report by exception

We report if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and

2014 (as amended);

- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended);
- ▶ we are not satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

#### Responsibilities of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 16, the Joint Director of Finance and Business Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 202x/2x, and for being satisfied that they give a true and fair view and for such internal control as the Joint Director of Finance and Business Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Joint Director of Finance and Business Services is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable either intends to cease operations, or has no realistic alternative but to do so.

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Audit Report

## Draft audit report for the Chief Constable (continued)

### Our opinion on the financial statements

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant are:
  - ▶ Local Government Act 2003,
  - ▶ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
  - ▶ The Local Audit and Accountability Act 2014,
  - ▶ The Accounts and Audit Regulations 2015 (extended with Accounts and Audit (Coronavirus) (Amendment) Regulations 2020),

- ▶ The Police Reform and Social Responsibility Act 2011,
- ▶ Anti-social behaviour, Police and Crime Act 2014,
- ▶ Police Pensions scheme regulations 1987,
- ▶ Police Pensions regulations 2006; and
- ▶ Police Pensions regulations 2015.

In addition, the Chief Constable has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

- ▶ We understood how Chief Constable is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, those charged with governance and the monitoring officer and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Chief Constable's committee minutes, through enquiry of employees to confirm Chief Constable policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- ▶ We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified our fraud risks to be manipulation of reported financial performance (through improper recognition of revenue in relation to other income), inappropriate capitalisation of revenue expenditure and management override of controls.



## Audit Report

# Draft audit report for the Chief Constable (continued)

### Our opinion on the financial statements

- ▶ To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue in relation to other income, we tested and discussed with management any accounting estimates or judgements on other income recognition for evidence of bias; performed overall analytical review procedures to identify any unusual movements or trends for further investigation in other income; used our data analytics tool to identify and test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, specifically those that manually moved other income between years; and performed other income and debtor cut-off testing.
- ▶ To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Chief Constable's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine. We also included specific risk criteria in our journals testing to test manual journals specifically moving expenditure to property, plant and equipment additions.
- ▶ To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in December 2021, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Chief Constable for Derbyshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



## Audit Report

# Draft audit report for the Chief Constable (continued)

### Our opinion on the financial statements

#### Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Chief Constable for Derbyshire's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

#### Use of our report

This report is made solely to the Chief Constable for Derbyshire, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for Derbyshire, for our audit work, for this report, or for the opinions we have formed.

*Hayley Clark (Key Audit Partner)*  
*Ernst & Young LLP (Local Auditor)*  
*Birmingham*



# 04 Audit Differences





# Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

## Summary of adjusted and unadjusted differences

We have not identified any misstatements greater than £319,000 for the CC and £110,000 for the PCC which were required to be corrected by management that were identified during the course of our audit.

We have identified one unadjusted audit difference in relation to the current year and two audit differences relating to the prior year that have a turnaround impact on the current year, that are above our reporting threshold but below materiality. These would have an impact on the income statement of increasing expenditure by £709,099 and increasing the other comprehensive income by £1,427,000.

- ▶ CC and Group: The local government pension fund liability is overstated by £1,427,000. This would impact the pension fund reserve through the OCI.
- ▶ PCC and Group:
  - ▶ A sales invoice tested in 2020/21 stated that the service related to 05/11/20 - 05/05/21. The amount that relates to FY21/22 had not been correctly accounted for. The misstatement amounted to £1,200.73 but as this was a representative sample item this was then extrapolated to £490,951.
  - ▶ A sales invoice tested in 2020/21 stated that the service related to 01/06/20 - 31/05/21. The amount that relates to FY21/22 had not been correctly accounted for totalling £218,148.



05

## Value for Money



# Value for money

## The PCC and CC's responsibilities for value for money (VFM)

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

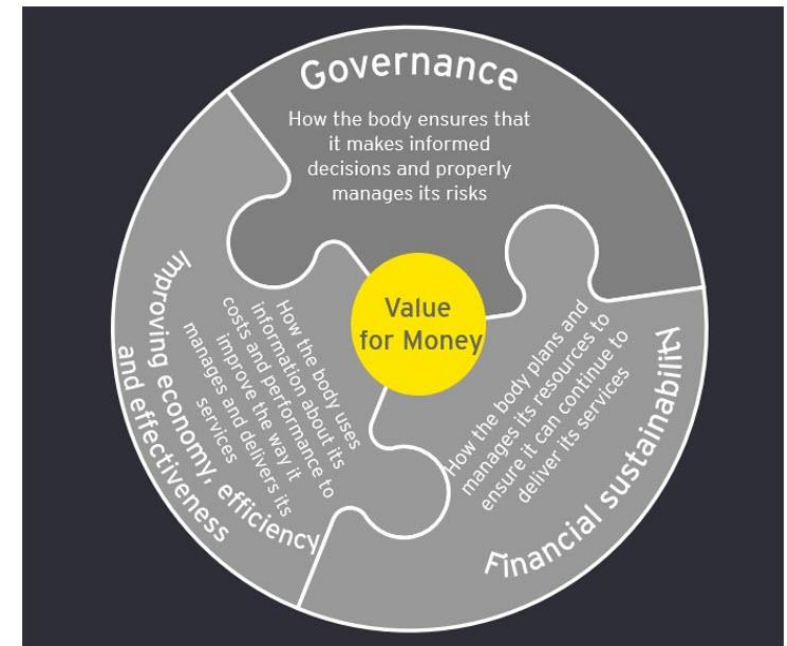
As part of the material published with its financial statements, the PCC and CC are required to bring together commentary on their governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the PCC and CC tailor the content to reflect their own individual circumstances, consistent with the requirements set out in the CIPFA Code of Practice on Local Authority Accounting. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.

## Risk assessment

We are in the process of concluding our risk assessment and are still working through the HMICFRS PEEL report. We have not identified any risks of significant weaknesses in the PCC and CC's VFM arrangements in our work completed to date and have no matters to report by exception in the auditor's report at this stage (see Section 03).

## Status of our VFM work

Our planned VFM procedures are in progress and we have no matters to report by exception in the auditor's report (see Section 03) at this time. We plan to issue the VFM commentary within three months of issuing the opinion.





## 06 Other reporting issues

## Other reporting issues

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# Other reporting issues

### Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the PCC and CC Statement of Accounts 2021/22 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2021/22 and published with the financial statements was consistent with the audited financial statements.

We received an updated version of the Annual Governance Statements and are reviewing this for consistency with our knowledge of the PCC and CC, and considering its collation as part of our work on value for money. We do not expect to have anything to report.

### Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as at the date of this report the NAO have not issued their guidance to auditors.

We cannot issue our Audit Certificate until these procedures are complete.

## Other reporting issues

# Other reporting issues

### Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

### Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the PCC and CC’s financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits.

We have nothing to comment in respect of these.



07

## Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed.

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

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

To date, we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware for the current year audit.

However, we wish to report the update on the control deficiency communicated to you in last year audit result report.

### Status of previous year's recommendations

Description	Update
<p>Property valuations are performed on the 1 April each year. The CIPFA Code requires the accounts to consider the valuation as the balance sheet date. We recommend that management amend their valuation date to 31 March (i.e. the balance sheet date) so that the most up to date position is provided in the financial statements. This would also lead to a more efficient process as an additional roll forward from the start to the end of the year would not be needed for those assets revalued during the financial year.</p>	<p>The valuations undertaken in 2021/22 has included a full valuation, including property visits. This valuation has been undertaken as at 31 March 2021. Therefore we consider that the Force has appropriately discharged our prior recommendation.</p>





# 08 Data Analytics



# Use of Data Analytics in the Audit

## Analytics Driven Audit

### Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

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

In 2021/22, our use of these analysers in the Authority's audit included testing journal entries and employee expenses, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

### Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

### Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.

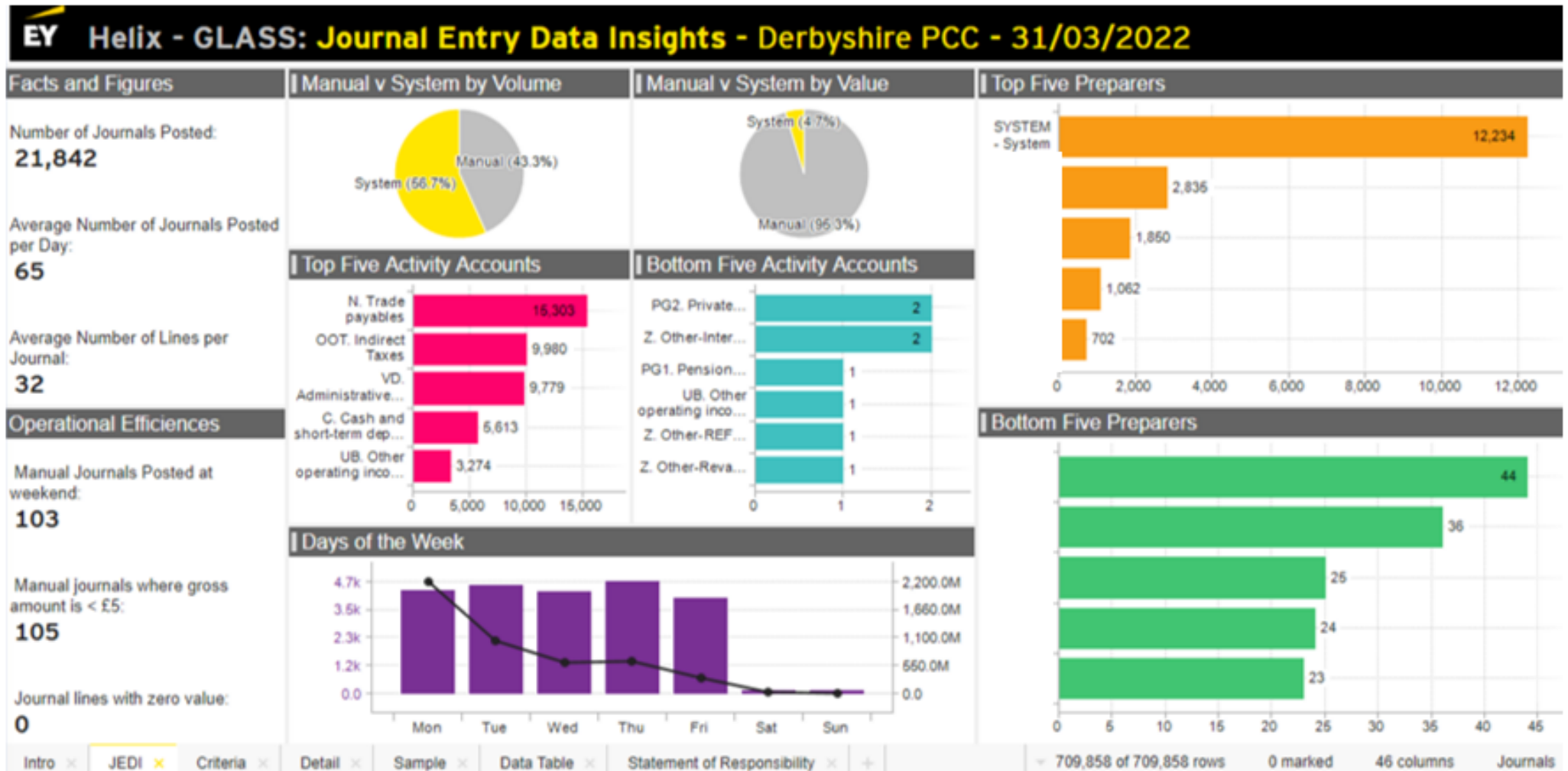


# Data Analytics

## Journal Entry Testing

The graphic outlined below summarises the journal population for 2021/22. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.





# Data Analytics

## What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

## What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

## Journal entry data criteria – 31 March 2022



## What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

## What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



09

# Independence

## Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the PCC/CC, and its members and senior management and its affiliates, including all services provided by us and our network to the PCC/CC, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

### Audit fees

As part of our reporting on our independence, we set out below a summary of the fees you have paid us in the year ended 31 March 2022.

We confirm that we have not undertaken any non-audit work.

Description	Draft Fee 2021/22 £	Draft Fee 2020/21 £
Audit Fee - Code work - Scale fee (1)	35,447	35,447
Audit Fee - Code work - Scale fee variation (2)	TBC	TBC
Total Audit Fee - Code work (3)	TBC	TBC
Total non-audit services	Nil	Nil

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

2) We have identified and reported areas where additional audit work has been required over and above the level of the scale fee previously set which corresponded to the risks set out in our audit plan and the implications of operating using a lower level of materiality. The identified areas are:

- Group Accounts - focus on the joint venture per risk earlier in plan;
- Collaborative arrangements per risk earlier in plan;
- PPE valuations (use of specialists) & increased risk
- Other estimates, including ISA 540 changes to PPE and pensions;
- PFI risk as identified earlier in the plan;
- MRP change in policy per risk earlier in plan;

- Pensions valuations per risk earlier in plan;
- Going concern following changes in auditing standards;
- Work in relation to the specific income and expenditure fraud risks; and
- Value for Money.

We will discuss these additional costs with management and provided indicative fee levels for each of these areas. We will report the final levels to you upon conclusion of our work and agreement with management.

PSAA have released a communication (August 2021) on 2021/22 external audit fees. This includes a minimum £6,000 - £11,000 in relation to additional VFM requirements and a minimum of £2,500 in relation to additional procedures required in relation to ISA 540 (Auditing accounting estimates).

All scale fee variations are subject to approval from PSAA Ltd.

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

## Other communications

### EY Transparency Report 2021

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

[EY UK 2022 Transparency Report | EY UK](#)

A close-up photograph of a person's hand reaching into a filing cabinet to touch a folder. The cabinet is filled with numerous folders of various colors (yellow, orange, blue, white) and sizes, each containing stacks of papers. The background is a textured, light-colored wall.




# 10 Appendices






## Appendix A

# Required communications with the Joint Audit, Risk and Assurance Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
<b>Required communications</b>	 <b>What is reported?</b>	 <b>When and where</b>
Terms of engagement	Confirmation by the PCC and CC of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report presented at the JARAC meeting on 14 November 2022.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report presented at the JARAC meeting on 14 November 2022.
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report presented at the JARAC meeting on 10 January 2023.





## Appendix A

		 Our Reporting to you
<b>Required communications</b>	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty related to going concern</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The appropriateness of related disclosures in the financial statements</li> </ul>	Audit results report presented at the JARAC meeting on 10 January 2023.
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit results report presented at the JARAC meeting on 10 January 2023.
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.</li> </ul>	Audit results report presented at the JARAC meeting on 10 January 2023.
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to PCC, CC &amp; Management responsibility.</li> </ul>	Audit results report presented at the JARAC meeting on 10 January 2023.





# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report presented at the JARAC meeting on 10 January 2023.
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report presented at the JARAC meeting on 14 November 2022.</p> <p>Audit results report presented at the JARAC meeting on 10 January 2023.</p>

## Appendix A




		 Our Reporting to you
<b>Required communications</b>	 What is reported?	  When and where
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	Audit results report presented at the JARAC meeting on 10 January 2023.
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of.</li> </ul>	Audit results report presented at the JARAC meeting on 10 January 2023.
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit.</li> </ul>	Audit planning report presented at the JARAC meeting on 14 November 2022. Audit results report presented at the JARAC meeting on 10 January 2023.

## Appendix A

		 Our Reporting to you
 Required communications	 What is reported?	 When and where
Group Audits	<ul style="list-style-type: none"> <li>▶ An overview of the type of work to be performed on the financial information of the components</li> <li>▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work</li> <li>▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.</li> </ul>	<p>Audit planning report presented at the JARAC meeting on 14 November 2022.</p> <p>Audit results report presented at the JARAC meeting on 10 January 2023.</p>
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>▶ Written representations we are requesting from management and/or those charged with governance</li> </ul>	<p>Audit results report presented at the JARAC meeting on 10 January 2023.</p>
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	<p>Audit results report presented at the JARAC meeting on 10 January 2023.</p>
Auditors report	<ul style="list-style-type: none"> <li>▶ Key audit matters that we will include in our auditor's report</li> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	<p>Audit results report presented at the JARAC meeting on 10 January 2023.</p>




## Appendix B – Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Review of completed audit work: LGPS and Police Pension Fund; Employee Costs; Officers Remuneration; Exit packages; Debtors; Creditors; PFI; Reserves and MIRS; Taxation and non-specific Grant Income; Other income; PPE additions; disposals, depreciation and existence.	Review to be performed by the Senior Manager and Engagement Partner	EY
Completion of our work over PPE Valuations, including obtaining and considering the implications of the report by our internal specialists	Obtain the report and consider the implications of the work performed by our internal specialists across the valued population of assets. Complete our testing of revalued assets Complete our testing of assets not revalued in year	EY
Completion of our testing of journals	Receipt of supporting evidence for journals selected for testing Testing of journals identified for testing	EY and management
Complete our testing of income cut-off	Receipt of supporting evidence for samples selected for testing Complete our sample testing	EY and management
Completion of our work over the group transactions	Receipt of supporting evidence for samples selected for testing Complete our sample testing	
Completion of our work over collaboration	Obtain assurances from Leicestershire Police audit	EY and management
Completion of our work over the LGPS	Receipt of the final letter from Mazars as auditors of Derbyshire Pension Fund	Mazars
Completion of our work over the Minimum Revenue Provision	EY expert review of the new policy Discussions with DLUHC to consider position	EY
Completion of our work over going concern	Receipt of the going concern assessment Detail review and consideration of the going concern assessment	EY and management
Completion of our testing of cash and cash equivalents	Obtain supporting evidence for remaining bank accounts	EY and management

## Appendix B – Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:


Item 	Actions to resolve 	Responsibility 
Complete our testing of non-significant areas of the audit: Income from grants; expenditure; cashflow statement; unrecorded liabilities; financial instruments and non-significant disclosures	Receipt of supporting evidence for samples selected for testing Testing of samples identified for testing	EY and management
Complete our value for money risk assessment, including assessment of the HMICFRS PEEL report and Annual Governance Statement walkthrough	Completion of our planned procedures Receipt of the supporting evidence for the Annual Governance Statement Walkthrough	EY and management
Review of the revised financial statements	Obtain and review final revised financial statements and verify all agreed amendments have been made	EY and management
Completion of manager and partner review of work performed	Complete work and review	EY
Subsequent events review	To be performed just before signing	EY and management
Receipt of signed management representation letter	Finalise the letter following completion of the audit	EY and management
Receipt of signed Narrative Report and financial statements	Finalise the financial statements and narrative report following completion of the audit	EY and management
Receipt of the final assurance letters	Obtain letters of assurance	Management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures on [going concern, directors' remuneration and impairment sensitivities] remain to be finalised and audited. A draft of the current opinion (with outstanding areas highlighted) is included in Section 03.

## APPENDIX C - Implementation of IFRS 16 Leases

In previous reports to the Joint Audit, Risk and Assurance Committee, we have highlighted the issue of new accounting standards and regulatory developments. IFRS 16 introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

IFRS 16 does not come into effect for the PCC and CC until 1 April 2024. However, officers should be acting now to assess the PCC and CC's leasing positions and secure the required information to ensure the PCC and CC will be fully compliant with the 2022/23 Code. The following table summarises some key areas officers should be progressing.

IFRS 16 theme	Summary of key measures 
Data collection	<p>Management should:</p> <ul style="list-style-type: none"> <li>▶ Put in place a robust process to identify all arrangements that convey the right to control the use of an identified asset for a period of time. The adequacy of this process should be discussed with auditors.</li> <li>▶ Classify all such leases into low value; short-term; peppercorn; portfolio and individual leases</li> <li>▶ Identify, collect, log and check all significant data points that affect lease accounting including: the term of the lease; reasonably certain judgements on extension or termination; dates of rent reviews; variable payments; grandfathered decisions; non-lease components; and discount rate to be applied.</li> </ul>
Policy Choices	<p>The PCC and CC needs to agree on certain policy choices. In particular:</p> <ul style="list-style-type: none"> <li>▶ Whether to adopt a portfolio approach</li> <li>▶ What low value threshold to set and agree with auditors</li> <li>▶ Which asset classes, if any, are management adopting the practical expedient in relation to non-lease components</li> <li>▶ What is managements policy in relation to discount rates to be used?</li> </ul>
Code adaptations for the public sector	<p>Finance teams should understand the Code adaptations for the public sector. The Code contains general adaptations, (e.g. the definition of a lease); transitional interpretations (e.g. no restatement of prior periods) and adaptations that apply post transition (e.g. use of short-term lease exemption).</p>
Transitional accounting arrangements	<p>Finance teams should understand the accounting required on first implementation of IFRS 16. The main impact is on former operating leases where the authority is lessee. However, there can be implications for some finance leases where the PCC or CC is lessee; and potentially for sub-leases, where the PCC or CC is a lessor, that were operating leases under the old standard.</p>
Ongoing accounting arrangements	<p>Finance teams need to develop models to be able to properly account for initial recognition and subsequent measurement of right of use assets and associated liabilities. This is more complex than the previous standard due to more regular remeasurements and possible modifications after certain trigger events.</p>
Remeasurements and modifications	<p>Finance teams need to familiarise themselves with when the 'remeasurement' or 'modification' of a lease is required and what to do under each circumstance. A modification can lead to an additional lease being recognised. It is also important to know when remeasurements require a new discount rate is to be applied to the lease.</p>



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ED None

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Our reference:  
Your reference:  
Date: 30<sup>th</sup> December 2022

Hayley Clark, Partner  
Ernst & Young  
1 Colmore Square  
Birmingham  
B4 6HQ

Dear Madam

This letter of representations is provided in connection with your audit of the financial statements of the Chief Constable for Derbyshire (“the Chief Constable”) for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Chief Constable financial position of the Chief Constable for Derbyshire as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. We acknowledge, as members of management of the Chief Constable, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Chief Constable in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom

2021/22, and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Chief Constable, we believe that the Chief Constable has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because they do not materially impact the reported financial position of the Constabulary.
6. We confirm the Chief Constable does not have securities (debt or equity) listed on a recognized exchange.

#### **B. Non-compliance with law and regulations, including fraud**

We acknowledge that we are responsible to determine that the Chief Constable's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Chief Constable (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial improprieties;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Chief Constable's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Chief Constable's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or

- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### **C. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of the Chief Constable and committees being the Joint Audit Risk and Assurance Committee and Strategic Assurance Board (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: XXXX

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Chief Constable's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

6. We have disclosed to you, and the Chief Constable has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter, 21 September 2022 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

#### **D. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent. There are no guarantees that we have given to third parties.

#### **E. Going Concern**

1. Section 'General Principles' within the Statement of Accounting Policies to the financial statements discloses all the matters of which we are aware that are relevant to the Chief Constable's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

#### **F. Subsequent Events**

1. There have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

#### **G. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

#### **H. Climate-related matters**

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered, including the impact resulting from the commitments made by the Chief Constable, and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, aligned with the statements we have made in the other information or other public communications made by us (see section G).

#### **I. Ownership of Assets**

1. The Chief Constable has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Chief Constable's assets, nor has any asset been pledged as collateral. All assets to which the Chief Constable has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly

recorded and adequately disclosed in the financial statements.

3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

#### **J. Reserves**

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

#### **K. Contingent Liabilities**

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency).

#### **L. Use of the Work of a Specialist**

When the Chief Constable has used the work of a specialist, we may include the following representation:

1. We agree with the findings of the specialists that we engaged to evaluate the Chief Constable's pension liability valuations for the Local Government Pension Scheme and the Police Pension Fund and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

#### **M. Estimates**

##### **Local Government Pension Scheme and Police Pension Scheme Liabilities**

1. We confirm that the significant judgments made in making the estimates have taken into account all relevant information and the effects of the COVID-19 pandemic on the estimates of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the estimates.
3. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic on the estimates, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
5. We confirm that appropriate specialized skills or expertise has been applied in making the estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements, including due to the COVID-19 pandemic.

**N. Retirement benefits**

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

\_\_\_\_\_  
Jon Peatling  
(Head of Finance and Business Services)

Date: \_\_\_\_\_

\_\_\_\_\_  
Rachel Swann  
(Chief Constable)

Date: \_\_\_\_\_

\_\_\_\_\_  
Sue Sunderland  
(Chair of the Joint Audit Risk and Assurance Committee)

Date: \_\_\_\_\_

**JARAC – INTERNAL AUDIT RECOMMENDATION MONITORING**

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



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

underway the future intention of the fleet manager is to remove the physical logbooks within any vehicle fitted with telematics.

Drivers are still reminded to complete the logbooks until a time that the telematics project completes the initial hardware installation phase and the system becomes live. Estimated time April 2023.

January 2023 : New admin staff are due to start in January 2023 and this will assist with the delivery of the Telematics Project to reduce the hardware installation time. Estimated completion of hardware install is now March 2023. Once all vehicles are active in the telematics system I will look to communicate out to the force that logbooks are no longer required.

In addition to the above a mobile application is currently being developed to allow weekly vehicle checks to be submitted directly to our Fleet Management system, Key2. This will allow my team to produce detailed MI relating to which vehicles haven't been checked and report these to senior officers.

<p><b>4.4 Performance Information</b></p> <p>The force should obtain performance information reports on a more regular basis such as monthly or quarterly from Derbyshire County Council. Performance information reports should then be presented to the Transport Steering Group either on a regular basis or by exception.</p>	<p>Fleet          Manager</p>		<p>Original completion date: July 2022.</p> <p>Revised completion date due to incompleteness: January 2023</p>	<p>Daily monitoring of vehicle availability is currently being undertaken by the Fleet Technical Officer. The immediate issue of timely reporting will be rectified now that DCC have resolved a number of system reporting issues. The vehicle maintenance contract specification is also currently under review pending a re-tendering procurement process in 2022 and therefore the recommendations for more frequent and robust performance reporting will be included within this. The performance reporting will also be included as an agenda item at the Transport Steering Group meetings chaired by the Director of Finance and Business Services.</p> <p>The transport team at HQ have access to the DCC fleet management system, Webfleet, so we can monitor the vehicles that are off road or are due to be serviced and maintained. In regard to the performance reporting I have yet to see any reporting but this will be fed back to the management team at DCC to be discussed at the next review meeting.</p>

				<p>Update November 2022: Again, due to the reduce number of staff within the fleet team the regular information reports have not been reviewed on a regular basis with Derbyshire County Council. The performance of the DCC has been reviewed once since the new fleet manager has taken over and as part of the contract renewal review Derbyshire Police will be looking to extend the current contract pending continued service level agreements are adhered to.</p> <p>January 2023 :</p> <p>Further discussions have taken place with DCC in relation to the extension of the current maintenance contract. With this being a priority no further work has been done with the performance information reports other than daily monitoring of the DCC Fleet management system, Fleet Wave. This at least enables us to prioritize certain vehicles based on their requirement in the force.</p>
<p><b>4.5 Budget Monitoring</b></p>	<p>Fleet          Manager</p>	<p>2</p>	<p>To commence from: April 2022</p>	<p>Reps from finance to attend all future Transport Steering Group meetings to cover both revenue and</p>

<p>Representatives from Finance should attend the quarterly Transport Steering Group in order to inform management of the current budgetary position. Fleet management should meet with finance on a regular and formal basis to discuss the budget.</p>			<p>Proposed completion as representatives from Finance have attended the steering group meeting.</p>	<p>capital expenditure and standing agenda item at all meetings. Quarterly meeting to be scheduled with the Fleet Management and finance to carry out detailed review on expenditure and commitments.</p> <p>The next budget monitoring meeting is on 20th July and this will be a formal review of the fleet budget. This will also be a regular meeting between fleet and finance outside of the Transport Steering group.</p> <p>Update November 2022: Meetings with both revenue and capital finance representatives have taken place over the past 6 weeks and regular on-going meetings have been scheduled in for the remainder of this financial year. The next Transport Steering Group meeting is on the 17<sup>th</sup> October 2022 and representatives from finance are attending.</p> <p>January 2023: Budget meetings with both Capital and revenue representatives continue to take place and constructively provide detailed budgetary planning.</p>
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July 2022			
Procurement & Contract Management:			
<p><b>4.1 Procurement Policies &amp; Procedures</b></p> <p>All out of date policy, procedure and guidance documents should be updated to reflect current practice. They should then be reviewed on an annual basis and updated as needed. Policy, procedure, and guidance documents should include a document control section detailing at minimum the person responsible for the document, the date last reviewed and the date of the next review.</p>	<p>Head of Procurement</p> <p>2</p>	<p>Original completion date: December 2022</p> <p>Revised Completion date: March 2023</p>	<p>September 2022: Assurance that this is underway was provided to JARAC members during meeting with the Head of Procurement and Director of Finance and Business services.</p> <p>October 2022:          Example documentation is being gathered from other Police forces, local government, and NHS procurement colleagues. EMPLS providing support to ensure content complies with requirements.</p> <p>January 2023:          Update was given at the November 2022 JARAC meeting. The Director of Finance and Business services reported that a key part of this recommendation is the current documents which all comply with practice and mitigating controls are in place. The revised completion date of March 2023 was agreed.</p>

<p><b>4.4 Contract Management</b></p> <p>The Contract Management Policy should be updated to specify the exact circumstances where contract management / monitoring is required and how it should be documented. Procurement should have access to contract management related documentation in order to support the monitoring of contract performance.</p>	<p>Head of Procurement</p>	<p>2</p>	<p>Original completion date: December 2022</p> <p>Revised Completion date: March 2023</p>	<p>September 2022: Work is on-going to update all procurement documentation including the Contract Management Policy. We have also now successfully recruited a Contracts and Engagement Officer to support the Force and OPCC with regards to contract management delivery and training.</p> <p>November 2022: This post is still vacant; the vacancy has been advertised again as the person offered the post decided not to accept. Alongside the other documentation being updated the Contract Management policy and processes will be upgraded when this vacant post is filled successfully.</p> <p>January 2023:        Update was given at the November 2022 JARAC meeting. All policies will be up to date by the end of March 2023. A member of staff has now been recruited into the contract management role.</p>
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<p><b>4.5 Contractor Performance /KPIs</b></p> <p>The Force should consider developing a range of standard KPI / performance indicators for contractors to report contract performance against, which may differ depending on the type of contract. Standard KPI / performance indicators should be detailed in contractual documents and agreements, such as the ITT and contract itself.</p>	<p>Head of Procurement</p>	2	<p>To commence from: July 2022</p> <p>Revised Completion date: March 2023</p>	<p>September 2022: As part of the on-going work to update all procurement documents and policies, we will also be updating and expanding the standard KPI's.</p> <p>November 2022: Production of a standard range of KPI's will be completed along with the documentation updating referred to at <a href="#">4.1 Procurement Policies &amp; Procedures</a>.</p> <p>January 2023: Update was given at the November 2022 JARAC meeting and a revised completion date of March 2023 was agreed.</p>
<p><b>4.6 Purchase orders/Requisitions</b></p> <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>Head of Procurement</p>	2	<p>Original completion date: December 2022</p> <p>Proposed extended completion date: March 2023</p>	<p>September 2022: A review of the finance/ordering process is to be carried out to close any gaps that occur in the purchase order process to ensure compliance with force financial regulations.</p> <p>November 2022: – All purchase requests sent to finance for processing between £5,000 and £25,000 are sent to Procurement for authorisation if they do not include relevant supporting information, for example 3 quotes or contract reference number. Anything above £25,000 is sent to Procurement to</p>



				<p>ensure that a live contract is in place. These steps are intended to capture any potential off contract spend. Quarterly Procurement also run an aggregated spend report, again intended to capture potential off contract spend of lower regular values.</p> <p>January 2023 :          Head of Finance assured that the policies and procedure documentation would be updated by the end of the financial year.</p>
<b>Stock Control 21-22</b>				
<p><b>4.1 Procedure Documentation</b>          The Force should ensure that procedure notes are effectively communicated to all staff and are accessible.</p>	<p>Head of Finance</p>	<p>of 2</p>	<p>Original completion date: January 2023</p>	<p>October 2022: Guidance and procedure notes are held on the system and all Stores staff have been reminded of the procedures and are familiarised with the processes.</p> <p>January 2023 : Proposed closure</p>

<p><b>4.3 Stocktakes and Levels</b></p> <p>The Force to implement a stock take schedule, ideally to align with the financial year end, to assist in financial reporting and stock control.</p>	<p>Head of Finance</p>	<p>2</p>	<p>Original completion date: September 2022</p>	<p>October 2022:</p> <p>A new stores system is being implemented to assist with uniform orders that will allow officers and staff to order new and replacement items of uniform through Agresso. The system will provide management information to help with our future ordering requirements (size and quantities) and provide stock quantities and values for stock held.</p> <p>January 2023:</p> <p>The project has moved into System Configuration stage – starting with the Order Requisition for officers and staff to order replacement uniform against agreed entitlements for each role. Second stage is reviewing the stock reporting and stock quantities – a full stock take is planned for the end of March to load stock quantities from 1<sup>st</sup> April to coincide with a go live date.</p>
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<p><b>4.4 Stock Management System</b></p> <p>The Force should explore the possibility of implementing a stock control system to allow for stock management, monitoring, ordering and reporting.</p>	<p>Head of Finance</p>	<p>2</p>	<p>Original completion date: December 2022</p> <p>Proposed to mark this complete in January</p>	<p>October 2022:</p> <p>The system is currently in the design stage and is expected to be rolled out for use in a sample of roles from January onwards, with the intention for full implementation from April onwards.</p> <p>January 2023 :</p> <p>This project has also moved into System Configuration stage – starting with the Order Requisition for officers and staff to order replacement uniform against agreed entitlements for each role. Second stage is reviewing the stock reporting and stock quantities – a full stock take is planned for the end of March to load stock quantities from 1<sup>st</sup> April to coincide with a go live date.</p>
<p><b>4.5 Storage and Collection of Returned Stock</b></p> <p>The Force to ensure that items for disposal are collected in a timely manner and to organise the collection of the current stock as a matter of urgency.</p>	<p>Head of Finance</p>	<p>2</p>	<p>Original Completion Date: September 2022</p> <p>Proposed completion as returned stock is now collected and disposed of appropriately.</p>	<p>October 2022: Returned stock is now collected on a timely basis and disposed of appropriately.</p> <p>January 2023: Additional temporary resources are being made available to assist with the process.</p> <p>Proposed closure</p>

IT Disaster Recovery 21-22				
<p><b>4.2 Third Party Testing</b></p> <p>Should the contract with the third party continue a DR test should be performed. Regardless of the contract, testing of DR should be performed on a regular basis.</p>	<p>Civil Contingencies Officer</p>	<p>2</p>	<p>Original Completion date: May 2022</p> <p>Testing schedule being planned by BCSG.</p> <p>Time scale is fluid.</p>	<p>September 2022:</p> <p>We have continued to exercise our plans throughout the year and have a busy few month ahead of us, not only for existing plans but looking ahead with national and international emerging issues. All Business Continuity plans are in date or being worked on with regards to many new projects and changes within force over the last few months and ahead. We have a good relationship with our partner agencies and again exercise with them to test not only our plans but all. We now have a new Civil Contingencies Manager within force after the retirement of John Perkins in March this year.</p> <p><b>January 2023:</b></p> <p>The new civil contingencies manager has brought experience from fire service – improvements are being made to general working/ multiagency working. There are many plans in place to continue exercises and business continuity are now all up to date and are forever evolving.</p>

<p><b>4.3 Third Party Provided services</b></p> <p>The Force should ensure that where services are hosted externally, either in the cloud, other Forces or third parties, it must be ensured that appropriate disaster recovery and service continuity measures are in place.</p>	<p>Head of Information Services</p>	<p>2</p>	<p>To commence yearly from: July 2023</p>	<p>October 2022</p> <p>This focuses on two main systems. Niche the records mgt system and the Microsoft solution.</p> <p>For Niche we have a section 22a agreement with Lincs police. Legal will have the latest version of this (it is being updated at present).</p> <p>The Microsoft agreement was signed as part of the UK Government agreement (majority of forces have joined this).</p> <p><b>January 2023 :</b></p> <p>Niche moved to an Azure Cloud solution in November 2022. As part of that change the BCP/DR situation was reviewed and agreed by regional DCC's. The solution included agreeing that data from the primary cloud site was sent to a secondary site. If the primary site was comprised, then Lincs would work with Niche and Microsoft in the recovery of the data to a working solution.</p> <p>-Microsoft M365 solution is in the Azure cloud (this includes exchange which contains emails). 14 days worth of backups are kept for recovery purposes. This is all part of the negotiated national agreement which the majority of UK forces are signed up to.</p>
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Collaboration – EMSOU Wellbeing				
<p><b>4.1 Wellbeing Governance documentation</b></p> <p>The Unit should update the Wellbeing Board Terms of Reference and Wellbeing Strategy to include details of the roles, responsibilities, risk management processes, decision making processes and reporting arrangements relevant to Wellbeing.</p>	<p>Director of Corporate, Forensic and Technical Services</p>	<p>2</p>	<p>Original completion date: May 2022</p> <p>Extended completion date: October 2022</p>	<p>October 2022</p> <p>Permanent role of EDI/HR Officer recruited, and thematic lead recruited. This will allow for the relevant amendments to ToR and Wellbeing Strategy to be finalised and then appropriately incorporated.</p> <p>January 2023 :        EDI HR role recruited and has now started. Thematic lead at Superintendent level also started work in this area.</p>
<p><b>4.2 Use of Implementation Plans</b></p> <p>The Unit to consider using implementation plans for wellbeing projects to allow tracking of actions, issues and benefits; as well as ensuring appropriate governance structures are in place.</p>	<p>Director of Corporate, Forensic and Technical Services</p>	<p>2</p>	<p>Original completion date: May 2022</p> <p>Proposed completion</p>	<p>October 2022: Completed via use of projection initiation document.</p> <p>January 2023:        Project Initiation Document Embedded and all projects will now follow this template.</p>

<p><b>4.3 Workforce Analysis</b></p> <p>The Unit should utilise workforce analysis, specifically regarding any required support, Training Needs and HighRisk Business Areas, to identify training and interventions that may be most helpful.</p>	<p>Director of 2 Corporate, Forensic and Technical Services</p>	2	<p>Original completion date: May 2022</p> <p>Revised completion date: January 2023</p>	<p>October 2022: Work ongoing on delivery plan in relation to outcome of previous analysis as per previous recommendation.</p> <p>January 2023: Two staff surveys have been conducted a few years apart, and a college of policing staff survey has been conducted. Reports from all surveys showed trends and baselined against other police organisations and the private sector. Recommendations from these surveys after analytical work done by Northampton University turned into a delivery plan. This has been shared with Thematic leads to make sure it isn't done in Silo. A meeting with thematic leads is scheduled for January to completed recommendation.</p>
<p><b>4.4 Performance Monitoring Reporting</b></p> <p>The Unit to utilise data from available systems and external service providers to identify trends related to wellbeing and assess the effectiveness of wellbeing projects and/or actions.</p>	<p>Director of 2 Corporate, Forensic and Technical Services</p>	2	<p>Original completion date: May 2022</p> <p>Revised completion date: January 2023</p> <p>Proposed move to BAU as there</p>	<p>October 2022: Work is ongoing as per previous update with an Extended Team working on it. Forms part of the ongoing work plan for this team within EMSOU.</p> <p>January 2023: Please see 4.3 update around trends on wellbeing. All</p>

			are many variables on completion	surveys had a bespoke Wellbeing element as a part of the work. Workshops were conducted as well. Performance team continue to build a reporting model which will ultimately mean EMSOU has a series of Power BI dashboards around trends.
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September 2022

Collaboration – EMSOU Business Continuity :

4.1 Business Continuity Test Plans EMSOU should introduce a testing schedule whereby its business continuity plans will undergo regular testing.	Director of 2 Corporate, Forensic and Technical Services		Original completion date: October 2022  Revised completion date due to staff illness: December 2022	November 2022: This recommendation has not yet been implemented due to staff illness. It is difficult to set a date as the staff member does not have a return date but the aim for completion is the end of December 2022.  January 2023 : There has been a revision to the deadline and the management response to the recommendation. Unfortunately, the BSU Manager responsible for this is currently off sick, therefore it is proposed that the deadline is to be extended. We have also reached out to Leicestershire to request support and am hopeful we can get a plan in place by the end of December 2022.
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Collaboration – EMSOU Risk Management				
<p>4.1 Risk Management Policy</p> <p>EMSOU should review its Risk Management policy and include additional detail to the policy about the process of the allocation of risk owners. The policy should also be updated to clearly state the risk registers that should be in place and how risk registers should be aligned across the unit. In addition, there should be greater detail added to the policy in regard to the process for the escalation of departmental risks.</p>	<p>Director of 2          Corporate,          Forensic and          Technical          Services</p>		<p>Original completion date: November 2022:          September 2022</p> <p>Proposed completion as risk management policy has been updated with the allocation of risk owner's procedure.</p>	<p>November 2022:          The Risk Management Policy has now been updated to include the allocation of risk owner's procedure.</p> <p>January 2023:          Risk management policy has been updated with the allocation of risk owner's procedure.</p>



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

Presented to JARAC: 10<sup>th</sup> January 2023

# Contents

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## *Disclaimer*

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

The Report was prepared solely for the use and benefit the Derbyshire Police and the Officer of the Police and Crime Commissioner (OPCC) for Derbyshire and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A5 of this report for further information about responsibilities, limitations and confidentiality.

## 01 Summary

The purpose of this report is to update the Joint Audit, Risk & Assurance Committee (JARAC) as to the progress in respect of the Operational Plan for the year ending 31st March 2023, which was considered and approved by the JARAC at its meeting on 30<sup>th</sup> March 2022.

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

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

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

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

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

## 02 Current progress

### 2022/2023

Since the last update provided to the committee, we are pleased to inform the committee that the final reports in respect of Core Financials and Firearms Licensing has been issued. Moreover the fieldwork for Payroll and the Policies & Procedures audits were completed across December and the Commissioning Contract Management audit started in December to be completed in early January. See Appendix A4 for full details.

The remaining four audits in the agreed 22/23 plan are IT Agile Working, which is scheduled to being in early January, Business Continuity, which is scheduled to take place in February, and at the request of management we have re-scheduled the follow up audits of both Procurement and Transport to the beginning of March.

In regard to the 22/23 Collaboration Audit Plan, the three remaining audits of EMSOT Closedown, Digital Currency and Performance Management have all been issued in draft and are pending management responses. See Appendix 3 for full details.

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

## 03 Performance 22/23

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

Number	Indicator	Criteria	Performance
1	Annual report provided to the JARAC	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JARAC	As agreed with the Client Officer	Achieved
3	Progress report to the JARAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	75% (3/4)
5	Issue of final report	Within 5 working days of agreement of responses.	75% (3/4)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	N/A
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (7/7)
9	Customer satisfaction (measured by survey)  "Overall evaluation of the delivery, quality and usefulness of the audit" – Very Poor, Poor, Satisfactory, Good, Very Good.	85% average satisfactory or above	100% (2/2)  2 x Very Good

\*See further details below

## Performance Continued.

Audit	Date of ToR	Start of Fieldwork	Days ' Notice	Exit meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Receive Comments (15)	Final Report Issued	Time Taken to issue Final (5)
Retention	31-May-22	20-Jun-22	15	06-Jul-22	01-Aug-22	19	09-Aug-22*	7	02-Sep-22	12
Risk Management	21-Jun-22	01-Aug-22	30	12-Sep-22	22-Sep-22	9	26-Oct-22	25	26-Oct-22	0
Core Financial	05-Sep-22	26-Sep-22	16	24-Oct-22	28-Nov-22	26	16-Dec-22	15	16-Dec-22	0
Firearms Licensing	04-Aug-22	21-Sep-22	35	07-Nov-22	09-Nov-22	3	16-Dec-22	15	16-Dec-22	0

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

## A1 Plan overview

22-23

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



## A2 Reporting Definitions

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

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

### A3 Collaboration Internal Audit Plan 22/23

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

# A4 Final Reports

Below we provide the final reports issued.



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

## **Final Internal Audit Report**

**Core Financials 22-23**

**December 2022**

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## Introduction

As part of the Internal Audit Plan for 2022/23 for the Office of the Police and Crime Commissioner for Derbyshire (OPCC) and Derbyshire Police, we have undertaken an audit of the controls and processes in place in respect of Core Financials.

The specific areas that formed part of this review included: General Ledger; Cash, Bank & Treasury Management; Payments & Creditors; Income & Debtors; and, Other (Cross Cutting Areas).

We engaged with several staff members and officers across the Force and OPCC during the review and are grateful for their assistance during the audit.

## Background

The administration and management of the core financial function is the responsibility of the Finance and Business Services directorate who are based at the Police Headquarters in Ripley, with the operation being overseen by the Joint Director of Finance. The OPCC and Force are then supported by their own Chief Finance Officer and Head of Finance & Business Support respectively. The Corporate Finance Manager oversees the specific areas covered by this audit, with the Finance Support Team dealing with day-to-day processing operations.

Derbyshire Police use the Agresso finance system to manage their General Ledger. The system is modular in nature, with access levels and permitted user controls embedded within the system. Access to

the system is maintained by several system administrators within the wider Finance and Business Support Team.

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

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

The Senior Operational Management Accountant ensures that funds held by the Force are controlled and maximised to assist the Force in meeting its organisational and statutory objectives. An annual Treasury Management & Investment Strategy is submitted to the Financial Assurance Board and approved by the Public Assurance Meeting (PAM) and the Senior Operational Management Accountant carries out the strategy with oversight from the Corporate Finance Manager. A Borrowing Strategy is also in place; although borrowing is infrequent, with the latest long-term borrowing being £20m taken out in December 2021, based upon an increased Estates requirement being updated in the Capital Programme for 2021-22 and 2022-23.

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

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

Audit last completed a review of Core Financials at Derbyshire in November 2021, where a significant level of assurance was provided, with one housekeeping priority recommendations raised. Through our audit, we have confirmed that this recommendation has been implemented.

## Key Findings

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

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

### Performance Dashboard

Based upon the scope and objectives of the review outlined within Appendix A1 of this report we have provided a summary of the results of this audit, categorised into each area of the review undertaken.

Key control area	November 2021		November 2022	
	Assessment	Level of issue	Assessment	Level of issue
<b>General Ledger</b>				
Journals	Control effective	No issues noted	Control effective	No issues noted
Management Accounts	Control effective	No issues noted	Control effective	No issues noted
Reconciliations	Control effective	No issues noted	Control effective	No issues noted
<b>Cash, Bank &amp; Treasury Management</b>				
Receipts of Cash & Cheques	Control effective	No issues noted	Control effective	No issues noted
Cash Flow	Control effective	No issues noted	Control effective	No issues noted
Investments	Control effective	No issues noted	Control effective	No issues noted

Key control area	November 2021		November 2022	
	Assessment	Level of issue	Assessment	Level of issue
Borrowing	Control effective	No issues noted	Control effective	No issues noted
<b>Payments &amp; Creditors</b>				
New Suppliers	Control effective	No issues noted	Control effective	No issues noted
Supplier Amendments	Control effective	No issues noted	Control effective	No issues noted
Payments	Control effective	No issues noted	Control effective, except for	Minor
Goods / Service Receipts	Control effective	No issues noted	Control effective, except for	Minor
BACS Processing	Control effective	No issues noted	Control effective	No issues noted
<b>Income &amp; Debtors</b>				
New Debtors	Control effective	No issues noted	Control effective	No issues noted
Invoices Raised	Control effective	No issues noted	Control effective	No issues noted
Other Income Streams	Control effective	No issues noted	Control effective	No issues noted
Credit Notes	Control effective	No issues noted	Control effective	No issues noted
Debt Management	Control effective	No issues noted	Control effective	No issues noted
Write Offs	Control effective	No issues noted	Control effective	No issues noted
<b>Other (Cross Cutting Themes)</b>				



Key control area	November 2021		November 2022	
	Assessment	Level of issue	Assessment	Level of issue
Policies, Procedures & Guidance	Control effective	No issues noted	Control effective	No issues noted
System Access	Control effective, except for	Minor	Control effective	No issues noted
Fraud Prevention	Control effective	No issues noted	Control effective	No issues noted

### General Ledger

- Processes are in place to ensure that journals are recorded completely and accurately through a quarterly management spot-check of journals carried out by the Corporate Finance Manager or Senior Operational Management Accountant.
- Audit has reviewed a sample of ten journals, agreed these to supporting documentation and also the reviewed spot-checks that are completed. Our testing confirmed that journals have been recorded completely, accurately, validly and in a timely manner.
- Financial and Performance information is generated as part of the period end procedures and reviewed by relevant staff and management before presentation the Finance Assurance Board (FAB) and Joint Audit Risk Assurance Committee (JARAC).
- Audit has reviewed a sample of financial and performance information report packs and related communications to ensure that appropriate review and scrutiny is given to the Force's financial performance. We confirmed that the report packs were

accurately prepared and that scrutiny had taken place at FAB & JARAC.

- Feeder system reconciliations are performed as part of the period end procedures and audit has confirmed that these are appropriately reviewed in a timely manner.
- Suspense accounts are regularly reviewed, and audit confirmed that transactions are timely identified, investigated and reallocated.

### Cash, Bank & Treasury Management

- Our audit confirmed that there is a robust system in place for the receipt and recording of cash and cheques received into the Force, with records maintained on a daily basis by the Financial Support Team.
- Audit has confirmed that banked cash is supported by a paying in voucher, evidencing the staff involved in the count and confirmation of receipted cash and cheques.

- Cashflow information is prepared daily to assist the decision-making process for investments and borrowing undertaken by the Force.
- Audit has confirmed, through testing a sample of investments, that these have been appropriately authorised, made with approved counterparties and up to agreed limits for individual investments and total investments per counterparty type.
- Audit has confirmed, through testing a sample of borrowing, that these have been appropriately authorised, accurately recorded in a timely manner and completed in line with the borrowing strategy.

#### Payments & Creditors

- Audit has reviewed a sample of new and amended supplier master data entries and confirmed that these are supported by appropriately authorised instructions and that validity checks have been performed. These validity checks undertaken, i.e. independent verification of information provided, are appropriate.
- Payments are made following the receipt of a valid invoice and audit confirmed, through sample testing, that these payments agreed to the supplier invoice.
- There is a robust workflow for the approval and payment of invoices received without a valid purchase order. Audit validated this through the review of a sample of non-purchase order invoices and their approval.
- Audit has confirmed, for a sample of invoices, that payment was made in a timely manner, in line with the Financial Regulations.

- Audit has confirmed for a sample of invoices, that goods and services are appropriately receipted prior to payment.
- BACS processing and Cheque payments are undertaken with appropriate segregation of duties between processors and authorisers. Audit confirmed this by the review of a sample of BACS payment runs.

#### Income & Debtors

- New and amended debtors are processed following the receipt of a debtor request form for an invoice to be raised. Audit confirmed this through a review of a sample of new debtors raised.
- Audit reviewed a sample of invoices raised and confirmed that all were appropriately requested, raised accurately, validly and in a timely manner.
- Audit reviewed a sample of credit notes issued and confirmed that all were appropriately requested, reviewed, authorised and issued in a timely manner.
- Debt Collection process notes are in place covering all expected areas and are regularly reviewed.
- Debt collection actions are undertaken in a timely manner, in line with the Debt Collection Policy and write offs are reviewed and authorised before being processed.

#### Other (Cross Cutting Themes)

- Audit has reviewed a sample of policies and procedure documents, confirming that they appear accurate, appropriate, have been recently reviewed and are accessible to staff.

- Audit has confirmed that user access is appropriately granted to employees based on their roles and that, for a sample of leavers, user access is revoked in a timely manner following leaving employment with the Force and/or OPCC.
- Audit has confirmed that controls have been put in place to prevent fraud, specifically the challenge against transactions recorded outside of expected working hours as part of the management spot-checks on journals.

## Risk Management

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

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

*STR10017 – Policing Uplift places pressure on existing MTFP*

*STR0067 – Driving Efficiencies.*

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

When invoices are received, these are initially matched against a purchase order to ensure that the expenditure has been approved. Following receipt of the goods and/or services, these should be

receipted on the financial system, where the goods receipt note is then matched to a purchase order and/or invoice to allow for payment. This process of matching documents prior payment is known as a three-way match.

As part of our audit, we reviewed a sample of 10 invoices that had been paid and reperformed a three-way match between the purchase order, invoice and goods receipt note. During this testing we noted one transaction where a goods receipt note could not be evidenced. Failure to match the goods receipt note before payment increases the risk that invoices are inappropriately paid without goods being received.

There is a process for the processing of invoices without a GRN, where approval is sought from the relevant budget holder. However, this wasn’t clearly evidenced in the case above.

We have therefore raised a recommendation (**Recommendation 4.1**) for the Force to remind staff that goods received should be appropriately receipted using Agresso so that this is retained.

Additionally, the Force should remind relevant finance staff that evidence of budget holder approval should be retained where provided.

Where a purchase is identified as required, this is requested through a requisition that is raised and converted to a purchase order once approved. For uniform and specialist equipment, the requisition used to generate a PO in Agresso is the order form submitted to Stores who then order the requested equipment, following review of entitlement, through the agreed catalogue supplier.

This order form should be signed and dated by the requisitioner (the officer requiring equipment) and the measurer for uniform (Stores staff ensuring correct sizes, etc.). Once received by Stores they generate a PO.

As part of our purchases testing, we reviewed a specialist equipment purchase within our sample and noted that the requisition form had not been signed by either party. The form has a signature line for the requisitioner/measurer to authorise the request.

We have therefore raised a recommendation (**Recommendation 4.2**) for the Force to remind staff that requisition forms should be fully completed and signed prior to submission to provide a clear audit trail of activity, including date of requisition.

As part of last year's audit, we identified an issue regarding the timely removal of user access from employees who had left the Force. From our testing this year, we have not identified any similar issues.

## Value for Money

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

Audit have noted that while staff have continued to work remotely following the Covid-19 pandemic by taking a hybrid/agile working approach. From last year, this has restored the efficiency in completion of some key tasks (i.e. cash receipting, removal of leaver Agresso accounts, etc) which had been previously impacted by the social

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

## Sector Comparison

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

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

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

## Areas for Further Improvement and Action Plan

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

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

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.1	<p><b>Good Receipting</b></p> <p><i>Observation:</i> When invoices are received, these are initially matched against a purchase order to ensure that the expenditure has been approved. Following receipt of the goods and/or services, these should be receipted on the financial system, where the goods receipt note is then matched to a purchase order and/or invoice to allow for payment. This process of matching documents prior to payment is known as a three-way match.</p> <p>As part of our audit, we reviewed a sample of 10 invoices that had been paid and reperformed a three-way match between the purchase order, invoice and goods receipt note. During this testing we noted one transaction where a goods receipt note could not be evidenced however the invoice had been paid.</p> <p>There is a process for the processing of invoices without a GRN, where approval is sought from the</p>	<p>The Force should remind staff that goods received should be appropriately receipted using Agresso to ensure retention.</p> <p>The Force should remind relevant finance staff that evidence of budget holder approval should be retained where provided.</p>	3	<p>Staff will be reminded of the importance of retaining evidence of Goods Receipting on Agresso and budget holder approval where provided.</p>	<p>Finance Support Manager</p> <p>January 2023</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>relevant budget holder. However, this wasn't clearly evidenced.</p> <p><i>Potential Risk:</i> Invoices are inappropriately paid without goods being receipted.</p>				
4.2	<p><b>Specialist Equipment Requisitions</b></p> <p><i>Observation:</i> When a purchase is required, this is usually requested through a requisition that is converted to a purchase order once approved. For uniform and specialist equipment, the requisition used to generate a PO in Agresso is the order form submitted to Stores who then order the requested equipment, following review of entitlement, through the agreed catalogue supplier.</p> <p>This order form should be signed and dated by the requisitioner (the officer requiring equipment) and the measurer for uniform (Stores staff ensuring correct sizes, etc.). Once received by Stores they generate a PO.</p> <p>As part of our testing, we reviewed a specialist equipment purchase and noted that the requisition form had not been signed by either party. The form has a signature line for the requisitioner to authorise the request.</p>	<p>The Force should remind staff that requisition forms should be fully completed and signed prior to submission to provide a clear audit trail of activity, including date of requisition.</p>	3	<p>Staff will be reminded that requisition forms should be fully completed and signed prior to submission.</p> <p>If a requisition is sent by email we would expect this to replace the need for a signature.</p>	<p>Central Business Support Manager</p> <p>January 2023</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<i>Potential Risk:</i> Specialist Equipment purchase requisitions are not appropriately authorised.				

## Audit Information

Audit Control Schedule	
<b>Client contacts:</b>	<p>Andrew Dale, OPCC Chief Finance Officer</p> <p>Simon Allsop, Force Joint Director of Finance</p> <p>Jon Peatling, Head of Finance &amp; Business Services</p> <p>Julie Cook, Corporate Finance Manager</p>
<b>Internal Audit Team:</b>	<p>David Hoose, Partner</p> <p>Mark Lunn, Internal Audit Manager</p> <p>Alexander Campbell, Senior Auditor</p> <p>Aman Purewal, Auditor</p>
<b>Last Evidence Received / Exit Meeting:</b>	24 October 2022
<b>Draft report issued:</b>	28 November 2022
<b>Management responses received:</b>	16 December 2022
<b>Final report issued:</b>	16 December 2022

## Scope and Objectives

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

### General Ledger

- 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.

### Cash, Bank & Treasury Management

- 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.

### Payments & Creditors

- 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.

#### Income & Debtors

- New debtors can be invoiced without review or verification
- Invoices are raised incorrectly and/or inappropriately
- Non-invoiced income is not recorded accurately
- Credit notes are raised incorrectly and/or inappropriately
- Income past due is not subject to appropriate debt management actions
- Recoverable debts are written off inappropriately

#### Other (Cross Cutting Themes)

- Inconsistent approaches are taken to financial activities
- Systems can be inappropriately accessed
- Fraudulent activity is not prevented or identified

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

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



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

## **Final Internal Audit Report**

**Firearms Licensing 22-23**

**December 2022**

## Introduction

As part of the Internal Audit Plan for 2022/23 for the Office of the Police and Crime Commissioner for Derbyshire (OPCC) and Derbyshire Police, we have undertaken an audit of the controls and processes in place in respect of Firearms Licensing.

The specific areas that formed part of this review included: Policies and Procedures; Applications; Payments; Renewals; Information and Changes; Revocations; Inspections; and Performance Information.

We engaged with several staff members and officers across the Force and OPCC during the review and are grateful for their assistance during the audit.

## Background

The Firearms Licensing Department (the Department) for Derbyshire Police is located at Derbyshire Police Headquarters, Butterley Hall, Ripley. The Department includes the Firearms Licensing Manager, Deputy Firearms Licensing Manager, a number of Firearms Enquiry Officers (FEO) and a bank of administrators.

The Department receives applications for licences for residents of Derbyshire. There are three classes of licence: firearms, shotguns and explosives. The Deputy Firearms Licensing Manager, Firearms Licensing Manager, and their Chief Inspector have been delegated authority to grant licences from the Chief Constable under statutory guidance issued by the Home Office in relation to the Firearms Acts 1968 to 1997. This requires approval by the Firearms Licensing Manager, as a minimum for high risk decisions.

Applicants must submit an application form to the Department using the application portal on the Force's website, which includes a declaration which needs to be signed by the applicant. This is a new process, replacing paper forms as part of modernisation at the Force that was noted at our last review of Firearms Licensing in July 2016.

Once received, the applicant is subject to a comprehensive vetting process to ensure they are suitable to hold a firearm. The vetting process includes a letter being sent to the applicant's General Practitioner (GP), a medical questionnaire, police security checks via three separate systems, reference checks and a security inspection performed by one of the FEOs. Renewals of licences are subject to the same vetting process except only one system is used to perform a police security check.

Payments are required to be made by the Gov.Pay payments system to submit the application and are received directly into the Force's bank accounts. Reports from the payment system are used by Finance to reconcile the amounts received.

Firearms licences are recorded on the National Firearms Licensing Management System (NFLMS). NFLMS holds detailed information on each licence holder and the firearms they possess. The NFLMS is used by the Department to identify any expiring licences and issue reminders. This information is available to the Department on the dashboard of NFLMS.

Performance of the Department is monitored through caseload and turn-around time information. This information is shared in department meetings on a monthly basis and with Senior Management Team (SMT)/Command meetings.

## Key Findings

Assurance on adequacy and effectiveness of internal controls for Firearms Licensing	
	Significant Assurance

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

## Performance Dashboard

Based upon the scope and objectives of the review outlined within Appendix A1 of this report we have provided a summary of the results of this audit, categorised into each area of the review undertaken. A comparison to the last audit completed in this area has also been provided.

Key control area	July 2016		March 2022	
	Assessment	Level of issue	Assessment	Level of issue
Policies and Procedures	Control effective, except for	Significant Issue	Control effective	No issues noted
Applications	Control effective	No issues noted	Control effective	No issues noted
Payments	Control effective	No issues noted	Control effective	No issues noted
Renewals	Control effective	No issues noted	Control effective	No issues noted
Records and Changes	Control effective, except for	Significant Issue	Control effective	No issues noted
Revocations and Seizures	Control effective, except for	Housekeeping Issue	Control effective	No issues noted
Site Inspections	Control effective	No issues noted	Control effective	No issues noted
Performance Information	Control effective, except for	Housekeeping Issue	Control effective	No issues noted

## Examples of areas where controls are operating reliably

- There is a comprehensive Firearms & Explosives Risk Management Policy in place that is up-to-date and available to staff. This links with the Home Office Statutory and Non-Statutory Guidance on Firearms Licensing.
- Guidance on firearms licensing is available to the public on the Force's website, including fees and charges which have been nationally set by the Home Office.
- A defined process is in place for the vetting of firearms licence applications and checklists within Firearms Licensing Enquiry Forms are used to ensure that appropriate vetting and reviews are carried out in line with statutory guidance.
- All applications processed are reviewed for appropriate vetting prior to authorisation being given to successful applications and renewals in line with delegated authority.
- All Firearms Licensing Enquiry Forms are retained within the Firearms Licensing department for the period of the licence and/or the life of the licence holder.
- Reporting from the NFLMS allows for renewal reminders to be sent to licence holders with less than 3 months remaining on their licence. Audit has validated that this process has been followed for the renewals reviewed.
- When licenses expire, the Force confirms the expiry in writing to the Licence holder and requests that the certificate, firearms

and ammunitions are surrendered in 21 days. If not, a warrant can be issued for seizure and enacted in days.

- Comprehensive records are maintained within the Force's incident management software, NICHE, allowing for licence holders to be included within incident reports and sending notifications to Firearms Licensing, to ensure that they are aware of incidents and that officers can identify licence holders.
- Where revocation of licences is required, a documented process is followed, and the Firearms Licensing Manager will communicate with the licence holder the reason for this.
- When firearms are seized, a receipt is provided to the licence holder and the item is stored within the Central Main Store's firearms butts. These items can either be returned to the licence holder following a successful review or appeal, sent to a Registered Firearms Dealer or another licence holder, or can be destroyed by the Main Store's team.
- Site inspections are carried out for all applications and renewals; and in cases where the suitability of the licence holder has been brought into question.
- These visits are appropriately planned, carried out in a timely manner, evidenced on the relevant Firearms Licensing Enquiry Form and a decision/outcome recorded following the National Decision-Making Model (where necessary).
- Information regarding caseloads and turn-around times are reported to senior management

## Risk Management

From our audit work, we have found that there is a sound system of internal control designed to achieve the Organisation's objectives, with the control processes tested being consistently applied.

The largest risk in this process is that the Force issue inappropriate licence without proper vetting, payment or authorisation. To mitigate this, there is a comprehensive vetting process in place for both grants and renewals of firearms licences. Our audit found that this was applied for all licence applications we reviewed.

Additionally, to ensure the Force do not process licences without payment being received, the current procedures require payment to be made prior to submitting the online application form for consideration.

## 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.

Firearms licence fees are set nationally by the Home Office and therefore there is no autonomy in setting the fees to ensure overheads are recovered. Therefore, efficiency is a key driver in ensuring that costs remain at a manageable level but should be balanced against performing the statutory requirements of the Firearms Acts 1968 to 1997 for vetting, security and suitability.

With the modernisation of the Firearms Licensing application process to an online form, the use of an online payments system has been adopted, leading to a reduction in the work required to receive and process payments for firearms licensing.

## Sector Comparison

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

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

Across our client base we generally find that comprehensive vetting processes are in place which combine health checks, police security checks, reference checks and site inspections. Occasionally, we find issues with vetting process being performed completely, however Derbyshire Police were confirmed to have applied the full vetting process for the applications we reviewed.

In addition, a common weakness is in respect of the retention of all required documentation with regards to the application file. Supporting documentation is key to evidencing that all appropriate checks have been undertaken and the licence has been appropriately approved. Derbyshire Police were confirmed to have comprehensive records in place with all relevant documentation available in digital formats for the applications we reviewed.

## Areas for Further Improvement and Action Plan

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

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

## Audit Information

Audit Control Schedule	
<b>Client contacts:</b>	<p>Andrew Dale, OPCC Chief Finance Officer</p> <p>Simon Allsop, Force Joint Director of Finance</p> <p>Jon Peatling, Head of Finance &amp; Business Services</p> <p>Richard Burton, Deputy Firearms Licensing Manager</p>
<b>Internal Audit Team:</b>	<p>David Hoose, Partner</p> <p>Mark Lunn, Internal Audit Manager</p> <p>Alexander Campbell, Senior Auditor</p>
<b>Last Evidence Received / Exit Meeting:</b>	7 November 2022
<b>Draft report issued:</b>	9 November 2022
<b>Management responses received:</b>	15 December 2022
<b>Final report issued:</b>	15 December 2022

## Scope and Objectives

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

- Inconsistent approaches to firearms licensing within the Force.
- The Force is operating firearms licensing outside of statutory guidance and legislation.
- Payments are not received or are accounted for incorrectly.
- Renewals are not monitored, and reapplications are missed.
- Officers have access to out-of-date information which impedes the performance of their duties.
- Licences are not revoked where required under legislation and/or statutory guidance.
- Home/Security inspections are not carried out or are carried out inconsistently.
- Senior management are unable to monitor performance regarding the administration of the firearms licensing process.

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

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



## A5 Statement of Responsibility

### Status of our reports

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

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

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

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

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Office of the Police and Crime Commissioner for Derbyshire & Derbyshire Police - Internal Audit Progress Report – Jan 23

# JOINT AUDIT RISK ASSURANCE COMMITTEE

<b>REPORT TITLE</b>	UPDATE ON THE INTRODUCTION OF A STOCK CONTROL / ORDERING SYSTEM
<b>REPORT BY</b>	HEAD OF FINANCE & BUSINESS SERVICES (Jon Peatling)
<b>DATE OF MEETING</b>	10 <sup>TH</sup> JANUARY 2023

## **PURPOSE OF THE REPORT**

To provide an update on the progress being made to implement a Stock control and Uniform ordering system.

## **ATTACHMENTS**

None

## **DECISIONS REQUIRED**

None – update to JARAC members.

## **CONTACT FOR ENQUIRIES**

Name: Jon Peatling, Head of Finance & Business Services

Tel: 0300 122 5440

Email: [Jon.peatling@derbyshire.police.uk](mailto:Jon.peatling@derbyshire.police.uk)

## 2. BACKGROUND

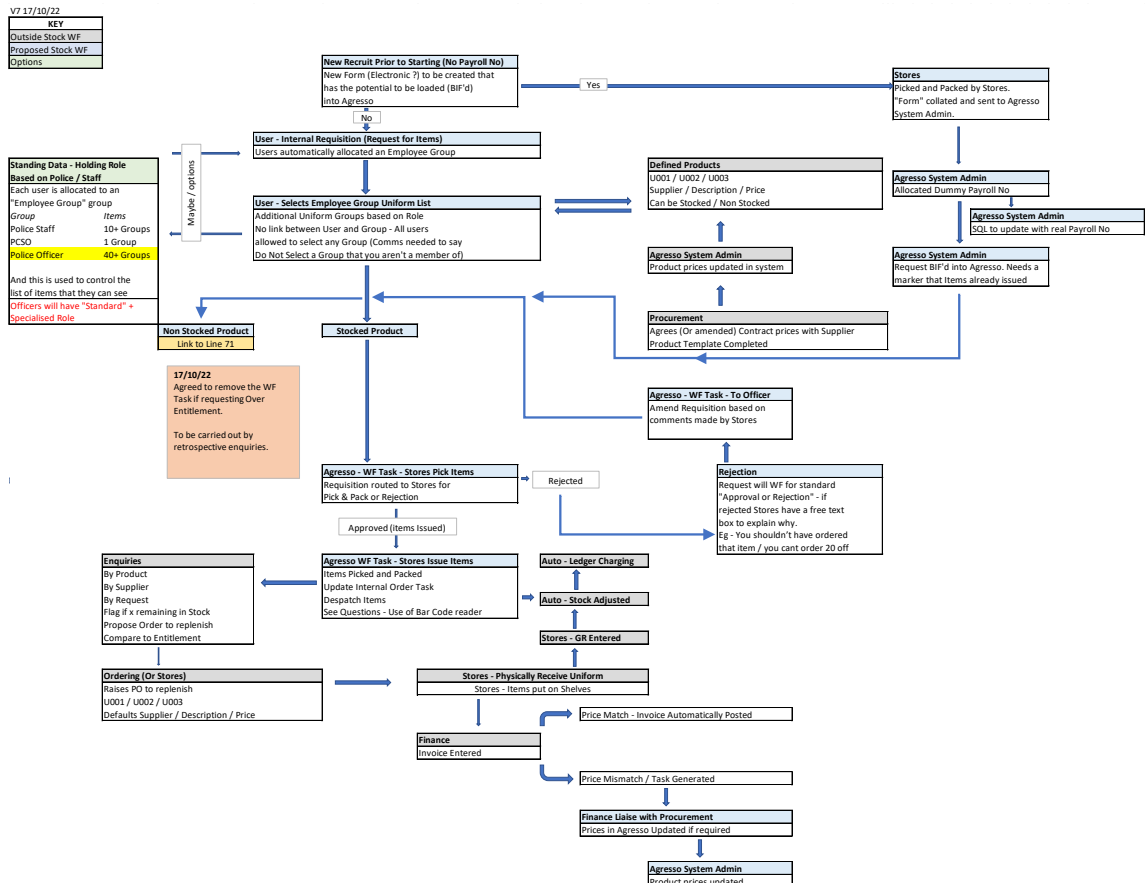
2.1 The Internal Audit report issued in March 2022 highlighted ineffective control assessments in relation to the following areas:

- Stock Takes
- Stock Reporting
- Management Information

In response to the Audit and the report recommendations, the Force agreed to introduce a Stock Management System that would improve stock control measures and assist with stock taking arrangements. Furthermore, a uniform ordering process would improve management information to gain a better understanding of our uniform requirements and aid future ordering quantities.

## 3. UPDATE

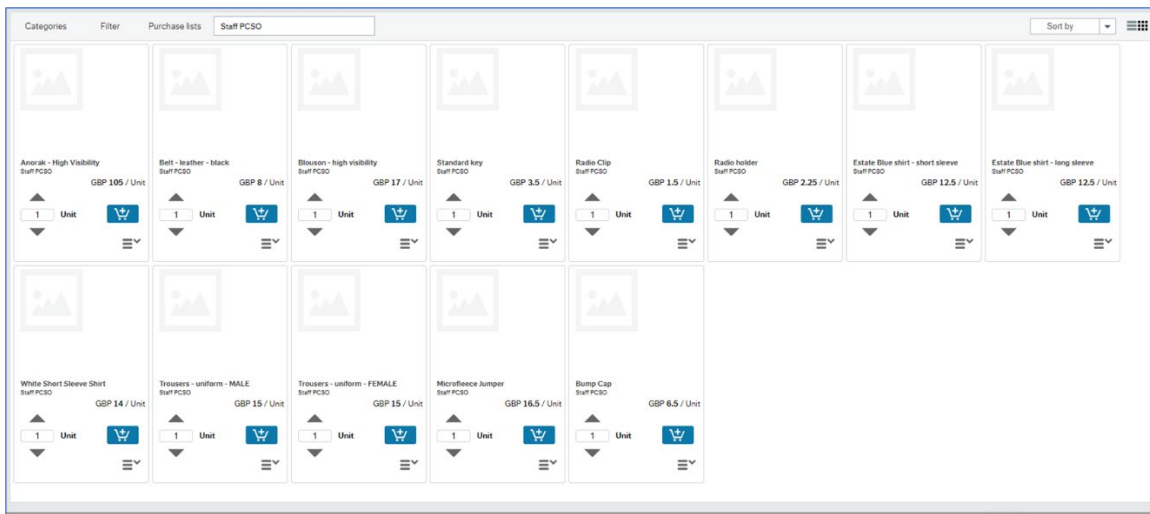
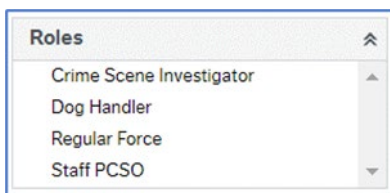
3.1 A Project Brief was established that would address the Internal Audit recommendations and improve the workflow for Officers and Staff ordering uniforms and tighten controls against uniform entitlements. The Project Brief was developed into a system workflow so that appropriate controls could be identified and implemented within a system.



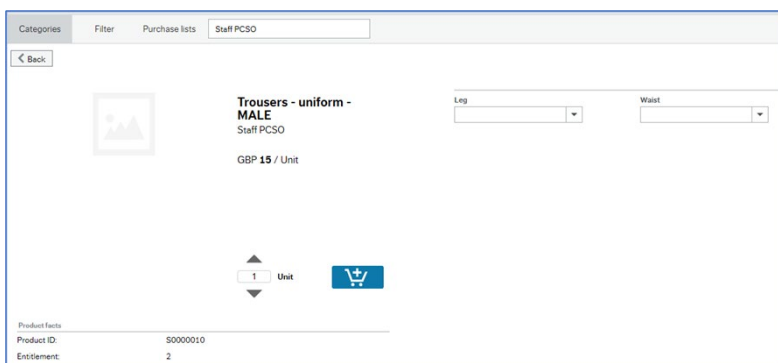
3.2 The project moved into System Design stage and engagement with our software consultants has helped to develop the existing Agresso Finance system using the Requisition Module.

Alongside this process, engagement was undertaken with the Uniform and Equipment Group to establish and agree uniform requirements for each role and entitlement quantities per annum. This process identified 31 different Police Officer roles and 41 Police Staff roles.

Users will select their role from a 'Drop Down' list and once selected the screen will display the agreed uniform entitlements for the role.



The user is then required to select the size/measurements and quantity required of each item:



Once selected the user adds their order to the basket and enters the details for delivery. The order is then sent for approval, which will then send the order to our Stores Team for 'Picking and Packing'.

Product	Product description	Supplier	Delivery date	Quantity	Unit	Price	Currency	Currency amount
<input type="checkbox"/> S0000010	Trousers - uniform - MALE	Staff PCSO	15/12/2022	1.00	UN	15.000	GBP	15.00

The system will reduce the recorded stock numbers for each item and complete the appropriate ledger entries to charge the item to a budget code.

Management reporting will be enabled to capture the following information:

- Uniform ordering quantities by items.
- Uniform ordering quantities by individual
- Stock quantities per uniform item
- Stock movement per uniform item

System Design stage is expected to be completed by January 2023. Once system testing has been completed the system will be rolled out to a group of 4 users (PCSO's CSI Staff, Dog Handlers and Regular Police Officers). This small group has been selected to test the system in a Live environment and to seek feedback on the workflow. Phasing the introduction of the new system across the organisation will also help test the system across all roles in an incrementally managed way.

Subject to system testing and user feedback, it is expected that full implementation will be achieved by 1<sup>st</sup> April 2023.

A full (manual) stock take is planned for 31<sup>st</sup> March 2023 so that stock quantities can be entered into the system, which will assist with stock reporting throughout the year and provide more accurate reporting of stock figures at each year end.

Any changes in individual prices and stock quantities will be updated on the system when new orders are received. This will also improve the pricing and commitment values on our Purchase Orders.

The introduction of the system is expected to significantly improve the ordering workflow, stock control measures, management information and address the recommendations raised during the most recent Internal Audit.

# Environmental Sustainability



# Route-map to developing, delivering, reviewing and improving environmental sustainability:





# Understanding our impact and readiness to commence the journey:

- ▶ Undertake baseline assessment to provide benchmark data **(Completed)**
- ▶ Agree scope **(Completed)**
- ▶ Undertake stakeholder analysis (internal/external) to understand key influencers and interdependencies **(Completed)**
- ▶ Set clear (SMART) objectives and vision/mission statement **(Pending Recruitment of Environmental Manager)**
- ▶ Prepare business case **(Pending Recruitment of Environmental Manager)**
- ▶ Review existing policies and align to objectives **(Completed)**
- ▶ Undertake impact analysis on operational service delivery and BAU and identify any risks/opportunities **(Pending Recruitment of Environmental Manager)**
- ▶ Develop strategic plan **(Completed)**
- ▶ Prepare communications plan
- ▶ Consult **(Completed - then ongoing)**

# Defining our vision:

- ▶ Articulate the joint commitment, purpose and relevance of environmental sustainability (**Within Strategy Document**)
- ▶ Agree sponsor, strategic lead, responsible owners and accountable persons (**TBC**)
- ▶ Develop relevant targets and objectives (**Pending Recruitment of Environmental Manager**)
- ▶ Communicate (**Commenced - ongoing**)

# Outlining the Regulatory Frameworks, purpose, benefits, indicators of success and plans:

- ▶ Set out the Regulatory Frameworks and organisational responsibilities (Completed)
- ▶ Consider the cost of inaction
- ▶ Understand the critical success factors (Completed)
- ▶ Stakeholder engagement obtaining buy-in (Ongoing)
- ▶ Build suite of (SMART) KPI's and delivery projects (Pending Recruitment of Environmental Manager)
- ▶ Develop clear time driven plans (Pending Recruitment of Environmental Manager)
- ▶ Communicate the plans, drivers, goals, solutions and reporting methodology (Commenced)

# Designing the solutions capturing the data:

- ▶ Set up processes to capture and record consumption data (In place)
- ▶ Facilitate workshops with stakeholders to agree a common approach (Completed)
- ▶ Draw up detailed action plans for environmental initiatives (Pending Recruitment of Environmental Manager)
- ▶ Finalise business case with financial analysis (Pending Recruitment of Environmental Manager)
- ▶ Undertake ROI assessments for environmental sustainability projects (Project by project basis)
- ▶ Review estate (Completed)
- ▶ Review fleet (Completed)
- ▶ Agree budgets (Pending Recruitment of Environmental Manager)

# Implementation: (Pending Recruitment of Environmental Manager)

- ▶ Set up joint oversight committee for management of projects
- ▶ Implement performance reporting dashboard
- ▶ Provide reviews and exception reporting
- ▶ Ongoing communications and stakeholder engagement
- ▶ Evaluate and undertake benefits assessment against the business case

# Review:

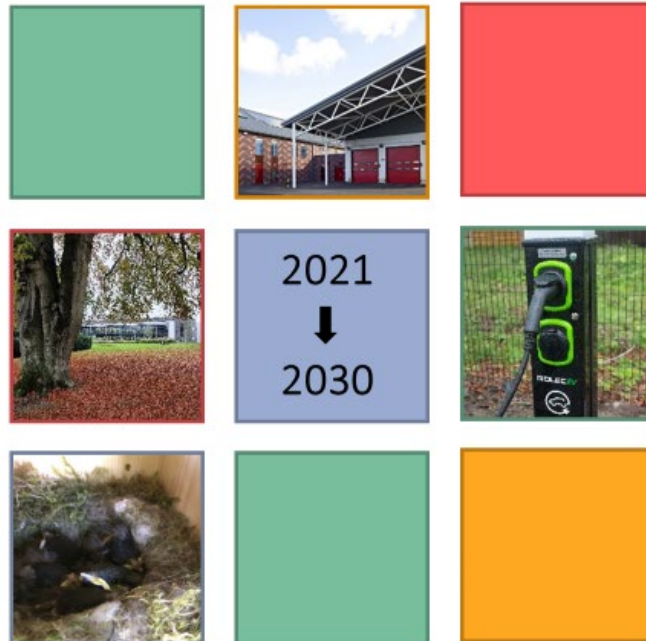
- ▶ Review strategy, projects and targets, reset the baseline and aim for continuous improvement
- ▶ Provide annual reporting bespoke to stakeholders requirements including impact analysis, project outcomes, performance against KPI's

# Joint Net Zero and Sustainable Development Strategy:



Derbyshire Constabulary, Derbyshire Fire & Rescue Service and Joint LLP

Net Zero and Sustainable Development Strategy



# Force Baseline Assessment:

## Our impact

### Derbyshire Constabulary Emissions Baseline

As outlined in Figure 1 and Table 2, our scope 1 emissions, which are emissions we have direct control over makes up approximately 30% of our baseline. Our scope 2 and 3 emissions make up approximately 11% and 59% respectively of our baseline – these are emissions we can continue to influence.

Between 2018/19 and 2019/20, our total emissions decreased by approximately 4.5%, with the largest relative reduction relating to reduced electricity consumption (30% reduction). Emissions from fossil fuels used to heat our buildings also increased between 2018/19 and 2019/20.

Reductions in business travel emissions seen in the last year are likely attributed to increased home working as a result of the COVID-19 pandemic.

We recognise that we have opportunities to reduce emissions across all sources and our action plan will set us on a journey to reduce our emissions against our baseline year in line with our 2050 net zero carbon target. We will continue to monitor our emissions annually to track progress against our targets and increase ambitions where possible.

Scope	Emissions source	2018/19		2019/20		2020/21	
		tCO <sub>2</sub> e	% of total	tCO <sub>2</sub> e	% of total	tCO <sub>2</sub> e	% of total
Scope 1	Fossil fuels	1,156	8.7%	1,317	10.3%	1,422	17.2%
	Fleet vehicle fuels	2,696	20.1%	2,703	21.2%	2,107	25.5%
Scope 2	Electricity	1,973	14.8%	1,381	10.8%	970	11.7%
	Water	9	0.1%	8	0.1%	8	0.1%
	Waste	5	0.01%	5	0.01%	1	0.01%
Scope 3	Business travel	340	2.5%	326	2.6%	147	1.8%
	Staff commute	5,315	39.8%	5,254	41.1%	2,464	29.8%
	WTT (inc. transmission & distribution)	1,870	14.0%	1,776	13.9%	1,145	13.9%
<b>Total</b>		<b>13,364</b>	<b>100%</b>	<b>12,770</b>	<b>100%</b>	<b>8,265</b>	<b>100%</b>

Table 2: A summary of Derbyshire Constabulary's emissions between 2018/19 - 2020/21 (tCO<sub>2</sub>e)

Total 2019/20  
baseline emissions  
12,770 tCO<sub>2</sub>e

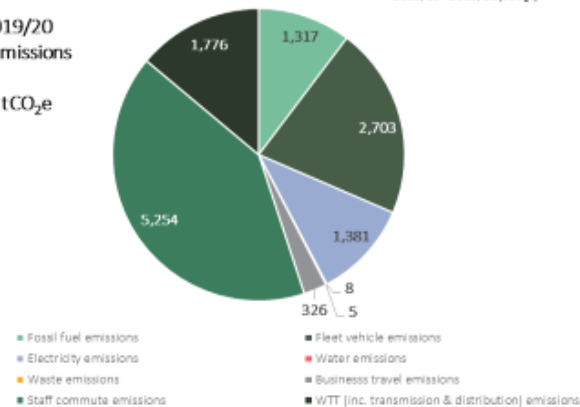


Figure 2: A breakdown of Derbyshire Constabulary's 2019/20 emissions baseline (tCO<sub>2</sub>e)



# Stakeholder Engagement:

## Survey launched to gain opinions on sustainability within the workplace

👁 Watch ★ Favourite

🖨 Print 📄 PDF ➤

Published 20/10/2021 Last Updated 19/10/2021

Derbyshire Constabulary, Derbyshire Fire & Rescue Service (DFRS) and the joint Limited Liability Partnership (LLP), are developing a Net Zero and Sustainable Development Strategy.

This strategy includes the creation of organisation specific action plans to progress net zero carbon and sustainable development ambitions in response to the Climate Change Act and to Derbyshire County Council and Derby City Council's target of net zero carbon by 2050.

We are seeking opinions on priorities, and your ideas regarding sustainability within the Partnership to inform the strategy and associated action plans via this survey.

The survey should only take 10 minutes of your time and will close on **Friday 19 November** at midnight.

We are very keen to know your thoughts which will help to form the strategy.

Following the close of the survey a number of virtual surgeries will be run jointly with DFRS to further encourage conversation and thoughts relating to sustainability within the workplace. These will be advertised nearer the time.



Please complete the survey using the following link to MS Forms: [Sustainability Survey \(office.com\)](#)

# Key Findings:

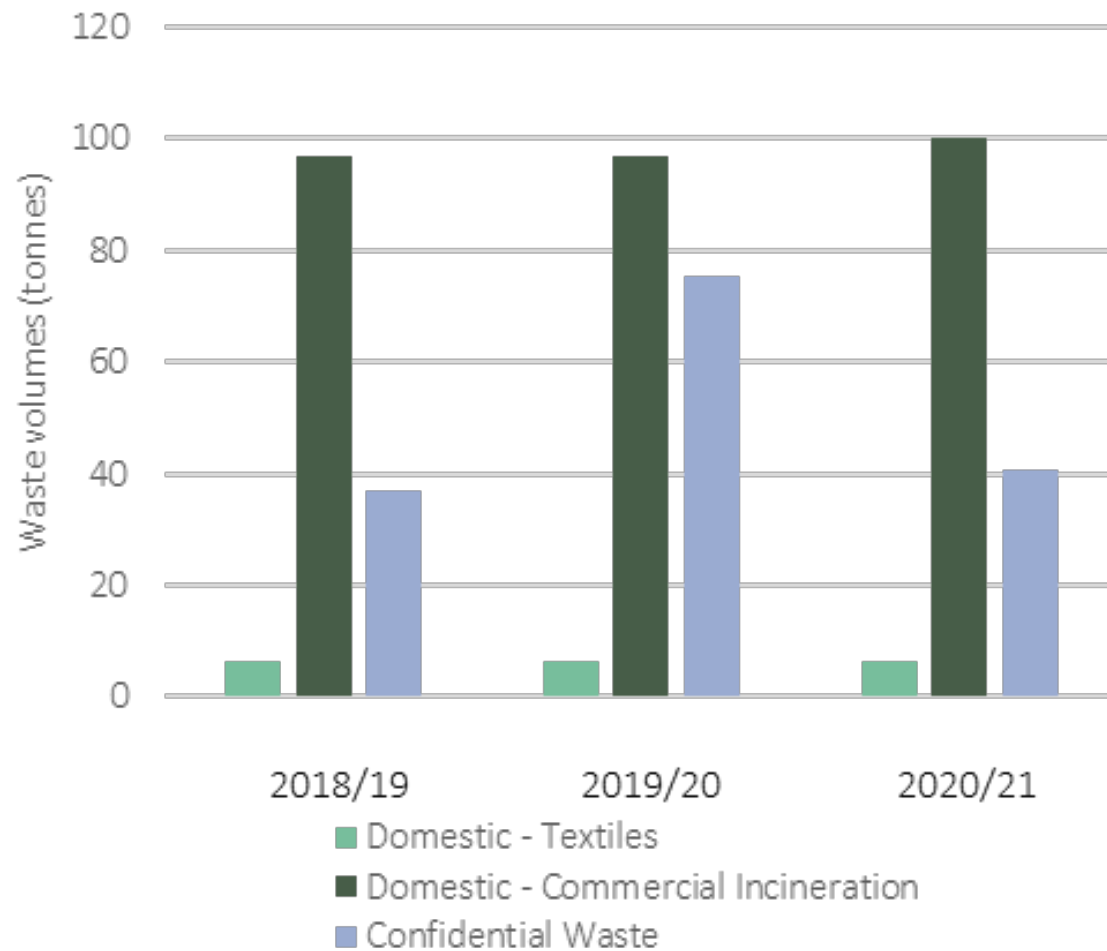


Figure 8: Waste volumes generated by Derbyshire Constabulary

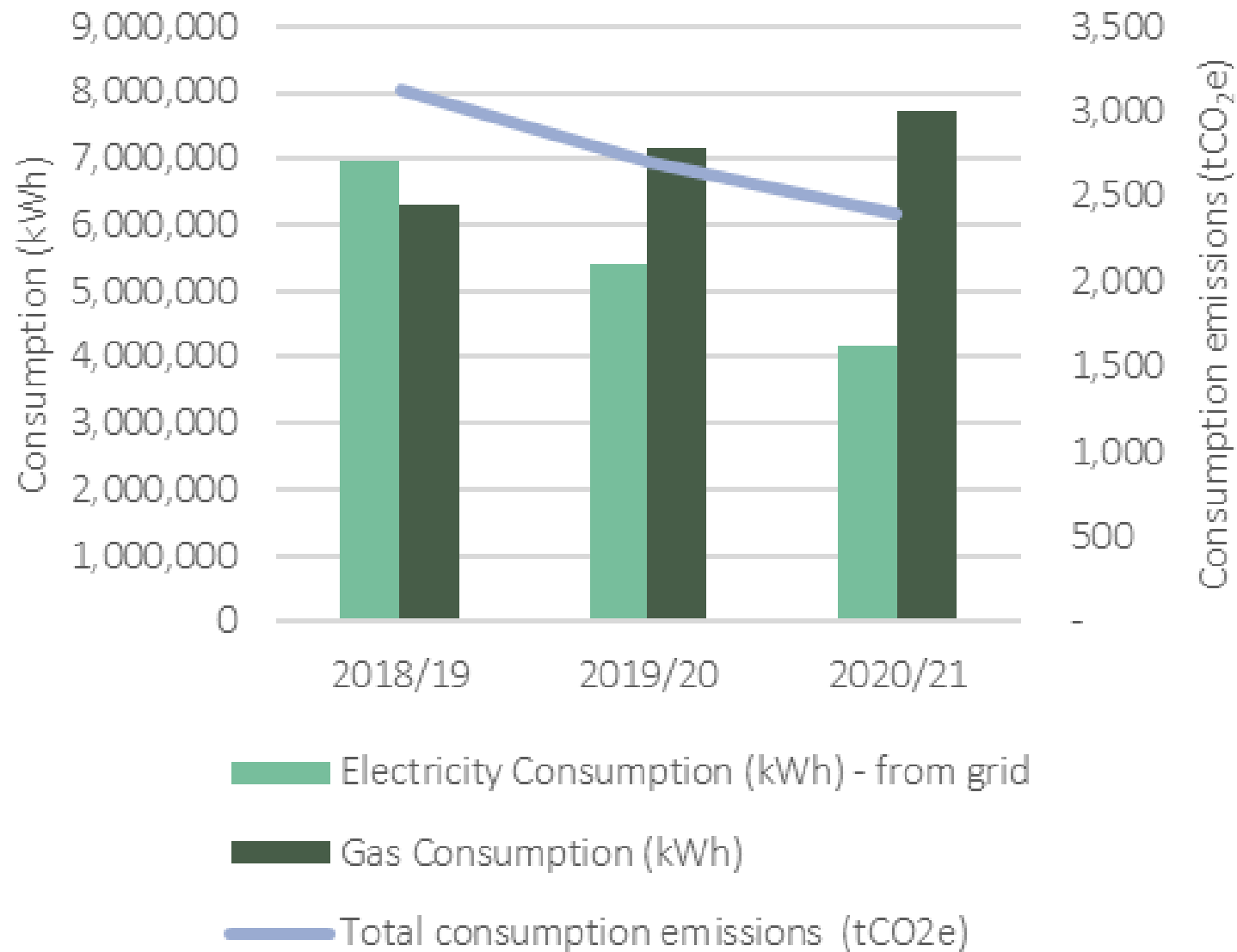


Figure 7: Emissions from Derbyshire Constabulary buildings (tCO<sub>2</sub>e)

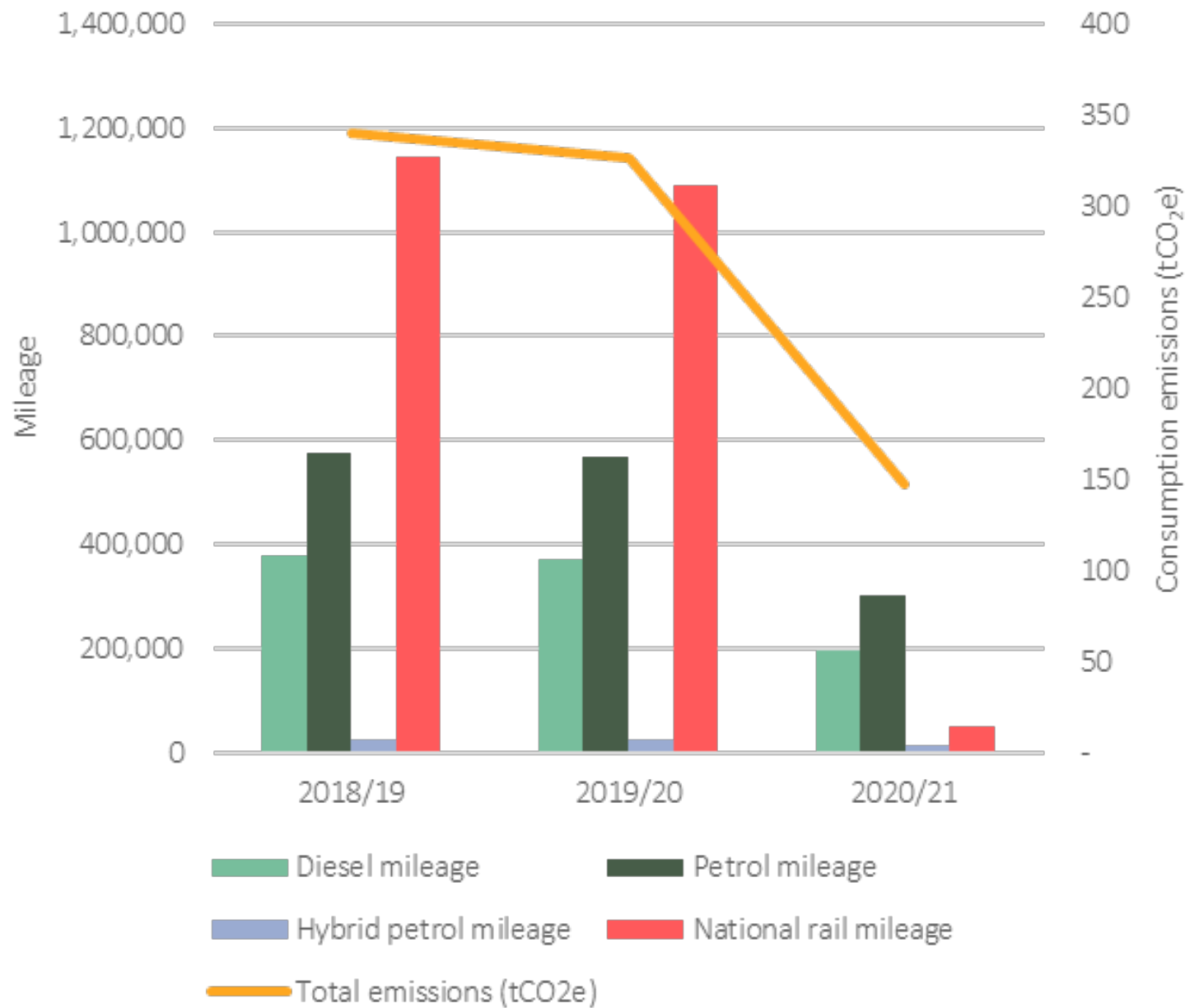
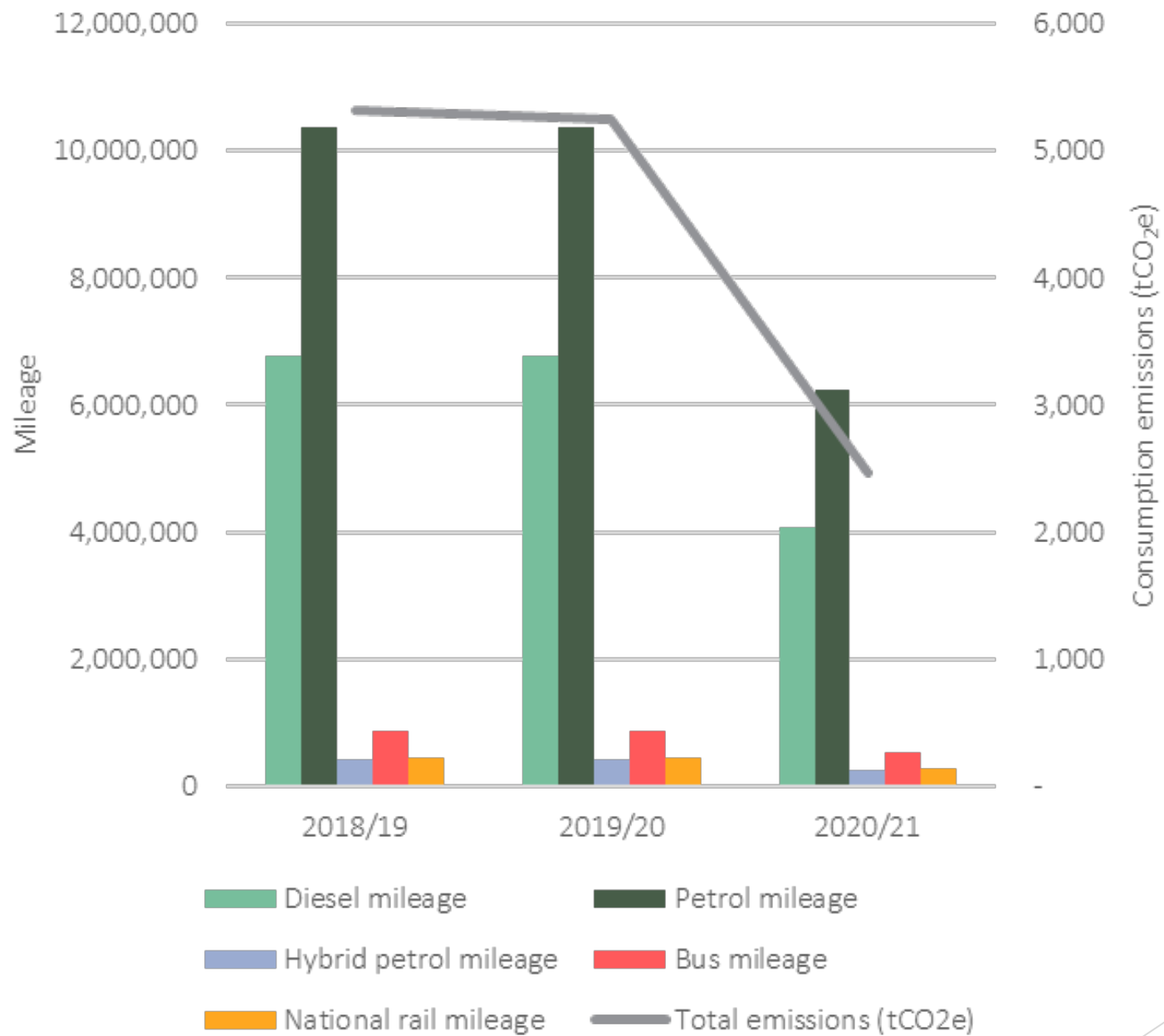


Figure 10: Emissions from Derbyshire Constabulary business travel since 2018/19



# Headlines:

- ▶ Between 2018/19 and 2019/20 we saw a reduction in CO2 emissions of 4.5%
- ▶ Between 2018/19 and 2020/21 this amounted to 28%
- ▶ The largest reductions occurred in the commute which represents 40% of our overall emissions
- ▶ This was also reflected in our Business Mileage
- ▶ We consumed 3,000 kWh less electricity due to working from home
- ▶ Gas consumption increased due to the added heat demand on ventilation systems running at 100% fresh air. Utility demand decreased overall by 500 tCO2e

# Questions ?

